

Financial Sustainability FAQ's

FAQ Takeaways

- **International enrolments** are dropping sharply due to federal policy changes, visa delays, and higher rejection rates (70% in early 2025).
- **Domestic enrolments** are rising, but provincial funding is fixed. By 2025/26, UFV will be educating about 5% more domestic students than the province funds, placing UFV's per-student funding in the bottom third in BC.
- **Balanced budget legislation** requires UFV to match revenues and expenses each year. Flat grants, capped tuition, and lower international enrolments make this increasingly difficult.
- **Deficits** can occur only with Ministry approval under exceptional circumstances, with a clear plan to return to balance.
- **Surpluses** from past years are restricted for specific purposes. They provide stability but cannot replace sustainable annual revenue.
- **International students** enhance diversity and do not displace domestic students.
- **Expenses** fall into discretionary (flexible) and non-discretionary (fixed/essential) categories, with limited room to adjust the latter.

1 Immigration, Refugees and Citizenship Canada (IRCC)

The Canadian government instituted policy changes through IRCC to reduce the total number of temporary residents as a proportion of the population to 5%. Dramatic declines in international enrolments, particularly for new international students, can be directly attributed to the continual changes by [Immigration, Refugees and Citizenship Canada \(IRCC\) to Canada's International Education policies](#).

2 Provincial Block Grant Funding

While domestic enrolments continue to rise each semester, provincial funding does not increase to match. UFV receives a fixed annual grant ("block funding"), which means we must educate more students each year without additional support.

Institutional Research and Planning (IRP) projects that in 2025/26 UFV will be educating 5% more domestic students than the province funds. This places UFV's per-student funding in the bottom third in BC.

3 Student Caps and Provincial Attestation Letters (PALs)

Prospective international students require a PAL from their desired designated learning institution. The number of PALs available each year are capped by the IRCC and allocated to institutions by provinces. While much of the media has focused on the new caps that have limiting the number of offer letters we can provide to applicants, very few post-secondary institutions are anywhere near that cap.

Under the cap system, it is estimated that Canada will issue only about 20% of study permit allocations to international students in 2025. This reflects both a decline in the number of applications from international students to Canadian institutions and a significant rise in permit rejections by the IRCC – (70% in first six months of 2025). The allocation of Provincial Attestation Letters (PALs), however, was based on an assumed 40% national rejection rate to reach their targeted number of study permits issued.

The damage to Canada's brand as a world leader in providing quality post-secondary education, recruiting top talent, and welcoming students from around the world is significant and it will take years to rebuild.

4 International Student Visa Processing

Many, including BC's Minister of Post Secondary and Future Skills, continue to advocate to the federal government around the harm these policies have caused across the post-secondary sector. They also highlight the measures public institutions have put in place to responsibly accept and support international students.

Despite this advocacy to the federal government, visa processing delays and high visa rejection rates continue to pose significant challenges to Canada's brand and prevent students from pursuing their dreams of studying at a Canadian institution. These factors have in turn resulted in a dramatic drop in applications from international students.

Unfortunately, there has been no indication from the federal government that they will be changing their policy surrounding international students in the near future.

5 **Balanced Budget Requirement**

UFV has consistently made sound financial decisions and met our annual budget commitments. By statute, UFV must present a balanced operating budget to the Board of Governors each year (i.e., revenues must equal expenses).

Achieving this balance requires thoughtful and deliberate planning, and time. With the provincial grant remaining flat despite increased domestic enrolments, domestic tuition rates held at maximum increase of 2% annually, and international student enrolments dropping significantly, the ability to generate enough annual revenues to match current expenses is severely limited.

6 **Deficit Approval**

If an institution anticipates a deficit, it must seek formal approval from the Ministry of Post-Secondary Education and Future Skills. This process involves submitting a detailed financial plan that outlines:

- The reasons for the projected deficit
- Strategies for returning to a balanced budget
- Impacts on programs, staffing, and services
- Any mitigating actions or contingency plans

Approval is granted only under exceptional circumstances and must align with provincial fiscal policies and accountability standards. Institutions are expected to demonstrate prudent financial management and ensure that deficits do not compromise long-term sustainability or student outcomes.

