Athabasca University

Comprehensive Institutional Plan: 2016-19

November 25, 2016

CONTENTS

MESSAGE FROM THE PRESIDENT

On behalf of the entire Athabasca University family, I am pleased to present the *Comprehensive Institutional Plan: 2016-19*.

The AU story is a narrative of access. As a distance education university, AU has been opening doors to higher education to individuals who, because of their personal, professional or academic circumstances, cannot or choose not to enrol in residential university programs since 1970. The AU community embraces and celebrates its unique mission of creating access and knows first-hand the power of higher education to advance knowledge and human understanding, to transform individual lives and to improve society.

Past achievements inspire AU's future. Over the next year, members of the university community will together create a new strategic vision. At the same time, renewed focus on AU's academic mission will support clearer definition of the university's role in an increasingly complex and diverse post-secondary environment: provincially, nationally and internationally.

AU continues to face challenges related to sustainability. In the months to come, the university will focus on finding balance in and leveraging the strengths that have sustained it and the resources available to it to stabilize operations and renew its vision. Confident and courageous decisions will be necessary from many—all with a steadfast commitment to learners, our faculty, our staff and the communities we serve.

The AU community values Alberta Advanced Education's commitment to ensuring the university's future and looks forward to working with government and external stakeholders as it re-establishes its operations on solid ground and renews its commitment to future generations of online learners everywhere.

Original signed by Neil Fassina

Neil Fassina, PhD, CHRP, ICD.D
President

INTRODUCTION

The goals, priority initiatives, expected outcomes and performance measures identified in this Comprehensive Institutional Plan support the ongoing evolution of Alberta's advanced education system and the Government of Alberta's commitment to delivering accessible, affordable, high-quality learning opportunities.

At the request of the Ministry of Advanced Education, Athabasca University submitted appendices A, B and F to this plan on August 2, 2016, with a commitment to submit the full document by December 1, 2016. The previously submitted appendices are reproduced in this final version of the planning document, which is drafted in accordance with the ministry's *2016-2019 Comprehensive Institutional Plan Guidelines*.

As AU moves forward, focused on achieving financial stability and renewing its Strategic University Plan, the need for both additional investment and careful stewardship of existing resources in the delivery of the university's core learning and research mission is clear. Strategic and visionary long-term planning is needed to sustain and enhance AU's capacity to produce highly skilled graduates and to conduct impactful research. In the coming year, AU's next Strategic University Plan will be informed by the findings of internal and external reviews carried out in 2015-16, recently completed strategic planning activities at the faculty level and the results of the third-party review announced by Minister Schmidt.

While embracing change, AU remains committed to the values that have sustained it throughout its history: integrity and accountability in all actions, collegiality in relationships and full engagement with the communities it serves. With the support of the Government of Alberta, AU looks forward to renewal and growth.

ACCOUNTABILITY STATEMENT

This Comprehensive Institutional Plan was prepared under the direction of the Board of Governors of Athabasca University in accordance with legislation and associated ministerial guidelines and in consideration of all policy decisions and material, economic or fiscal implications of which the Board is aware.

Original signed by Margaret Mrazek

Margaret Mrazek, QC
Interim Chair
The Governors of Athabasca University

November 25, 2016

INSTITUTIONAL CONTEXT

Mandate

Founded in 1970 and operating as a Comprehensive Academic and Research Institution under the authority of the Alberta *Post-secondary Learning Act*, Athabasca University is a public, board-governed, open and distance education university which serves students throughout Alberta, across Canada and around the world. Working as a partner within Campus Alberta, Athabasca University is committed to collaborating with other key stakeholders to ensure a seamless and responsive advanced education system that provides high-quality learning opportunities in support of lifelong learning.

The university offers a range of courses and programs leading to graduate and undergraduate degrees, certificates and diplomas in the humanities, the social sciences, the sciences, technology, business and the health disciplines.

As an open university, AU seeks to remove barriers to undergraduate and graduate education. It offers flexible enrolment opportunities for learners, regardless of age, gender, culture, income, disability, career and family obligations, geographic location or educational background. As a distance education university, AU provides flexibility for lifelong learners who cannot or choose not to undertake residential post-secondary education. The university offers learners the opportunity to interact with students across Canada and around the world through programs in established and emerging areas as it seeks to meet the needs of career professionals, develop research expertise and create knowledge that fosters a global outlook among its graduates.

AU provides high-quality, interactive learning environments that include a variety of online and other media technologies for individualized and cohort learning. The university's library and tutorial services and extensive student support services that facilitate access and increase learner success are integral aspects of a quality open and distance education system. Similarly, its course designs and technology applications are based on current research in open and distance education, pedagogical advances in lifelong learning and contemporary developments in online learning technologies. The university actively pursues technological innovations that can enhance its teaching, research and administrative functions.

The university provides undergraduate degree completion opportunities for university transfer students and college diploma graduates through credit co-ordination, credit transfer, prior learning assessment and associated forms of learning accreditation. It supports collaborations such as its degree completion agreements with colleges and partnership with Alberta-North. These collaborations, together with its participation in initiatives such as the Canadian Virtual University, reflect AU's long-standing commitment to adult and lifelong learners, to Indigenous communities, to learners in remote, rural and northern areas, to under-served urban populations and to program students at other universities who seek courses to accelerate degree completion. The university also acquires and maintains accreditation in other Canadian provinces and in appropriate international jurisdictions.

AU pursues and demonstrates excellence in research and scholarship, viewing research as central to the creation and mobilization of knowledge, the enhancement of its programs, the education of its students, the betterment of its community and the development of its faculty and future scholars. Besides its international reputation for research in all aspects of open and distance education and learning technologies innovation, the university is developing notable strength in interdisciplinary research in several areas such as Canadian studies, globalization and cultural studies, Indigenous education, space and environmental sciences, project management, and nursing and health management. Aspects of technological change are integral to many of these theme areas. By supporting and conducting research activity in all program areas, AU makes significant contributions to cultural, scientific and professional development in Alberta and beyond.

AU's academic, professional and support staff engage in professional service within the education system at local, provincial, national and international levels. The university encourages its members to serve a wide range of communities through activities such as volunteerism, community based research, involvement in local community organizations and participation in virtual learning communities.

(Approved by the Minister of Advanced Education and Technology, November 17, 2009)

Mission Statement

Athabasca University, Canada's Open University, is dedicated to the removal of barriers that restrict access to and success in university-level study and to increasing equality of educational opportunity for adult learners worldwide. We are committed to excellence in teaching, research and scholarship and to being of service to the general public.

(May 1985; reconfirmed October 2011)

Principles

Adherence to four key principles underlines all of AU's activities

Excellence   We are dedicated to achieving the highest standards in teaching, research, scholarship and student service.

Openness   We are committed to our mission of guaranteeing access to post-secondary learning to all who have the ability and desire to learn.

Flexibility   We are committed to providing flexible learning opportunities to meet learners' needs.

Innovation   We continue to adopt and develop learner-centred, technology based learning models.

Values

The members of the AU community hold a set of complementary values that are fundamental to the university's identity and operations:

- We value excellence: The search for excellence is the hallmark of all our endeavours.

- We value learning: Student learning and satisfaction are measures of our success.

- We value scholarly research: We engage in reflective practice through the scholarship of discovery and the scholarship of teaching.

- We value the free exchange of ideas: A respectful climate for open discourse promotes innovation, discovery and social responsibility.

- We value openness and flexibility: Reducing barriers to education enhances access and social equity.

- We value diversity and inclusiveness: Diversity and inclusiveness enhance the quality of learning and of the workplace.

- We value employees: Their commitment, innovation, creativity and continuous learning contribute to our success.

- We value accountability: We are accountable to our students, to each other and to the public.

ACCESSIBILITY, QUALITY AND AFFORDABILITY GOALS, PRIORITY INITIATIVES AND EXPECTED OUTCOMES

Athabasca University pioneered quality, responsive, technology-supported online and distance post-secondary education in Canada. Harnessing the power and reach of technology-enabled service, it continues to offer students affordable and accessible opportunities to learn any time and anywhere. Many learners who could not attend a campus-based university because of their location or their family or work responsibilities have achieved their academic, career and life goals through AU. In opening wider the doors to higher education, AU has helped to transform lives, workplaces and communities throughout Alberta, across Canada and around the world.

Flexibility and openness are at the heart of the AU's mandate. The university recognizes that learners do not always follow a linear path through learning to employment. AU's unique approach to post-secondary education enables the university to respond appropriately to the emerging needs of both learners and employers. Recent economic shifts are prompting more and more mature learners to seek post-secondary education to enhance their career prospects. As a result, student demand for academic credit for non-credentialed learning (e.g., knowledge and skills learned on the job or in academic programs begun years ago) is growing. On the other hand, employers are increasingly demanding advanced knowledge and twenty-first century skills and competencies in prospective employees.

As learning increasingly becomes a lifelong pursuit, fully integrated into people's personal and professional lives, enrolment in just-in-time educational programs continues to grow. According to a 2016 Conference Board of Canada report, 1.3 million Canadians take for-credit online post-secondary courses each year, and the market is growing by 7.6 per cent annually.[1] By breaking the traditional, time-specific and location-centred higher-learning mold, AU holds the key to affordable and accessible learning opportunities that are, above all, responsive and relevant to learners, employers and society.

The learning landscape is evolving quickly, and AU is innovating and adapting to meet the challenges of societal change and technological advancement. The university is committed to exceptional instructional design and to continued development of new learning techniques and technologies to ensure that it offers the best in flexible and accessible education. Programs and courses that leverage educational games, incorporate problem-based learning and virtual simulations, employ adaptive learning technologies or use open educational resources are what contemporary students are looking for. Investment is required to design, develop, use and evaluate these tools.

Long-term financial sustainability, the university's viability and vitality, is a primary concern for AU in the face of its commitment to offering online programs and courses of superior quality. Shifting enrolment patterns, funding pressures, technological evolution, online infrastructure requirements and increasing reliance on tuition to fund operations have constrained the university's ability to respond nimbly and to support innovations that elevate teaching capacity

---

[1] Michael Grant, *Learning in the Digital Age*, http://www.conferenceboard.ca/reports/briefings/learning-digital-age.aspx.

and learning outcomes. To achieve its mandate, support strategic growth and maintain its standing as the destination of choice for students seeking online or digitally mediated distance education, AU requires investment.

Accessibility

As an open, online university, AU creates conditions in which almost anyone who wishes to pursue a university degree can do so. The university delivers on the fundamental promise that regardless of age, geographic location, background, disability or family circumstance, learners have the opportunity to acquire the knowledge to realize their potential, succeed in their career and contribute fully to society.

AU's academic offerings and services reduce geographic barriers and financial obstacles to higher education. As a result, members of typically under-represented populations can access degree-level study, taking advantage of learning opportunities that might otherwise be unavailable to them. Learners with a variety of disabilities, for example, benefit from access to adaptive and flexible, technology-supported learning environments in which they can learn and acquire university credit at their own pace. AU also helps Indigenous learners to realize their educational goals. Through the Learning Communities Project, the university is partnering with other institutions and 12 Alberta First Nations and Métis communities to create learning opportunities in the communities. More than 3,500 participants have already benefited.

AU's admissions policies and entrance requirements allow students to receive credit for prior learning acquired through employment or outside the formal education system and to transfer relevant credits earned at other institutions. Academic programs have multiple entry and exit points, enabling students to work on their studies at the times most appropriate for them.

AU works closely with Alberta colleges and technical institutes to provide pathways for college graduates to obtain degrees. Other partnerships with a wide range of employers, professional associations and sports organizations promote higher learning and enable members and employees of these diverse organizations to achieve higher-education goals.

In reaching out to new and nontraditional groups of learners, AU demonstrates its commitment to providing post-secondary education that is accessible to all and assembles a diverse student population that enhances the academic experience of both students and AU employees:

- Twenty-two per cent of Alberta Indigenous undergraduate students and 25 per cent of Alberta Indigenous graduate students study at AU.
- Seventy per cent of AU graduates are the first in their family to earn a university degree.
- Nearly 10 per cent of AU students self-identify as having a disability.
- Fifty-three per cent of AU undergraduate students are over 25 years old.
- Seventy-eight per cent of AU students report that without the opportunities afforded by AU, they would not have been able to access university education or would have experienced great difficulty in doing so.

Accessibility Goals, Priority Initiatives, Outcomes and Performance Measures

AU plans to support the accessibility goals of Campus Alberta through achievement of the following two key institutional goals:

G1 Improve pathways for degree completion, especially for students from Indigenous, rural and northern communities.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Increase awareness of AU's open and flexible learning model through marketing and recruitment efforts.	**EO1** Maintained or increased credential attainment by Indigenous, rural and northern students	**PM1** Number of credentials conferred on Indigenous, rural and northern students	Ongoing
P2 Enhance existing partnerships with northern colleges and learning communities to provide pathways to credential completion.	**EO1** Partnerships reviewed to enhance pathways	**PM1** Number of partnerships renewed	2018
P3 Learning Communities Project	**EO1** Enhanced access to post-secondary learning, training, and funding opportunities for Indigenous communities	**PM1** Number of participants **PM2** Number of workshops	2017 (Continuation dependent on funding.)
G2 Expand and enhance the virtual learning environment.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Foster innovation and excellence in online learning in Alberta and beyond.	**EO1** AU's virtual services and technologies enhanced	**PM1** Number of users of virtual services and technologies	Ongoing
P2 Continue to support the virtual Writer in Residence Program, connecting emerging writers, wherever they live, with accomplished ones.	**EO1** Support provided to an accomplished writer **EO2** Virtual mentorship provided to students and faculty interested in creative writing	**PM1** Number of literary events	Ongoing

Quality

Technology, used appropriately, can enable students to learn in new ways and at times and places where they can get the most from their studies. Mobile devices, now nearly ubiquitous, allow learning to occur almost anywhere. Wherever they are, students can engage both with peers and experts in their field of interest. Online delivery has proven its capacity to deliver exemplary learning experiences essential for lifelong success in the digital knowledge economy, and research into learning technologies is providing further pedagogical enhancements to existing learning models.

The high quality of AU's programs, the effectiveness of its delivery model and the ability of its faculty are reflected in the achievements of its students and alumni. Whether they are earning the praise of colleagues or receiving major awards, scholarships and grants, this external validation of AU students and graduates speaks volumes about the quality of teaching and learning at AU.

The report of the Focused on the Future of Learning: Educational Review 2015-2016, a comprehensive evaluation of programs, courses, academic services and academic structure, with a focus on quality and academic integrity as key features of the future of AU, was completed in 2016. This review was crucial to ensuring that AU is offering an appropriate mix of programs in alignment with Campus Alberta priorities. Implementation of the report's recommendations for immediate action are underway. New academic information technology resources, to be implemented in the coming year, will provide data on which decisions affecting the efficiency and effectiveness of academic business practices and student support services can be based.

Regular comprehensive reviews by external accrediting bodies consistently confirm that AU's professional programs meet the highest standards of knowledge and practice. Partnerships with industry are designed to ensure that programs and courses are relevant to evolving needs and that graduates are well prepared to succeed when they encounter professional challenges. Online learning contributes significantly to this level of preparation because graduates leave the university with more than theoretical knowledge: they are also skilled at critical analysis, problem solving, time management and self-motivation.

The quality of AU's programs is also reflected in the university's continued contributions to the advancement of subject-specific theory and to expansion of the boundaries of practices in online education. As one of four Alberta Comprehensive Academic and Research Institutions, AU continues to contribute, through research, to broadening knowledge in multiple disciplines. At the same time, AU faculty members are creating open educational resources and analytic tools in support of creativity and excellence in teaching and learning.

Quality Goals, Priority Initiatives, Outcomes and Performance Measures

AU plans to support the quality goals of Campus Alberta through achievement of the following three key institutional goals**:**

G1 Provide a superior interactive and engaging student experience.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Support excellence in teaching and learning.	**EO1** Delivery of exemplary student experience **EO2** Activation of Educational Review implementation plan	**PM1** Student experience survey results	Reviewed annually
P2 Promote student success initiatives in support of retention and completion.	**EO1** Increased emphasis on education and student engagement	**PM1** Course starts **PM2** Pass rate	Reviewed annually
P3 Align course and program outcomes with the Alberta Credentials Framework	**EO1** Enhanced and enriched curriculum, teaching and assessment	**PM1** Number of courses affected	Ongoing
P4 Complete priority academic information and communication technology projects.	**EO1** Completion of priority projects	**PM1** Proportion of projects completed (or in progress)	Reviewed annually

G2 Cultivate research excellence by building research capacity in strategic areas.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Enhance research capacity.	**EO1** Grants mentorship **EO2** Improved quality of grant applications **EO3** Recruitment to vacant research chairs	**PM1** Research revenue from tri-agency, industry and community sources **PM2** Percentage of research revenue from tri-agency sources	Ongoing
P2 Foster high-quality personnel training.	**EO1** Research training provided to students and post-doctoral fellows	**PM1** Number of students hired as research assistants **PM2** Number of post-doctoral fellows	Ongoing

G3 Improve institutional effectiveness through assessment and renewal.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Renew strategic and academic plans with the full engagement of the university community	**EO1** Integrated university plans	**PM1** Plans completed	2017-18
P2 Invest in accreditation activities as appropriate	**EO1** Continuous improvement of university and educational programs	**PM1** Affirmation or reaffirmation by accrediting bodies **PM2** Completed program reviews	2019 Ongoing

Affordability

For more than 40 years, AU's distance education model has delivered an excellent return on investment to taxpayers and students alike. It is proven as an efficient and affordable way to deliver post-secondary learning.

For students, access to affordable post-secondary education can be life-changing. Removing financial barriers that prevent people from advancing their learning particularly benefits prospective students in smaller centres, rural or isolated areas and in Indigenous communities, who typically face higher costs.

Students who access online programs from where they live are not required to relocate to campus-based institutions, eliminating the cost of moving to a city (accommodation, travel and living expenses).[2] Online programs also enable students who work full- or part-time to maintain their employment while they complete their studies. Together these benefits allow online students to avoid accumulating high levels of student debt and the burden of loan repayment

---

[2] One study showed that students' spending on accommodation, food and transportation added over 30 per cent to their costs, beyond tuition fees. See The Conference Board of Canada, *Fueling the Surge* (July 2012), http://www.conferenceboard.ca/ Libraries/NETWORK_PUBLIC/SI_fuellingsurge.sflb.

after graduation. By reducing costs and offering flexibility in where and when students can study, AU makes learning both less expensive and more accessible.

AU students also benefit from the university's leadership role in the Campus Alberta Open Educational Resources Initiative, which is growing the capacity and a sustainable foundation for the development, assembly, use and assessment of open educational resources across Alberta and beyond. This initiative has the potential to significantly reduce costs for students enrolled in all post-secondary institutions, and AU is leading the way through research and development, adoption and reuse.

A focus on affordability also extends to AU's operations. Lacking a traditional campus, the university has subsisted at lower levels of funding than conventional classroom-based universities. The report of the Business Process and Student Services Administrative Practices Process Review, completed in 2016, identifies actions that may result in further increases in efficiency and effectiveness for future operations, leading to outcomes such as a lower carbon footprint.

Affordability Goals, Priority Initiatives, Outcomes and Performance Measures

AU plans to support the affordability goals of Campus Alberta through achievement of the following three key institutional goals:

G1 Reduce financial barriers for students.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Seek additional investment in support of student awards for all Alberta learners, including part-time students.	**EO1** Increased awareness of available student awards **EO2** Increased number and value of available awards	**PM1** Total value of student awards **PM2** Number of awards distributed	Ongoing

G2 Enhance the efficiency and effectiveness of business practices and support innovation across the university.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Systematic process review and ongoing assessment activities.	**EO1** Report of the third-party review	**PM1** TBD (depending on strategy adopted)	TBD
P2 Increase integration of budgeting and academic planning.	**EO1** Responsibility Centre Management implemented for business planning and budgeting	**PM1** Progress on RCM implementation	2019

G3 Identify new funding sources and secure new funding in support of research, teaching and service.			
Priority Initiatives	**Expected Outcomes**	**Performance Measures**	**Expected Completion**
P1 Improve donor prospect research and management.	**EO1** Increased number of funding case presentations and foundation grant applications	**PM1** Value of donations and grants received	Ongoing

Appendix A

Financial and Budget Information

Message from the Interim President

Athabasca University submits the attached budget in compliance with a request from the Ministry of Advanced Education that it be submitted by August 2, 2016.

AU was prepared to submit a 2016-17 budget in accordance with the usual schedule before the end of fiscal 2015-16 but was asked by government not to do so because of circumstances prevailing at the time. At that time, AU projected a deficit budget of $2.4 million and Minister Schmidt was reflecting on his response to growing concern and controversy about AU's sustainability, documented in the report of the Presidential Task Force on Sustainability, submitted to the ministry on June 1, 2015. In his letter of March 22, 2016, the minister outlined his response and directed a third-party assisted review of the university's sustainability within the context of certain parameters outlined in that correspondence.

AU's administration welcomes the minister's action directing the third-party review. Both the university and government are interested in the issues that have put institutional sustainability at risk, and discussion of solutions has not come easily. Many voices, some more acrimonious than informed, have been heard, and an objective third party is needed to bring a dispassionate, systematic and determined approach to the discussion.

In the four months since the minister's directive, AU's financial circumstances have continued to evolve, partly because ameliorative measures proposed in the March draft budget were not implemented. The projected deficit over the three-year budget framework will now be larger. In short, operating within the assigned constraint of no job losses has aggravated the financial sustainability issues outlined in the report of the Presidential Task Force on Sustainability.

I draw particular attention to the risks set out on page A6 below. These are not commonplace risks generic to university budgets. They are risks of a university under particular stress from its accumulated sustainability issues, and their resolution requires the engagement of the university, government, and supportive communities and individuals.

Since March, AU has not merely awaited the organization and beginning of the third-party review. Reviews of academic courses, programs and student services have been completed, as has a business processes review led by consultant Grant Thornton. The findings of these reviews supplement those of the Presidential Task Force on Sustainability and will inform the third-party review.

This message is intended to set out the context of this budget, both to fairly present its limitations and to emphasize that it is not business as usual for AU on an ongoing basis. The sustainability issues are real and imminent, but they merit the effort and resources needed to resolve them. No

other Campus Alberta institution does what AU does, and it is worth doing. We hope and believe that the third-party review will address squarely our sustainability issues and point to pathways on which our unique mission and contribution to Campus Alberta can be stabilized and advanced.

Peter MacKinnon

Overview

The proposed budget is for the 2016-17 fiscal year, representing the period April 1, 2016, through March 31, 2017. Athabasca University is submitting this deficit budget in accordance with the communication received from Ministry of Advanced Education staff on July 13, 2016.

AU is asking the provincial government to fund a $3.3 million deficit in order to delay insolvency and allow time to explore a sustainability plan that will be informed by a planned independent third-party review. The $3.3 million deficit is derived from significant cost pressures and prior year budget adjustments totalling $7.5 million, offset by revenue increases of $2.6 million and proposed deficit mitigation strategies of $1.6 million.

The expense adjustments are as follows: increase of $2.8 million in merit and cost-of-living for union and faculty association employees, $1.5 million for inflation, foreign exchange and ICT maintenance agreements, $1 million in amortization of capital assets, $700,000 for strategic investment fund, $400,000 in legal fees, $300,000 in purchased services and $600,000 in other expenses.

The revenue increases include Government of Alberta grant revenue of $1.8 million and student fee revenue of $800,000.

In the 2017-18 and 2018-19 fiscal years, AU is projecting escalating deficits of $6.8 million and $9.1 million respectively. These deficits are mainly attributable to the ministry's request that there be no job losses, a condition which prohibits the implementation of strategic changes that would result in long-term sustainability.

Given these constraints, AU will be financially insolvent by 2017-18.

This budget also has important implications for AU students. Students are at the core of the institution. AU has a unique and valued mission in the higher educational landscape. It allows Albertans to seek university education regardless of their location, life circumstances and past educational achievement.

Unfortunately, the constraints outlined in this budget will reduce AU's ability to serve students. Unlike previous budgets, this budget reflects increased registration without the corresponding expenditure increases that would allow AU to effectively serve the increased student base. In addition, the proposed mitigation strategies will have both direct and indirect negative consequences for AU students. The perception of reduced student services will also have a direct impact on AU's position in the increasingly competitive online education market.