7 **Student Displacement**

International students enhance our campus diversity and global engagement, without reducing opportunities for domestic students. Admission pathways and resources are structured to support both populations equitably.

8 Discretionary vs Non-discretionary Expenses

Discretionary expenses: optional or flexible expenses that can be adjusted or delayed. They are normally determined by leadership based on strategic priorities and can be reduced or postponed during financial constraints.

- Examples include but are not limited to: non-essential travel, events, marketing, pilot programs, research and special projects not externally funded, and renovations.

Non-discretionary expenses: mandatory or fixed costs that must be paid regularly. Governed by contracts, regulations, or essential operations and it is difficult to cut without disrupting core functions.

- Examples include but are not limited to: faculty/staff salaries, utilities, building maintenance, debt servicing, security and insurance premiums.

9 Accumulated Surplus

Universities may have accumulated surpluses from previous years (essentially leftover funds), but these cannot be used freely. Surpluses are not a substitute for annual revenue required to cover annual expenses. The government expects universities to plan sustainably and not rely on past savings to fund operations such as salaries, utilities, or student services. Using surpluses to cover ongoing budget gaps would be like using your savings account to pay your rent every month, it's not sustainable and eventually runs dry.

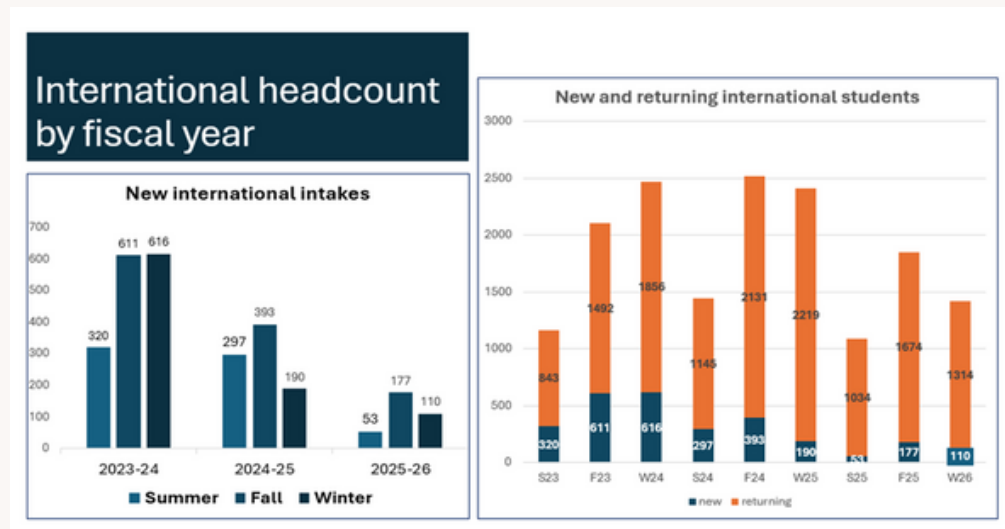
Many of UFV's surplus funds are internally restricted and designated for specific purposes, such as multi-year initiatives, capital investments, risk mitigation or planned one-time expenditures. These funds represent revenues recognized in prior fiscal years and are not tied to current-year income. When they are spent, they generate an expense in the current year without a matching revenue, which can create a deficit.

Accumulated surpluses are meant to support stability, not mask structural deficits. That's why universities must find new revenue sources or reduce costs to address ongoing financial challenges, rather than relying on past savings.

10 International Student FTE's

Actuals for 25/26 are forecasted based on year-to-date enrolments and applications.

	International Student FTE			
	2022/23	2023/24	2024/25	2025/26
Budget	1,577	1,685	2,184	2,080
Actuals	1,448	2,155	2,357	1,595
Difference	(129)	470	173	(485)



11 Budget Principles

The development and decisions of UFV's annual consolidated budget is guided by the [university's budget principles](#). The budget principles are annually reviewed and approved by the Board of Governors.