Background

Over the last 30 years, AU's base operating grant has decreased from approximately 80 per cent to 34 per cent of revenue. This level of funding is very low compared to that of other Alberta post- secondary institutions. As a percentage of operating budget, the grant to AU is lower than grants to any other public post-secondary institution in Alberta and to two of the independents. Over the same period, AU's reliance on student tuition and fees has increased from approximately 17 per cent to 61 per cent. AU cannot, however, increase mandatory student fees as they are regulated by the provincial government and have been frozen for two years.

As discussed in the "Message From The Interim President" above, a 2016-17 budget plan, which included strategic changes and workforce adjustments, was drafted in March 2016, but, at the request of the Ministry of Advanced Education, it did not go forward. On May 10, the minister requested that AU submit the Financial and Budget Information components of the 2016-19 Comprehensive Institutional Plan by August 2, including a financial narrative, a budgeted statement of operations, a budgeted statement of cash flows and tuition fee projections.

On June 22, AU received direction from the government that there were to be no deficits and that the government was hopeful that the university could craft a balanced budget without job losses in Athabasca.

Following July 6 discussions with ministry staff, AU was advised on July 13 that it could proceed with a deficit budget, but that the ministry was unable to commit at that time to providing any additional funding to cover a deficit.

Subsequently this proposed budget was developed for the August 2 submission to the Ministry of Advanced Education.

This is an unusual budget year for the reasons outlined above.

Challenges

The major constraint facing this budget is the provincial government's request that there be no job losses in Athabasca. It is not operationally feasible to identify position reductions based on location given the integrated nature of the university's workforce. It is also a challenge to identify long-term sustainment strategies and structural changes without affecting employment levels given that 68 per cent of AU's operating expenses consist of salaries and benefits.

AU is experiencing and will continue to experience significant fiscal challenges:

- AU is disadvantaged by the absence of provincial policy changes to address the current inequitable funding framework.
- AU is constrained by tuition and fee regulations.
- AU is facing increasing competition from other post-secondary providers: provincially, nationally and internationally.

- Expected increases in the Campus Alberta base operating grant are limited (just two per cent in 2016-17 and no increase in 2017-18 or 2018-19).
- Anticipated enrolment growth is modest.
- The province has imposed a moratorium on new programs at AU, further constraining revenue generating opportunities.
- AU has limited opportunities to increase revenue through ancillary fees.
- The effects of merit and cost-of-living increases will be compounded over time.
- Eighty-three per cent of AU's operating expenses (68 per cent salaries and benefits and 16 per cent non-salary expenses) are uncontrollable in the short term.

This three-year budget plan represents management's best efforts given these challenges. The constraint of no job losses prevents the university from making structural changes to deal with deficits.

Three-Year Budget Assumptions

The following assumptions underlie budget projections:

- The Campus Alberta base operating grant will increase by two per cent in 2016-17 and zero per cent in each of the following two years.
- Provincial Infrastructure Maintenance Program funding will remain unchanged.
- Undergraduate course registration will increase by 1.3 per cent in 2016-17, one per cent in 2017-18 and 1.5 per cent 2018-19.
- Graduate course registration will remain unchanged in each of the coming three years.
- In-province tuition fees will remain frozen at 2014-15 levels.
- Out-of-province fees will increase 1.6 per cent in 2016-17, and two per cent in each of the following two years.
- In salary and benefits, the average annual merit increase will be 2.6 per cent, and cost-of-living increases will be consistent with those in recent settlements with unionized and faculty association employees.
- Inflation on the cost of course materials will average four to 4.6 per cent annually.
- Inflation on all other expenses will average two per cent annually.

Approach

Using actual 2015-16 revenues and expenses as a starting point was considered; however, doing so would effectively reward operating units that did not meet their budget targets and penalize those that did. The proposed budget for 2016-17 is therefore based on the 2015-16 approved budget, adjusted for additional revenues and significant cost pressures.

AU's request for provincial funding is a result of careful budget deliberations. Management has reviewed all possible avenues including increasing revenues and reducing costs.

Review of Revenues

With respect to revenues, it should be noted that AU is unique in that, as an online institution, it

does not have the same ancillary revenue opportunities as a typical bricks and mortar institution. Nonetheless, all revenue sources have been reviewed with an eye to retaining AU's market share in an increasingly competitive environment. Student fee revenues have been increased based on projected increases in undergraduate registration of 1.3 per cent and increases to out-of-province and non-mandatory fee rates. This budget also includes $200,000 in additional revenue from clinical fees, attributable to increased enrolment, and $100,000 from a 1.6 per cent increase in non-mandatory fees, in alignment with changes in the Alberta Consumer Price Index.

Graduate tuition revenue growth is estimated at net zero per cent, representing a composite of growth and declines expected in various graduate programs. All of AU's graduate programs are subject to the tuition freeze.

A recent price point analysis of out-of-province tuition rates concluded that enrolment from outside Alberta will continue to decline if AU increases tuition. The university's sticker price is already greater than that of its competitors, who provide deep discounts through a full range of scholarships and bursaries. AU's market share is decreasing rapidly as other jurisdictions create online post-secondary organizations (such as eCampus Ontario) based on the successful AU model. An analysis of the potential to generate enrolment through international recruitment concluded that, due to accreditation issues and regulatory frameworks restricting out-of-country distance education provision in many jurisdictions, this option provides little opportunity for significant growth.

The two areas with the greatest potential for revenue generation are new partnerships and new programs in line with the business skills and social needs of twenty-first century learners. More and more, these credentials are at the graduate level. AU is in negotiations with several private sector and non-governmental organizations that are already attracting students looking to enhance their credentials for career progression or transfer. Alberta-based student enrolment has been increasing at an average rate of 1.5 per cent per year since 2011-12 for a total increase of seven per cent over five years. Recent registration levels indicate that this trend is continuing and may be accelerating, compensating for the decreases in Ontario enrolment.

Review of Expenses

In addition to the 68 per cent of the budget representing salary and benefits, 16 per cent of expenses such as rent, utilities and maintenance contracts are not easily controllable in the short term. AU can effectively control just 16 per cent or $23 million of its expenses.

The most significant expense adjustment is a $2.8 million increase for merit and cost-of-living allowance for union and faculty association employees. No similar adjustment was made for excluded employees as the provincial government has frozen such adjustments for two years effective 2016.

Other expenses are as follows: $1.5 million for inflation, foreign exchange and ICT maintenance agreements, a $1 million increase in amortization of capital assets, $700,000 for a strategic investment fund, $400,000 in legal fees and a $300,000 increase in purchased services.

Mitigation Strategies

The above adjustments for revenues and significant cost pressures resulted in a potential deficit of $4.9 million, but AU identified $1.6 million in further expenditure reductions, amounting to seven per cent of the expenses that the university can control. Other strategies totalling $1.2 million were considered but were judged to be non-sustainable or non-implementable in the short term as they would have negatively affected employee morale and productivity or required extended negotiation with the university's unions and the faculty association.

Having considered these strategies, AU is looking to the provincial government to fund the remaining $3.3 million.

Accountability

All levels of management must be accountable for meeting financial targets. An accountability framework will be developed and integrated into AU's quarterly variance and forecast reports.

Risks

As indicated above, this budget focuses only on what AU can directly control. The university has no control over government funding, tuition fees and collective agreements. Given the constraint of no job losses, the risks associated with this proposed budget include the following:

- It publicly signals potential insolvency which could in itself impede enrolment and further accelerate financial insolvency.
- It relies heavily on a vacancy savings target of $4.3 million, which is the equivalent of about 50 full-time positions. While this saving helps to minimize the proposed budget deficit, it will also negatively affect existing employees and could affect student services.
- It reflects a provincial freeze on non-union wage and merit increases which raises the issue of pay equity and introduces the intangible risk of negatively affecting employee morale and student services.
- It does not include potential wage settlements which could add additional salary and benefit expenses in the neighbourhood of $1.1 to $1.3 million in 2016-17, $2.1 to $2.3 million in 2017-18 and $2.3 to $2.5 million in 2018-19. If the freeze on excluded staff remuneration is lifted there will be additional costs of $222,000 in 2016-17, $280,000 in 2017-18 and $347,000 in 2018-19.
- It does not include any actions to address the unsustainable merit system.
- It does not include strategic changes to address long-term sustainability.
- Not receiving one-time provincial funding in 2016-17 will result in earlier financial insolvency.

Funding Sources

Due to the challenges and constraints leading to the $3.3 million deficit in 2016-17, AU is asking the provincial government to fund the deficit. Doing so will delay insolvency and allow time to explore the sustainability plan informed by the planned independent third-party review.

The only other means of funding the deficit is to draw on operating surpluses that have accumulated over the years. This option is not viable for two reasons:

- Firstly, as reported in the 2015-16 audited financial statements, AU had an accumulated deficit from operations of $10.5 million which was comprised of an $8.6 million surplus accumulated from previous years, offset by a $19.1 million pension plan liability. If the province does not cover the $3.3 million deficit, AU will have to draw down the $8.6 million, thereby increasing the accumulated deficit from operations. Doing so would reduce AU's ability to match external grants and contributions and fund capital projects.

- Secondly, in the opinion of the Auditor General of Alberta, AU does not have any accumulated surplus due to the effect of the pension liability.

Beyond 2016-17

This three-year budget plan provides an advanced indication of what is to come if circumstances do not change.

AU is projecting further deficits: $6.8 million in 2017-18 and $9.1 million in 2018-19. The projected deficits will result primarily from the provincial government's request for no layoffs and the other challenges and risks identified above.

In recognition of the sustainability challenges it faces, AU has already undertaken two significant reviews: a Business and Student Services Administrative Practices Process Review and an Educational Review to identify ways to address the challenges and seize upon opportunities to realize potential efficiencies.

Initiatives currently underway as a result of the Business and Student Services Administrative Practices Process Review include a review of the university travel policy, an exploration of the use of AU facilities, identification of new shared service opportunities and a cost saving incentive program. Additional recommendations will take some time to implement.

Implementation of recommendations from the Educational Review will increase efficiency and effectiveness of academic and student service processes through greater system co-ordination, clarification of roles and responsibilities, elimination of duplication, structural review and alignment, and continuous improvement. These initiatives will reduce administrative and instructional costs across the university over the three-year planning period.

The Executive Group will continue to review the recommendations contained in the reports of these two reviews.

It is difficult to contemplate full resolution of the issues and full implementation of the recommendation in these two reports outside of the third-party review. While the AU executive continues to look for new revenue and saving opportunities, the third-party review as requested by the Minister of Advanced Education should provide further insight and direction. It will force the kind of conversation that is required and unite the university and the government in

implementing the sustainability plan recommended by the third-party review process. Only after careful review of that sustainability plan, in conjunction with the findings of two completed reviews identified above, can the magnitude of the financial impact be projected.

Recommendations arising from the third-party review are unlikely to be implemented until after 2017-18. This delay will mean that cost savings will occur after the point of insolvency. Further, implementation of recommendations from any of the reviews will inevitably involve workforce adjustments which, if implemented, will further increase the projected deficit. Despite management's best efforts, AU anticipates a need for further assistance from the province in the second and third year of this three-year planning period. Further discussion with the ministry will be needed with respect to the cost implications of implementing the recommendations of the third-party review.

AU is hopeful that the independent third-party review will inform a plan to ensure the university's long-term sustainability in the community and in Campus Alberta. Implementation of any recommended changes will require collaboration between AU's Board of Governors and the Ministry of Advanced Education. It is unlikely that any positive financial impact will be realized until late 2017-18 at best. In the interim, AU's deficits will grow.

2016-17 Budget Details

Revenues

In recent years, registration of Ontario students at AU has declined while registration from Alberta and other provinces has grown. Undergraduate registration growth is expected to be 1.3 per cent in 2016-17 while no growth in graduate registration is expected.

Table 1 presents the enrolment projections for 2016-17 and the following two years.

Table 1: Three-Year Enrolment Projections: Undergraduate and Graduate Programs

	2016-17	2017-18	2018-19
Undergraduate Enrolment Growth	1.3%	1%	1.5%
Graduate Enrolment Growth	0%	0%	0%

Overall, students are expected to register for 77,404 courses in 2016-17.

Revenue of $132.8 million is expected for 2016-17, reflecting an $800,000 increase to the university's base operating grant and tuition freeze funding of $700,000, offset by a $1.5 million decrease in restricted special-purpose grants.

Tuition and mandatory student fees for Alberta students will continue to be frozen at 2014-15 levels.

The out-of-province tuition fee for a three-credit undergraduate course will increase to $796 (from $794). This fee is the sum of the $476 Alberta student fee, a $180 learning resource fee, a

$9 students' union fee, a $2 alumni fee (all unchanged) plus the $129 (increased from $127) out-of-province fee. Out-of-country fees will increase to $352 (from $347) with the result that the total per course tuition for an out-of-country student will increase to $1,019 (from $1,014).

Other than minor inflationary increases to non-mandatory student fees, no other increases are planned for 2016-17.

All non-mandatory student fee increases, which are based on the year-over-year change in the Alberta Consumer Price Index, have been discussed with representatives of the Athabasca University Students' Union and the Athabasca University Graduate Students' Association. All fee changes will take effect on September 1, 2016.

Expenses

Expenses are expected to be $136.1 million.

Salary and benefit costs represent almost 68 per cent of operating expenditures. This percentage is expected to stay relatively consistent over the three-year planning period. The budget makes no provision for negotiated wage settlements beyond those that were settled in 2015-16; however, contractual merit increments of $2.8 million have been included.

Other drivers are $1.5 million for inflation, expanded information technology coverage and foreign exchange, $700,000 for strategic investments, $400,000 for legal fees and a $300,000 increase in purchased services.

This budget also includes a $4.3 million vacancy savings target that must be realized to meet the overall budget target.

Accumulated Surplus (Deficit) from Operations

Projections of the accumulated surplus (deficit) from operations, not including pension liability were prepared under three scenarios for the three fiscal years beginning 2016-17.

All the three scenarios project financial insolvency in 2017-18 unless there are additional revenues or cost savings:

Scenario 1: The preliminary draft budget prepared in March 2016 included a number of strategic budget mitigation strategies. At the end of 2018-19, the accumulated deficit from operations would have been $1.6 million.

Scenario 2: With this proposed budget assuming one-time provincial funding of $3.3 million, and given the constraint of no job losses, which inhibits long-term sustainment strategies, at the end of 2018-19 the accumulated deficit from operations would be $9.5 million. This represents a worsening of $7.9 million from the initial March budget.

Scenario 3: With this proposed budget assuming no one-time provincial funding, and given

the constraint of no job losses which inhibits long-term sustainment strategies, at the end of 2018-19 the accumulated deficit from operations would be $12.8 million. This represents a worsening of $11.2 million from the initial March budget.

None of the scenarios above have considered any effects of implementing changes recommended by the three review processes discussed above.

Taking into account the impact of the $19.1 million pension plan liability and, assuming no one-time provincial funding, given the constraint of no job losses which inhibits long-term sustainment strategies, at the end of 2018-19 the accumulated deficit from operations, including the pension plan liability, will be $31.9 million. This still represents a worsening of $11.2 million from the initial March budget.

Capital Budget

AU's future depends on investments in information and communication technology to maintain and enhance a competitive leadership position in the online distance education market.

In 2016-17, $5.5 million is allotted for strategic capital investments in information and communication technology. Of the $5.5 million in planned investments, 78 per cent will be funded by AU: $2.9 million from amortization and $1.4 million from accumulated surplus from operations. Only 22 per cent or $1.2 million will be funded by the provincial Infrastructure Maintenance Program.

Table 2: Statement of Operations
For the Year Ended March 31 (thousands of dollars)

	BUDGET 2016-17	PLAN 2017-18*	PLAN 2018-19*
Revenue**			
Government of Alberta grants	$ **46,429**	$ 46,429	$ 46,429
Tuition and other student fees	**67,009**	67,483	68,202
Sales of goods and services	**15,362**	15,516	15,748
Donations and other grants	**497**	497	497
Federal and other government grants	**1,865**	1,865	1,865
Other Revenue	**619**	625	635
Investment income	**1,060**	1,060	1,060
	132,841	133,475	134,436
Expenses			
Instruction and non-sponsored research	**77,074**	80,334	82,200
Academic and student Support	**14,936**	16,032	16,405
Institutional support	**17,300**	14,205	14,535
Ancillary services	**9,429**	10,122	10,357
Computing and communication	**8,740**	7,797	7,978
Facility operations and maintenance	**4,906**	7,794	7,975
Sponsored research and special purpose	**3,710**	3,983	4,075
	136,095	140,267	143,525
(Deficiency) excess of revenue over expense	$ **(3,254)**	$ (6,792)	$ (9,089)

* Revenue and Expenditures in these years are preliminary and will be refined in future year budgets.

** Amortization of Deferred Capital Contributions by funding source included in revenue categories above:

Government of Alberta grants	$ **2,888**	$ 2,739	$ 2,713
Federal and other government grants	**426**	404	400
Donations and other grants	**8**	8	8
Total	$ **3,322**	$ 3,151	$ 3,121

A11

Table 3: Expenses by Object
For the Year Ended March 31 (thousands of dollars)

	BUDGET 2016-17	PLAN 2017-18	PLAN 2018-19
Salaries	$ 75,401	$ 77,663	$ 79,682
Employee benefits	16,334	16,732	17,067
Fees and purchased services	18,129	18,265	18,630
Materials and supplies	12,823	13,272	13,736
Travel	1,493	1,523	1,553
Communications	1,752	1,787	1,823
Institutional operations	924	942	961
Rent	1,841	1,878	1,915
Amortization of capital assets	6,178	6,973	6,907
Scholarships	1,220	1,232	1,251
	$ 136,095	$ 140,267	$ 143,525

Table 4: Statement of Cash Flows
For the Year Ended March 31 (thousands of dollars)

	BUDGET
	2016-2017
OPERATING TRANSACTIONS	
Excess (deficiency) of revenue over expense	$ (3,254)
Add (deduct) non-cash items:	
Amortization of tangible capital assets	6,178
Amortization of deferred capital contributions	(3,322)
	2,856
(Increase) decrease in accounts receivable	(79)
(Increase) decrease in inventories and prepaid expenses	534
Increase (decrease) in accounts payable and accrued liabilities	(3,714)
Increase (decrease) in deferred revenue	(336)
Cash Provided by (Applied to) Operating Transactions	$ (3,993)
CAPITAL TRANSACTIONS	
Acquisition of tangible capital assets	(4,229)
Cash Provided by (Applied to) Capital Transactions	(4,229)
INVESTING TRANSACTIONS	
Proceeds from investments	8,222
Cash Provided by (Applied to) Investing Transactions	8,222
FINANCING TRANSACTIONS	
Endowment contributions	-
Cash Provided by (Applied to) Financing Transactions	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,729
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,729

A13

Table 5: Tuition Fee Projections

	2015-16 Actual	2016-17 Proposed	2017-18 Plan	2018-19 Plan
Course-Based Fees				
Undergraduate Student Fees				
Course fee (3-credit)	$ 476	$ 476	$ 476	$ 476
Percentage change	0.0%	0.0%	0.0%	0.0%
Graduate Student Fees *				
Master of Education in Distance Education				
Course fee	$ 1,350	$ 1,350	$ 1,350	$ 1,350
Learning Resource Fee	$ 160	$ 160	$ 160	$ 160
Master of Health Studies and				
Master of Nursing				
Course fee	$ 1,350	$ 1,350	$ 1,350	$ 1,350
Learning Resource Fee	$ 75	$ 75	$ 75	$ 75
Master of Arts—Integrated Studies				
Course fee	$ 1,350	$ 1,350	$ 1,350	$ 1,350
Learning Resource Fee	$ 160	$ 160	$ 160	$ 160
Post-Baccalaureate Diploma in Architecture				
Course fee	$ 1,350	$ 1,350	$ 1,350	$ 1,350
Learning Resource Fee	$ 160	$ 160	$ 160	$ 160
Master of Science—Information Systems				
Course fee	$ 1,350	$ 1,350	$ 1,350	$ 1,350
Learning Resource Fee	$ 160	$ 160	$ 160	$ 160
Graduate Diploma Heritage Resources Management				
Course fee	$ 1,350	$ 1,350	$ 1,350	$ 1,350
Learning Resource Fee	$ 160	$ 160	$ 160	$ 160
Post-Baccalaureate Diploma in Legislative Drafting				
Course fee	$ 1,350	$ 1,350	$ 1,350	$ 1,350
Learning Resource Fee	$ 160	$ 160	$ 160	$ 160
Program-Based Fees				
Graduate Student Fees *				
Master of Business Administration				
Program tuition	$ 35,140	$ 35,140	$ 35,140	$ 35,140
Learning Resource Fee	$ 9,444	$ 9,444	$ 9,444	$ 9,444
Master of Counselling				
Program tuition	$ 22,890	$ 22,890	$ 22,890	$ 22,890
Learning Resource Fee	$ 900	$ 900	$ 900	$ 900
Doctor of Business Administration				
Program tuition	$ 48,350	$ 48,350	$ 48,350	$ 48,350
Learning Resource Fee	$ 5,250	$ 5,250	$ 5,250	$ 5,250
Doctor of Education in Distance Education				
Program tuition	$ 43,210	$ 43,210	$ 43,210	$ 43,210
Learning Resource Fee	$ 1,650	$ 1,650	$ 1,650	$ 1,650

* AU Graduate Students' Association fee of $13 per credit is over and above the graduate program tuition fees stated above.

Appendix B

Enrolment Plan and Proposed Program Changes

Enrolment

Athabasca University is projecting steady enrolment growth over the next three years, the full-load equivalent count increasing by one to 1.5 per cent per year. This modest rate of projected growth contrasts with the rapid growth, driven by visiting students seeking service courses for program completion at other institutions, of earlier decades. Increased competition in the online post-secondary market, demographic shifts and regulatory changes have all contributed to reducing the number of visiting students, particularly out-of-province visitors.

The projected full-load equivalent counts by program and level (Table 1) assumes slight increases in the number of open studies students (AU students are considered undeclared or open studies students until they have completed at least six AU credits). Successful recruitment to undergraduate programs therefore initially increases the number of open studies students, even though the number of visiting students is declining.

Capacity pressures are expected to limit growth in the Faculty of Health Disciplines, and the suspension of grouped study classes at partner institutions may result in decreased enrolment. However, enrolment in new programs in the Faculty of Science and Technology and the Faculty of Business and continuing enhancement of student retention processes are expected to counterbalance those enrolment pressures.

Changes to the Registered Nurse licensure examinations have prompted adjustments to Post-LPN Bachelor of Nursing Program regulations that may affect student retention. Demand for undergraduate nursing programs is expected to level off in the coming years, but demand for graduate offerings, including professional development courses, is expected to remain strong.

Completed revision of accounting courses required for professional certification and the renewal and expansion of a number of partnerships should result in increased enrolment in business programs. New post-baccalaureate certificate programs in computing and reconfigured offerings in education are generating enrolment in those areas. Enrolment in relatively new programs in applied mathematics and architecture is expected to grow over the next three years.

AU's international student cohort, including military personnel posted overseas, are mostly expatriate Canadians who require the flexibility and mobility afforded by AU's online offerings to complete their credentials. In addition, a small number of distance education students study in Greece through a partnership arrangement, and a few students attend computing programs from Taiwan. The out-of-country component of AU's student body, distributed across all programs, therefore remains relatively small: two per cent of undergraduates and three per cent of graduate students, and it is not expected to grow in the near future.

Table 1: Projected Full-Load Equivalent Students (FLEs) by Program

		Actual 2014-15	Unofficial 2015-16	Projected 2016-17	Projected 2017-18	Projected 2018-19
Non-Credential	Open Studies	4538	4504	4527	4563	4631
Certificate	Post-Master's	1	3	3	3	3
	Post-Baccalaureate	14	21	23	23	24
	University	120	123	129	130	131
Diploma	Post-Master's	9	11	12	12	12
	Post-Baccalaureate	90	108	125	128	132
	University	12	7	7	7	7
Baccalaureate	Bachelor of Administration	7	5	2	0	0
	Bachelor of Arts	256	261	264	269	274
	Bachelor of Arts (3-Year)	118	118	118	120	121
	Bachelor of Commerce	320	328	344	361	372
	Bachelor of General Studies	80	75	75	76	77
	Bachelor of Health Administration	45	54	57	58	60
	Bachelor of Human Resources and Labour Relations	118	127	133	136	139
	Bachelor of Management	101	101	99	96	94
	Bachelor of Management (3-Year)	142	139	141	143	146
	Bachelor of Nursing	452	505	495	495	495
	Bachelor of Professional Arts	197	182	184	180	182
	Bachelor of Science	155	158	171	177	182
Master's	Master of Arts	183	167	164	166	169
	Master of Business Administration	293	302	308	311	315
	Master of Counselling	248	248	248	251	255
	Master of Education	101	111	114	117	120
	Master of Health Studies	191	173	173	175	177
	Master of Nursing	472	522	532	538	543
	Master of Science (Including Information Science)	60	65	66	67	69
Doctoral	Doctor of Business Administration	20	20	20	20	20
	Doctor of Education	26	32	28	28	28
Total		8,366	8,469	8561	8649	8779
Change			1.2%	1.1%	1%	1.5%

Program Changes

Some curriculum realignment decisions grew out of AU's 2015-16 educational review report, *Focused on the Future of Learning*. For example, analysis of learning outcomes from Bachelor of Commerce and four-year Bachelor of Management degree programs led to the recommendation to transfer resources from the latter to the former. Transferring specializations from the Management degree program to Commerce will provide greater clarity for students and add capacity to strengthen core business specializations, particularly Human Resources Management, Marketing Management and Indigenous Organizations Management.

The educational review identified near-term strategic opportunities to be realized through suspending underperforming courses and reinventing or suspending underperforming programs. Reduction of the Faculty of Humanities and Social Sciences course inventory will continue, but given the breadth of course selection that will remain, the reduction is not expected to negatively affect program students. In response to the 2015 final report of the Truth and Reconciliation Commission of Canada, the review recommended attention to Indigenization of the curriculum.

Ongoing quality assurance processes include updating degree program review policies and procedures and developing a related training manual for faculty participants. The course review policy will also be revised to reflect new administrative structures.

Professional development offerings are expanding in response to active corporate and public service partnerships, but new credit programs are needed to address employer demand. Building on the successful partnership with the Business of Hockey Institute and to improve clarity regarding degree completion options, AU has submitted a program proposal for a Hockey Management specialization its Master of Business Administration Program. Development of dual-credit courses for high-school students continues in response to partner requests.

A proposal for a post-baccalaureate certificate program in professional health education is in the early development stages. This initiative will leverage capacity in existing courses to assist practitioners to develop teaching skills for both clinical practice and classroom settings. The proposed credential will address the instructor shortage which is today limiting post-secondary institutions' ability to expand health care practitioner programs in anticipation of the looming shortage of health care workers.

Two previously submitted program proposals—for the Master of Science in Environmental Science and the Doctor of Philosophy in Computing and Information Systems—remain AU priorities as they are closely aligned with established research portfolios in environmental sciences and computing and information systems. Research in these areas is integral to Alberta's economic, resource management and environmental goals. Developing highly qualified personnel and supporting discovery and innovation are core AU functions as a Comprehensive Academic and Research Institution. With the support of the Campus Alberta Innovation Program and other external funding sources, AU has attracted world renowned researchers; however, the post-graduate opportunities that AU can offer are constrained by limitations on graduate programming. In the coming year, AU will explore opportunities to further develop its proposals for these two priority graduate programs to leverage investment and attract additional funding.

Appendix C

Research, Applied Research and Scholarly Activities

Strategic Goals and Initiatives

Two goals will provide strategic direction to Athabasca University's research, applied research and scholarly activities in the upcoming years: cultivating research excellence and engaging with industry. The first focuses on building research capacity and the second on developing robust academic-industry partnerships.

Renewing the Strategic Research Plan will affirm AU's research priorities and help develop a focus that not only builds on existing research strengths but also supports researchers' timely response to emerging opportunities. Changes in the nature and scope of research conducted by AU researchers, including an increased emphasis on basic research and on collaborative research endeavours, afford new opportunities for student engagement and for national and international partnerships; however, they also present new challenges in attending to the physical and computing requirements of research teams. Securing capital and operational funds to validate the university's commitment to meeting such needs is a challenge in the face of current fiscal constraints.

Cultivation of research excellence also demands ongoing implementation of innovative strategies to build research capacity, including increasing the research chair complement and the success rate of faculty and student researchers in securing competitive, external research grants and awards. Research chairs provide intentional leadership in furthering research excellence and in training highly qualified skilled personnel, such as undergraduate and graduate students and postdoctoral fellows. Fierce competition, coupled with international recruitment constraints, however, makes recruitment challenging. Offering grantsmanship mentorship and increasing researchers' awareness of funding opportunities will continue to be important strategies in building research capacity. Together, these initiatives will foster research excellence through systematic development of a sustainable research enterprise that incorporates diverse sources of internal and external funding and ultimately results in demonstrable outcomes and impacts that facilitate evidence-informed decision-making and policy development.

Development of a proactive, project management approach to grant administration and milestone reporting is planned in concert with these initiatives and the recent university-wide business practice review with a view to enhancing the research services available to researchers and students. In addition, several initiatives are planned to increase the profile of AU researchers by widely disseminating information about their research and scholarly endeavours using both social and traditional media.

A recent grant from the Alberta Innovates – Technology Futures Applied Research and Innovation Activities Program, in addition to funding from the federal Research Support Fund, allowed for the temporary renewal of the university's industry liaison officer. This position facilitates systematic development of robust academic-industry partnerships, affords opportunities for AU researchers to engage with Alberta small and medium enterprises and

contribute cutting-edge research to their innovations, fosters the commercialization of research outputs and provides high quality industry-based training opportunities for students. Securing leveraged funding and ongoing funding to support this position will be essential to ensuring that momentum is sustained over time.

Synergies with the Alberta Research and Innovation Plan

The breadth of AU's research agenda and its synergy with the priorities articulated in the *Alberta Research and Innovation Plan* are evident in the select examples that follow.

Effective Resource Management and Environmental Sustainability: Two research chairs and several other researchers associated with the Athabasca River Basin Research Institute are actively engaged in research related to managing the cumulative effects of land and water use in the Athabasca River Basin over time. Others are concerned with the basin's inhabitants, including its Aboriginal communities, and the impact of such factors on their lives. This work is supported by ongoing development of the Athabasca River Basin Online Bibliography and Repository, which offers researchers and other stakeholders free access to hundreds of publications and reports, interactive maps and audio-visual resources about the Athabasca River Basin.

Strong Economy: A previous Alberta Innovates – Technology Futures grant facilitated development of a number of academic-industry partnerships with small and medium enterprises in the educational technology, oil and gas, and gaming sectors. In several cases, additional funding has been leveraged to continue work on these projects with the intention of bringing an innovation to market. A key outcome of this ongoing initiative is the hands-on, industry-based training opportunities it affords to students. Other researchers are pursuing questions related to the use of social networking, data analytics, cloud computing, personalization and adaptivity, and open educational resources in creating virtual learning environments for K-12 and adult learners in Alberta and beyond.

Supporting Albertans in Their Communities: AU researchers continue to make substantive contributions to the understanding of health promotion and management of chronic diseases, such as dementia, diabetes and cancer. In 2015, one researcher was named as lead for an ongoing Alberta Innovates - Health Solutions Strategy for Patient-Oriented Research Patient Engagement Platform. Other areas of health-related research that have the potential to contribute to evidence-informed decision-making and policy development include pain management, harm reduction, relationship-based parenting, elder care, and Indigenous health, wellbeing and traditional medicine. Still others are intent on fostering community-engaged scholarship to explore a broad range of questions related to economic diversity and sustainability.

The congruence between the priorities articulated in the *Alberta Research and Innovation Plan* and the research being conducted by AU researchers is noteworthy. These areas of shared concern are expected to help shape AU's renewed Strategic Research Plan.

Appendix D

Community Outreach and Under-represented Learners

Athabasca University partners with a wide range of organizations and individuals to provide pathways for adults to realize their learning goals. The university is committed to collaborating with communities and other key stakeholders to ensure a seamless and responsive advanced education system that provides high-quality learning opportunities.

One key to AU's success has been its ability to serve the educational needs of dispersed learners who cannot or do not wish to attend conventional, residential post-secondary institutions, especially those living in rural, remote and Indigenous communities.

AU has a history of engagement with Indigenous colleges and communities through partnership agreements and activities designed to increase access to learning for First Nations, Métis and Inuit Peoples, and it will continue to seek support for such initiatives from the not-for-profit and private sectors with the goal of providing opportunities for greater participation. Supports leading to increased rates of participation have included engagement of Indigenous community leaders, provision of in-community learner support and directed financial aid.

AU is also dedicated to serving students with disabilities. As this segment of the student population continues to grow, the university is committed to ensuring that every student who has a disability is provided with access to services that will ensure equity of opportunity.

Working in collaboration with its Campus Alberta partners, AU provides opportunities for those who wish to acquire a university credential with the support of a local or regional college. The university will continue to explore options for ensuring the sustainability of these partnerships.

The development and renewal of transfer agreements that allow a seamless transition among learning institutions provides easy access to a university education for Alberta and other Canadian college graduates. In addition, AU offers a prior learning assessment and recognition (PLAR) process which is designed to award credit for learning that adult learners have acquired through life experience, on-the-job training or experience, workshops, seminars and other means.

Committed to the education and professional development needs of employers and the Alberta workforce, AU will continue to develop and renew partnerships with corporations, professional associations and other entities that promote and facilitate access to learning. AU's online learning methodologies coupled with its flexible learning timetables are well suited to meeting to the needs of this adult learner population.

AU's commitment to the province's dual credit strategy remains strong. The university will continue to work with school divisions that are interested in providing their students with access to post-secondary courses.

Through these and other outreach activities, AU continues to maintain its long-standing commitment to adult and lifelong learners, to Indigenous communities, to learners in remote,

rural and northern areas, to members of under-served urban populations and to students at other universities who seek courses to accelerate degree completion.

Appendix E

Internationalization

Figure 1 shows the distribution of Athabasca University students in 90 countries around the world. International students account for about two per cent of AU's undergraduate student population, and three per cent of graduate students. An international recruitment strategy is under consideration. Ensuring excellent student services to international students is an AU priority.
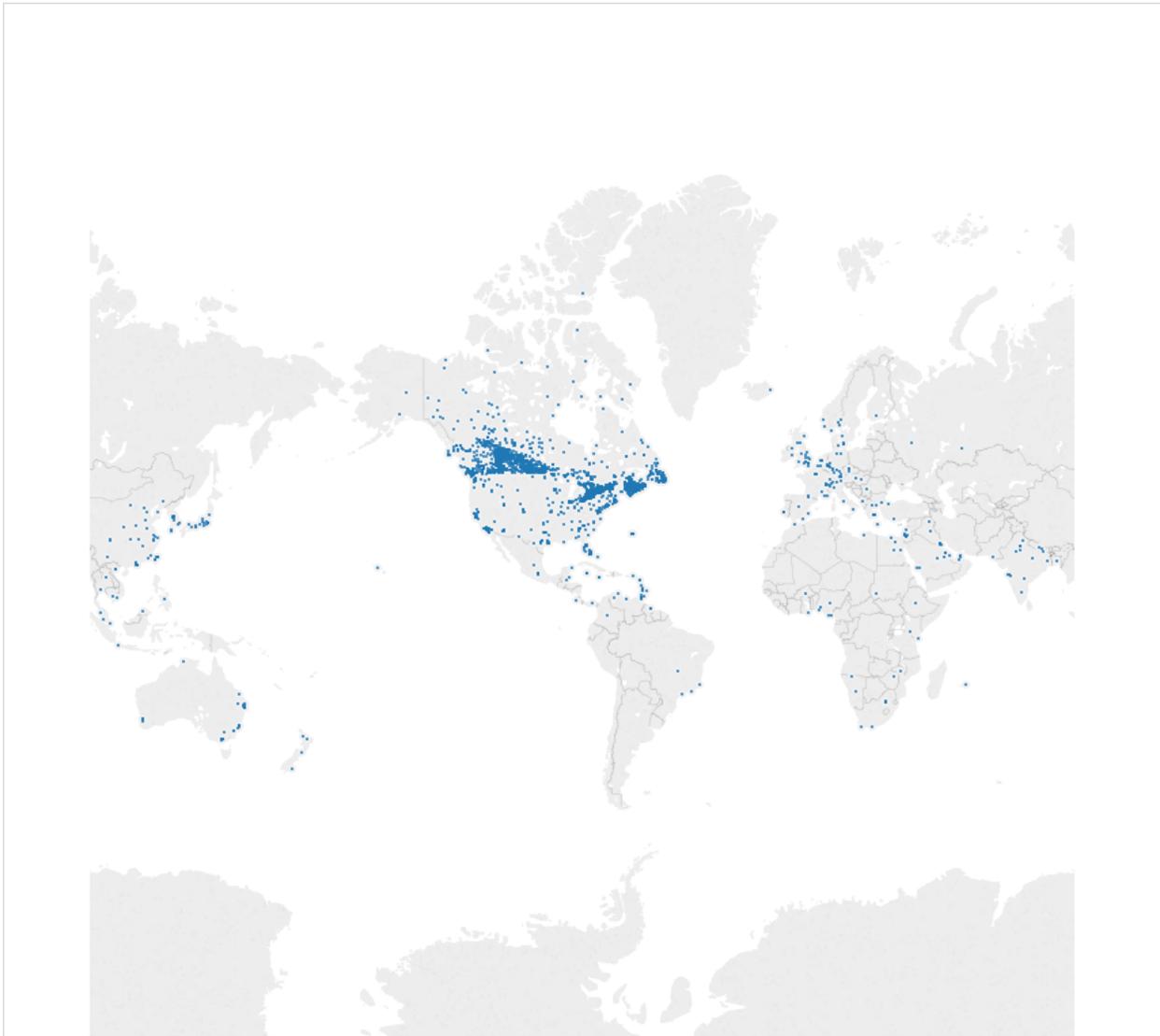

Figure 1: Geographic Distribution of AU Students

Appendix F

Capital Plan

Athabasca University is a world leader in online post-secondary distance education, having developed a proven reputation for excellence, openness, flexibility and innovation. AU's open access policy has opened the door to higher education for more than a quarter of a million Albertans and other Canadians, particularly those disadvantaged by geography, time and socio-economic circumstances. One key to AU's success has been its ability to provide superior post-secondary learning services to meet the educational needs of a geographically dispersed community of learners whose members are not able or prefer not to attend traditional campus-based institutions. This community is served through continuous investment in the development of AU's information and communication technology infrastructure. With a view to enhancing the educational services it provides, remaining competitive and maintaining its leadership position in online and distance education, AU has developed a comprehensive five-year capital plan, addressing both short- and long-term capital priorities. To achieve its mandate and support strategic growth, the university must upgrade and expand its information and communication technology infrastructure and expand its facilities in Athabasca, the Capital Region and Calgary. Over the next five years, AU will require $47.2 million in strategic capital investments.

The university's capital priorities are presented below under two main headings:

- Information and Communication Technology Projects
- Facilities and Other Projects

These sections are further subdivided using the categories established by the Government of Alberta in the Building and Land Information Management System (BLIMS) for one-time or envelope funding of projects:

- Category 1: Preservation of Existing Facilities/Capital Assets (< $10 million)
- Category 2: Preservation of Existing Facilities/Capital Assets (> $10 million)
- Category 3: Expansion or Replacement
- Category 4: New Facilities or Systems of Major Economic Benefit to Alberta

Table 1: Summary 2016-17 to 2020-21 Capital Funding Request (thousands of dollars)

	Category 1 and 2	Category 3	Category 4			
	Preservation and Renewal	Expansion or Replacement	New Facilities or Systems	Total	AU Funding*	Government or Other
ICT	$ 24,713	$ 9,145	$ -	$ 33,858	$ 25,612	$ 8,246
Facilities and Other	7,350	6,000		13,350	850	12,500
Total	**$ 32,063**	**$ 15,145**	**$ -**	**$ 47,208**	**$ 26,462**	**$ 20,746**

*Includes IMP funding for information and communication technology projects.

AU is committed to providing 75 per cent of the funding required to realize the benefits of the ICT portion of the Capital Plan. Achieving the capital priorities outlined in this plan will help AU advance its key mission of making post-secondary education available to all Albertans, regardless of their circumstances. These capital investments will enable the university to continue to enhance student learning and support services, to develop new programs and to expand its research portfolio. In addition, it will position AU to continue to advance Alberta's leadership position in the use of innovative information and communication technologies to meet the challenges of learners, communities and industry in the modern knowledge economy.

Information and Communication Technology Projects

AU was a pioneer in leveraging ICTs to remove barriers to post-secondary learning. The university has developed a reputation for creating and delivering high-quality courses and programs to learners in Alberta, across Canada and around the world. This success demonstrates AU's ability to respond positively to significant environmental changes and to explore new frontiers in distance education. To achieve its mandate and support its strategic growth and vision, the university must renew and expand its ICT infrastructure and online learning environment. This will require $33.9 million in ICT capital investments over the next five years, $25 million of which will be provided by AU. Table 2 provides a summary of the fiscal 2017-21 ICT capital funding request.

Table 2: Summary 2016-17 to 2020-21 ICT Capital Funding Requests

BLIMS Category*	Program Totals	Proposed Funding Sources	
		AU**	Government or Other
1. Preservation and renewal of existing facilities/capital assets (minor)	$ 24,713,350	$ 23,362,539	$ 1,350,811
2. Preservation and renewal of existing facilities/capital assets (major)	-	-	-
3. Expansion or replacement	9,145,000	2,250,000	6,895,000
4. New facilities or systems of major economic benefit to Alberta	-	-	-
Total	**$ 33,858,350**	**$ 25,612,539**	**$ 8,245,811**

*Categories based on the Government of Alberta's Building and Land Information Management System for one-time or envelope funding of projects.
**Based on 2016-17 fiscal year.

Challenges

Recognition that ICT is AU's Capital

AU is unlike traditional, campus-based post-secondary institutions: its delivery of educational opportunities is based on ICT resources rather than bricks and mortar. These ICT resources include online systems, services and support resources. Current capital funding criteria, geared toward addressing the need for investment or reinvestment in physical facilities and infrastructure, place a virtual university like AU at a competitive disadvantage because funding for AU's learning delivery infrastructure must come from operating budgets. This disadvantage materially limits AU's ability to build and maintain the ICT infrastructure and online learning

environment needed to serve the needs of current and future learners. This challenge is compounded by the fact that AU's ICT infrastructure needs to transition to hosted virtual services to reduce costs, achieve economies of scale and ensure availability of services.

AU's Critical Dependence on ICT

AU's operations rely entirely on information and communication technology enabled services. Educational access, learner support services and administrative services are provided to students over the Internet. AU's client-facing operations depend on

- the university website to create awareness and provide information
- online enrolment and course registration services
- online course provision and instruction
- online assessment, including assignment submission and examinations
- online student services for advising and assisting students and for maintaining students' academic records

AU's reliance on ICT infrastructure is further demonstrated by

- continuous undergraduate enrolment (Students start programs and courses year-round.)
- asynchronous, self-paced study and open course scheduling (Course materials are readily available online, and students complete courses on their own schedule and can choose to start any course in any month.)
- distributed learning (Students do not receive instruction or course materials at a specific location such as a university campus, allowing them to remain in their home communities and places of employment.)

AU's information and communication technology infrastructure must therefore provide students with reliable, secure and responsive service in support of academic success. To continue to provide high-quality learning opportunities and student services, AU must continually invest in its information and communication technology services and capabilities: they are equivalent to a traditional university's physical campus (its classrooms, meeting rooms, lecture halls, laboratories, libraries, common rooms, workspaces, etc.).

Lack of Capital Funding to Develop AU's ICT Infrastructure in Line with Strategic Goals

Providing online educational services to AU's community of learners depends upon the university's ability to create and maintain a rich, flexible learning environment. AU has succeeded in offering value to learners in Alberta, across Canada and around the world through its ability to leverage the Internet and information and communication technologies to improve access to learning and to create new knowledge and approaches to distance education. AU's online model is a more cost-effective than traditional campus-based alternatives, providing excellent value to both taxpayers and students.

Information and communication technologies are constantly evolving, but because of the bricks and mortar bias of the capital funding process, past capital funding has not been sufficient to

allow AU to keep pace with this evolution, let alone allow for investment in more advanced educational ICTs. As a result AU, and Alberta, have lost their global leadership position in online distance education. Further deterioration of AU's ICT capabilities through under-investment will affect enrolment as prospective students seek other Alberta post-secondary options at a higher net cost.

AU is at a point at which significant investments are needed to refresh and build upon its ICT infrastructure and to exploit newer technology supporting online educational delivery.

Increased Competition in Online Distance Education

AU has developed strong educational partnerships across Canada and internationally, and it is an active member of Campus Alberta. However, AU's Campus Alberta partners are increasingly transitioning their traditional courses to an online distance education model, and partners are not mandated to work with AU to develop and deliver these offerings. These developments have resulted redundancies and inefficiencies across the sector.

Educational institutions around the world are also rapidly developing and investing in sophisticated technology to create advanced learning and student service environments. This global competition represents an imminent threat as web technologies allow education providers to offer learners anywhere a high-quality education at a competitive price.

AU's reputation and the quality of its offerings are judged within these marketplaces. AU, Alberta and Canada cannot stand still but must constantly innovate to attain and maintain a competitive leadership position in online distance learning.

Opportunities: Investing in AU's Open Learning Environment

AU's fundamental objectives in developing its ICT Capital Plan were to create an investment strategy based on a long-term vision, one that builds upon and enhances the institution's values and strengths, and the means to achieve it. Over the past several years AU has been striving to achieve the vision of an Open Learning Environment, an innovative online post-secondary system in which technologies integrate with advanced pedagogical practice to form a supportive, world-class learning environment. The word *open* not only embodies AU's mission of removing barriers that restrict access to and success in university-level study but also reflects the university's open admission policy, continuous enrolment model and access through ICT-facilitated learning.

The vision for the Open Learning Environment reflects the belief that such a system's core purpose is to provide the functional capabilities to permit individuals to accomplish their personal objectives. These objectives will vary among learners, teachers, researchers and administrators, but the ideal learning environment (comprised of multiple integrated systems, services and resources) would respond to the needs of all users. The Open Learning Environment will tailor technological functionality, services and information to optimize the experiences and facilitate the goal completion of each individual.

The vision of the Open Learning Environment is grounded in a number of emergent and existing technologies that can be integrated to achieve a holistic environment positioned for the future of distance education. The environment would create opportunities for many stakeholder groups:

Learners: Students enrol in post-secondary programs to achieve personal learning objectives. These may be geared toward exploring a discipline or obtaining a career credential. Within the Open Learning Environment these objectives can be deconstructed into a series of learning steps or pathways. Learners can select courses along this pathway to help them accomplish their learning goals, but will also have the option of adjusting their learning path as they are exposed to new knowledge and experiences.

Employers: To address labour shortages and knowledge gaps, employers from a broad range of industries across Alberta and Canada require skilled workers. Knowledge gaps can inform course and program development or spark partnership opportunities with industry to serve new or under-served markets.

Student Service Staff: AU prides itself on the quality of both its academic programs and its student support services. The Open Learning Environment will integrate contact management and relationship management technologies to ensure learners receive timely access to the appropriate level and nature of support required. Information collected from these interactions will inform service improvements.

Academics: Faculty members and tutors want to develop and teach courses that contribute to their respective disciplines and are of high value to learners. To do so, they need to be able to select, create and share learning resources and integrate them into courses. To expedite course creation and maintenance processes while ensuring quality, these resources have to be digitized, tagged, stored and made searchable via an academically vetted repository.

All students possess a variety of attributes (interests, abilities, learning preferences, cultural norms, etc.) that affect their learning. The Open Learning Environment will provide teachers with analytical data on each learner's unique needs and how those needs relate to the student's mastery of specific competencies or learning objectives. Such feedback will equip teachers to address specific learner needs, by substituting alternative learning resources, for example, or directing learners to relevant support services.

Researchers: Data collection within the Open Learning Environment will span the student life cycle, from recruitment through active learning, graduation, placement and lifelong learning. Of particular interest is the relationship between particular learning resources and their utility to support specific types of learning preferences and behaviours. Predictive analytics and cognitive computing capabilities can provide insights and spark innovation to create a continuous cycle of knowledge creation and dissemination.

AU's Open Learning Environment, as envisioned, represents no small undertaking, and its realization will require significant capital investments over the next five years. However, its realization will establish a new standard for online learning, address significant knowledge gaps across multiple industries and reposition Alberta and AU as pioneers and innovators in distance

education and research. AU will, of course, share these innovations with other members of Campus Alberta, allowing partners to benefit from world-class distance education research and allowing Albertans to partake in world-class learning: anywhere, any time.

ICT Capital Plan for Open Learning Environment

Projects within the ICT Capital Plan are categorized into a series of programs based on the technological layers within the Open Learning Environment to be developed through capital investment. Each ICT capital program (technology layer) within the Open Learning Environment is described below.

>   **Interfaces:** Interfaces are a user's window to the information, systems, services and resources within the Open Learning Environment. Windows within this environment will be both intuitive and adaptive, providing users with the information and functions they require to effectively achieve their personal objectives.

>   **Application Suites:** Application suites are clusters of related systems and services with functionality to accomplish specific business or academic processes. Suites are comprised of both large enterprise-level systems and smaller specialized systems, but they are designed to work in concert with one another and to exchange data with dependent applications across suites and the analytical platform. Three inter-related suites make up this layer: pedagogy and research (systems and services for teaching, learning and research, such as the learning management system), student service and administration (e.g., the student relationship management system and the content management system) and enterprise resource planning **(**e.g., finance system, human resources/payroll system, student information system).

>   **Analytical Platform:** The analytical platform is both a data warehouse and an analytical tool. It harvests data from integrated applications, analyzes them and provides views to this information within the Open Learning Environment.

>   **ICT infrastructure:** This is the foundational layer upon which other components rely to operate effectively. It is made up of two sub-layers: infrastructure renewal (includes the hardware and utilities, such as servers, storage and networks, upon which all other Open Learning Environment layers are dependent) and infrastructure operations support (includes the systems and services, such as disaster recovery, intrusion detection and systems monitoring, that work with components of the infrastructure renewal layer to ensure effective business operations and continuity for users across the Open Learning Environment).

>   **Enterprise Architecture Planning:** While the focus of development may shift among different component programs from year-to-year, the entire Open Learning Environment must be designed, engineered, developed and sustained as single integrated environment. This program will develop enterprise architectural planning capabilities and designs.

An overview of investment plans for the development and renewal of AU's Open Learning Environment over the next five fiscal years is presented in Table 3. AU is requesting that the Government of Alberta provide funding to support holistic development of the environment to

ensure the continued provision of high-quality learning opportunities for Albertans and to create new distance education knowledge and innovations.

Table 3: Estimated Annual Investment by Open Learning Environment Program (Five-Year Plan)

OLE Program	2016-17	2017-18	2018-19	2019-20	2020-21	Program Total
Applications suite: pedagogy and research	$ 1,236,000	$ -	$ -	$ 1,100,000	$ 250,000	$ 2,586,000
Interfaces	-	-	1,300,000	825,000	1,800,000	3,925,000
Applications suite: student service and administration	901,539	-	-	1,025,000	1,195,000	3,121,539
Infrastructure renewal	1,450,000	1,025,000	100,000	400,000	100,000	3,075,000
Applications suite: enterprise resource planning	315,900	-	-	3,309,911	-	3,625,811
Infrastructure operations support	1,525,000	5,100,000	1,120,000	250,000	-	7,995,000
Enterprise architecture planning	-	-	-	385,000	-	385,000
Analytical platform	-	-	2,250,000	3,595,000	3,300,000	9,145,000
Total	**$ 5,428,439**	**$ 6,125,000**	**$ 4,770,000**	**$ 10,889,911**	**$ 6,645,000**	**$ 33,858,350**

All proposed technology projects will follow AU's ICT Investment Governance Framework, which assesses the value and alignment of ICT investments with the university's strategic goals and the projected value to be returned upon their completion.

Table 4 provides a summary of the proposed funding sources to develop the Open Learning Environment. Over the next five years, AU plans to contribute $25.6 million, and it is seeking an $8.2 million contribution from the Government of Alberta or other potential funding sources.

Table 4: Proposed Funding Sources for OLE Program Development

Open Learning Environment Program	Total Program Cost	Proposed Funding Source	
		AU	Government or Other
Applications suite: pedagogy and research	$ 2,586,000	$ 2,586,000	$ -
Interfaces	3,925,000	3,925,000	-
Applications suite: student service and administration	3,121,539	3,121,539	-
Infrastructure renewal	3,075,000	3,075,000	-
Applications suite: enterprise resource planning	3,625,811	2,275,000	1,350,811
Infrastructure operations support	7,995,000	7,995,000	
Enterprise architecture planning	385,000	385,000	
Analytical platform	9,145,000	2,250,000	6,895,000
Total	**$ 33,858,350**	**$ 25,612,539**	**$ 8,245,811**

The key development goals for each Open Learning Environment program over the next five years and the risks associated with insufficient investment are detailed below.

Category 1: Preservation of Existing Systems - Minor

Applications Suite: Pedagogy and Research Program

Program Development Goals: The first goal of this program is the continued modernization of AU's learning management system. Currency and integration of the LMS with core systems and services is required to transform and optimize the distance learning experience and support the success of learners with varied backgrounds, with different degrees of preparation and in different locations. Integration of LMS functions with other systems within the Open Learning Environment will facilitate the collection and assessment of information about a learner's progress and timely intervention with the appropriate supports. A second goal is to establish capabilities to streamline the development, delivery and invigilation of exams. Achieving this goal is particularly challenging given AU's widely distributed student body. A third goal of this program is to create a virtual student tool kit or *e-lab*, which would provide students with access to software and resources to aid them in their studies and create temporary spaces from which they could collaborate with other community members.

Risk Statement: The LMS is a core component of AU's Open Learning Environment, and it is critical to enhancing the university's reputation as a leader in online distance education. Distance education students expect the delivery of quality learning materials, and the benchmark is continually rising as more institutions compete in the global distance education market. Failure to deliver a high-quality online experience achieved through a fully integrated LMS will result in student dissatisfaction, lower academic success rates, poorer learning outcomes and loss of reputation and competitiveness for AU, culminating in enrolment decline. An online exam system is an essential complement to online courses. Students increasingly regard the requirement to write exams in pre-authorized exam centres as problematic and expensive. Moreover, process delays and administrative costs associated with existing exam capabilities represent an increasing financial and reputational burden to the university.

Interfaces Program

Program Development Goals: This program has three primary goals. The first is to provide users of the Open Learning Environment with intuitive and consistently designed interfaces to easily access the resources (e.g., information, systems, services) they require. Achieving this goal requires redesign and renewal of AU's student and staff portals. A second goal is to provide users with the ability to access those resources via desktop or mobile computing platforms. Achieving this goal will require the creation of a suite of mobile applications and the underlying ICT infrastructure to support effective access and security. A third goal is to strengthen AU's reputation as a distance education expert by establishing the Alberta Distance Education Innovation Portal, a virtual space in which AU students, faculty and staff and members of other Alberta post-secondary institutions can meet with industry leaders to assess emergent technologies, share knowledge and collaborate.

Risk Statement: The usability and effectiveness of interfaces is paramount to creating a quality user experience and maximizing efficiencies, particularly for a virtual organization like AU, whose users are served remotely and rely on these interfaces to access online offerings. Poor user experiences and the lack of required functionality will directly affect student and employee recruitment and retention. AU must also invest in mobile computing technologies as web statistics clearly indicate a steady rise in the use of mobile devices, and users increasingly expect to be able to use their phones and tablets for anywhere, any time access. All Alberta post-secondary institutions need to pilot emergent technologies. Realization of the Alberta Distance Education Innovation Portal would maximize provincial investment by allowing knowledge, experience and infrastructure sharing. Without this space the dissemination of research and expertise and the ability to forge potential new partnerships across Alberta is limited to traditional channels that do not leverage the capabilities and economic benefits of ICTs.

Applications Suite: Student Service and Administration Program

Program Development Goals: The emphasis of this program is to ensure the continued provision of quality student services. Achieving this goal will require significant investment in the implementation or renewal of a broad range of capabilities including content management, service management, web publishing, social networking and portfolio development. It is necessary not only to deliver these functions but also to integrate them logically to create a unified service-oriented user experience. A second goal is to ensure these functional integrations are optimized for future scalability, adaptability and performance. This optimization will be facilitated by implementing standards and removing redundant data sources or shadow systems, allowing AU's suite of applications to efficiently respond to change.

Risk Statement: AU prides itself on its high student satisfaction ratings. Unless student service and administrative systems are renewed, AU will be unable to maintain student services or provide for enrolment growth without significantly increasing overhead costs. Services to students and other stakeholders will be compromised, and AU will lose its competitive advantage in terms of price and quality of service, resulting in a weakened market position.

Infrastructure Renewal Program

Program Development Goals: Enhanced computing performance, capability and reliability will enable innovation and ongoing improvement across the Open Learning Environment. AU's existing infrastructure, particularly its network and back-up solutions, are antiquated and insufficient to address current and future needs. Network reinvestments will improve network connectivity, data transmission and security. Investment in a new robotic library will ensure the timely retrieval of data and minimal service interruptions should an unplanned failure occur. The infrastructure renewal program also encompasses the creation of a research computing environment in which researchers can develop new innovations. This environment coupled with the proposed Alberta Distance Education Innovation Centre Portal (See Interfaces Program above), would function as an innovation incubator and strengthen AU's global reputation as a distance education pioneer and expert.

Risk Statement: Failure to renew ICT infrastructure would substantially increase the risk of

being incapable of performing day-to-day operations. Failure to invest in this program will instigate an ongoing decline in the Open Learning Environment's physical ICT infrastructure, resulting in more frequent breakdowns, inability to support newer versions of software, lack of compatibility with the needs of operating systems, lack of vendor support and a high probability of catastrophic failure. In addition, the Open Learning Environment's enterprise architecture would become increasingly heterogeneous and inefficient. Lack of system integrity could limit AU's ability to satisfy legal requirements to safeguard information and user privacy.

Applications Suite: Enterprise Resource Planning Program

Program Development Goals: AU operates in an environment of fiscal restraint and is facing increasing competition from traditional universities in the delivery of online distance education. Efficient operations and planning are critical to AU's ability to achieve the goals set forth in its *Strategic University Plan* and *ICT Strategic Plan* and its ability to provide a flexible, high-quality and innovative learning environment. AU has successfully implemented an enterprise resource planning solution (Ellucian Banner), with finance and human resources/payroll modules being recently added to the existing student module. However, the student module is highly customized and out-of-date. These customizations were made years ago based on AU's unique continuous enrolment business model; however, many of these functions have now been incorporated into the current baseline releases for these products. AU requires capital investment to re-engineer business processes in parallel with decustomization of student processes. Completion of this work will streamline AU's ability to make enterprise resource planning upgrades, reducing costs and providing the community with new capabilities. In addition, AU needs to strengthen its ability to meet the *Strategic University Plan* goal to "recruit and retain excellent people." Achieving this strategic goal will require technology investments that facilitate recruitment, onboarding, performance management, development and succession planning processes.

Risk Statement: Enterprise resources planning systems are critical business enablers. Failure to invest in the enterprise resource planning program would introduce a risk of inaccuracy and inefficiency in data collection and reporting and jeopardize a broad range of business processes and sub-systems that rely on enterprise resource planning data and functionality. In addition, AU's ability to recruit top-level employees is critical to sustaining and developing a healthy organization.

Infrastructure Operations Support Program

Program Development Goals: AU has a dispersed staff and a distributed student body, and both require consistently performing systems to carry out their respective activities. The goal of this program is to provide the necessary support capabilities to ensure continuous operations. These include investments to establish a high availability computing environment, robust system monitoring capabilities, standardized identity management and continued expansion of the virtual desktop computing environment. Of particular importance is ensuring that AU's environment is kept secure, a goal that will require significant investments in intrusion detection and protection technologies and ensuring security-related hardware is kept up-to-date.

Risk Statement: Monitoring the ICT infrastructure environment and intervening in a timely manner to ensure systems availability are critical ongoing activities. Without systems to ensure operational support, AU would face the risk of unauthorized access to information and loss of data, jeopardizing the university's reputation and exposing it to legal and regulatory consequences. Without sufficient system recovery capabilities, AU's business could be crippled. In its 2010 systems audit review, the Office of the Auditor General of Alberta underlined this risk: "The university relies heavily on its IT systems and infrastructures to deliver online student services, including course materials and course evaluations as well as daily corporate financial activities. Failure to recover promptly from a disaster affecting the data centre at the main campus in Athabasca would affect the university's ability to continue providing these services."

Enterprise Architecture Planning Program

Program Development Goals: AU requires a comprehensive inventory and a living architectural design of its ICT assets. The scale, complexity and diversity of the Open Learning Environment requires the acquisition and implementation of enterprise architecture technologies, which would facilitate mapping of existing strategic and operational processes to the underlying enabling technologies and infrastructural components that support their efficient development and delivery. Attaining an enterprise architecture perspective is critical to establishing standards in an effort to reduce costs and to revealing vulnerabilities or deficiencies in processes, systems and services. Of particular importance is attaining a clear understanding of how best to integrate the necessary components of the Open Learning Environment to establish data collection and analytical capabilities. These capabilities are foundational to realizing the vision of the Open Learning Environment and to informing the creation of effective learning solutions, new courses, new service offerings and distance education innovations.

Risk Statement: Establishing an enterprise architecture framework and supporting technologies is critical to effective ICT investment planning, risk management, resource management, security management and to ensuring that AU's enterprise architecture is responsive to the ever-changing needs of the university community. The need for AU to formalize "IT architecture standards to guide the university to develop common IT infrastructure that would reduce the university's long-term IT operating costs" was noted the Auditor General of Alberta's 2010 systems audit review. Alberta Innovation and Advanced Education's ITM Control Framework has also recommended adoption of enterprise architecture standards and controls.

Category 3: Expansion or Replacement Projects

Analytical Platform Program

Program Development Goals: The analytical platform is the heart of the Open Learning Environment. Establishing a data warehouse and an operational data store and aligning and integrating critical data sources are foundational to creating robust analytical capabilities. The analytical platform will facilitate data mining and the creation of student information and learning content information warehouses or hubs. Analytical interfaces to these hubs will provide insights into course design and delivery, service improvements and research. In particular, data collected about a learner's ability to achieve learning objectives can inform adjustments to

teaching resources or tactics to match his or her learning preferences and improve outcomes. The analytical platform can also be used to collect information on knowledge gaps or skilled labour shortages across markets to inform the development of new courses or learning resources.

Risk Statement: If AU does not invest in its analytical platform, it will not be able to fully realize the vision of the Open Learning Environment. Evidence-based research, strategic and operational decision-making and the delivery of personalized solutions rely on the collection and analysis of data from across the entire environment.

Facility and Other Projects

Although AU's pedagogical platform is based on open and distance education, delivered largely through the Internet to students dispersed throughout Alberta, across Canada and around the world, the university still requires physical facilities for the operations of its faculties and administrative and support services.

AU's Athabasca main campus, constructed in 1983, is increasingly important to the Athabasca community and represents a significant economic benefit to northern Alberta as a whole. For over 100 years, the Town of Athabasca has served as a gateway to the North. With the important oil sands finds in Wabasca and Fort McMurray in the 1970s and the development of oil sands extraction technology over the past three decades, northern Alberta has become a vitally important energy resource centre for Alberta and the country as a whole. Billions of dollars have been invested. Serving as a resource hub for this development, Athabasca and its surrounding areas have witnessed steady economic growth, except during the recent economic slowdown. This setting positions AU to leverage its academic and research expertise to become an engine of development in support of the activities of the region and of resource development to the north.

AU must focus on renewing and upgrading its facilities to reflect current building codes and building management technologies and the demands of sustainable operations. It must also address the effects of 33 years of infrastructure degradation to ensure that facilities continue to provide the physical infrastructure necessary to maintain the university's ability to serve its students. The additional facilities called for by this long-term capital plan, (the consolidated site in the Greater Edmonton Area), will support AU's objective of making better use of operating grants and other funding by gradually moving away from operating from leased spaces.

AU is unique not only in being Canada's only public online post-secondary institution, but also in its location, nestled in the Alberta boreal forest. The university's dramatic sloped rural site integrates the Main Campus Building, the Academic and Research Centre and the surrounding landscape, creating a beautiful setting for academic life. This setting includes a variety of trail and ravine-crossing bridges designed and built in 1982-83. Due to long exposure to winter weather, they are badly in need of repair and upgrading for both safety and aesthetic reasons.

Through an agreement negotiated in 2014, AU has entered into a land transfer agreement with the Town of Athabasca and Aspen View Public Schools, Division No. 78. Under this agreement, the university will transfer 21 acres of land to Aspen View for a new 1,000 student high school and a four-acre site to the municipality for a new regional aquatic facility. In addition, the

agreement allows for the conversion of an existing 99-year land lease, which applies to the Athabasca Regional Multiplex and adjacent playing fields, to a fee simple grant to the town. These developments, expected to be completed in 2017-18, will further increase traffic and activity on the university lands, increase wear and tear on already degraded internal roads and surfaces and increase the need for remedial investment.

In return for the university lands being transferred to the Aspen View Public Schools, Division No. 78 and the Town of Athabasca, the university will receive the 15.5 acre site of the existing Edwin Parr Composite High School. Once the land transfer agreement closes and title is transferred, the university will lease the site back to the school board until the school occupies its new building. The school board will then, at its expense, demolish the old school building and remediate the site to an environmentally sound condition. The appraised value of the Edwin Parr Composite High School lands as of December 2015 was higher than that of the lands that are being transferred from the university to the school board and town. The university will continue to assess and monitor the market value and development potential of the lands received.

With the exception of the buildings on its Athabasca campus (Main Campus Building, Academic and Research Centre) and the nearby Tim Byrne Centre (course materials production facility), AU leases all of its facilities, including a number of spaces in Edmonton and in Calgary. Despite the current economic slowdown, leasing costs in major downtown urban centres are expected to rise over the coming five to 10 years. As a result, securing appropriate university-owned, cost-effective consolidated space to ensure long-term continuity and sustainability of educational services to students is critical. A Campus Alberta initiative resulted in the location of AU's Calgary operations in the Bow Valley College South Campus building. AU is continuing to explore similar arrangements with another public entity in the Edmonton region, to allow for benefits of economies of scale and development efficiencies in order to achieve its long-held goal of a university-owned consolidated space.

If AU is to continue to succeed in the twenty-first century, its facilities must

- enable learning and research
- accommodate growth
- be environmentally sustainable
- equip the university to participate in northern Alberta's growing economy, including supporting scientific study of environmental impacts of oil sands and other resource development
- be flexible and adaptive to evolving technology and networking
- provide spaces for collaborative activities and encourage collegiality and interaction
- meet current building code and building systems standards
- provide a hospitable work environment attractive to prospective employees
- promote wellness and social progress within the AU community, the Town and County of Athabasca and the Indigenous communities in the surrounding area

In pursuit of these goals AU requires significant investment in the development of its lands and physical assets and in the creation of essential educational and research facilities. An overview of facilities and other non-ICT capital projects planned for the 2016-17 to 2020-21 period is shown

in Table 5, and a summary of proposed funding sources is provided in Table 6.

Table 5: Facilities and Other Projects (Five-Year Plan)

Project	2016-17	2017-18	2018-19	2019-20	2020-21	Program Total
Main Campus Building major system upgrades	$ -	$ 250,000	$ 500,000	$ 1,500,000	$ 1,750,000	$ 4,000,000
Main campus road, parking lot and trail system	-	500,000	1,250,000	-	750,000	2,500,000
Library collections	50,000	50,000	50,000	50,000	50,000	250,000
Equipment renewal	-	150,000	150,000	150,000	150,000	600,000
Integrated Learning Centre – Capital Region	-	250,000	3,750,000	2,000,000	-	6,000,000
Total	**$ 50,000**	**$ 1,200,000**	**$ 5,700,000**	**$ 3,700,000**	**$ 2,700,000**	**$ 13,350,000**

Table 6: Proposed Funding Sources for Facilities and Other Projects

Project	Total Cost	Proposed Funding Source	
		AU	Government or Other
Main Campus Building major system upgrades	$ 4,000,000	$ -	$ 4,000,000
Main campus road, parking lot and trail system	2,500,000	-	2,500,000
Library collections	250,000	250,000	-
Equipment renewal	600,000	600,000	-
Integrated Learning Centre – Capital Region	6,000,000	-	6,000,000
Total	**$ 13,350,000**	**$ 850,000**	**$ 12,500,000**

The key development goals for each facility or other project over the next five years and the risks associated with insufficient investment are detailed below.

Category 1: Preservation of Existing Facilities and Systems - Minor

Main Campus Building Major Systems Upgrade

Project Goals: The Main Campus Building is 33 years old, and many of its core structural and mechanical systems are original to the building. Although repairs and alterations were carried out over the past three decades, main building systems and structures have not been significantly upgraded to accommodate changes in technology, environmental compliance, health and safety regulations or changes to the current provincial building code. In 2016, through the IMP grant, the university is upgrading critical components of the building's main electrical system to enhance the reliability of the technology that powers the university and its servers.

Given that the lifespan of many of these systems is 25 to 30 years, the building is fast approaching the point at which key mechanical and structural systems will need to be replaced (heating, ventilating and other structural or mechanical systems, including boilers, main HVAC units, cooling tower, glass roof system and the building envelope). Over the next 10 years, the

rate of significant mechanical and structural systems failures is expected to increase as systems continue to age. A February 2012 Facility Assessment Report commissioned by Alberta Infrastructure identified a number of core systems that need upgrading or replacement in the coming five years and estimated costs of necessary renovations at approximately $8.5 million. Of that amount, $4 million is reflected this capital plan. Although certain aspects of the structure's physical condition and systems were rated acceptable at the time of the evaluation, the report made clear that significant upgrades are necessary if the building is to continue to support the university and its mandate.

Risk Statement: Failure to bring Main Campus Building systems up to standard will result in increased exposure to legal liability, loss of capital investment value, significant increases in ongoing maintenance and operational costs, and weakening of the university's ability to provide a proper work environment to about 300 employees working in the building. Should the building deteriorate to the point that existing systems can no longer serve the university's technological and physical needs, AU would be unable to continue to provide educational services.

Main Campus Road, Parking Lot and Trail System

Project Goals: The Athabasca campus, landscaped using local vegetation and incorporating the 10-kilometre Muskeg Creek Trail System, was developed in the early 1980s. High use and the impact of the elements have led to significant deterioration of the internal roads, surface parking lots and internal trail systems, creating a number of potential safety hazards. The roads, lots and trails are very much in need of an upgrade. The roads are failing from a geotechnical perspective and, due to continued sediment erosion of top lift asphalt and concrete and below surface substrata, the road base is collapsing in many places. To provide safe vehicular and pedestrian access to and from the campus, especially given the expected traffic increase from the new high school and regional aquatic facility, the base of the roads and parking lots must be strengthened, asphalt top lift must be applied to all paved areas, and concrete work must be carried out on pathways, curbs and gutters and the pads that support large infrastructure systems.

Risk Statement: Failure to enhance trails and walkways will result in degradation of the campus in terms of both aesthetics and safety. Hazards to personal safety due to unsafe walkways, parking surfaces and access roads will likely result in increased personal injury and loss of employee time and increased medical benefits costs. Accidental injuries and inadequate wheelchair access will expose the university to a risk of litigation.

Library Collections

Project Goals: Major development of AU's digital repository is planned to increase the depth and breadth of online reference works and on-site collections. This development will include acquisition of a deep archive of online journal back files to meet the digital reference demands of students and support expansion of master's programs and development of new doctoral programs.

Risk Statement: If AU does not meet the digital reference demands of its students and the research needs of its faculty members, it will lose its competitive position and risk losing market share of students and revenue.

<u>Equipment Renewal</u>

Project Goals: Proposed preservation activities for research and other equipment are estimated at $600,000.

Risk Statement: Failure to renew equipment in a timely fashion would keep obsolete equipment in use, resulting in non-compliance with standards of practice and workplace health and safety requirements.

Category 3: Expansion or Replacement Projects

<u>Integrated Learning Centre – Capital Region</u>

Project Goals: AU's Edmonton location occupies approximately 2,542 m^2 of space in the Peace Hills Trust Building in downtown Edmonton, and the AU Faculty of Business and the Edmonton-based IT department together occupy approximately 1,625 m^2 at the Trail Business Centre in northwest Edmonton. AU also has a presence in a number of other small spaces in the Greater Edmonton Area. For the past decade, the university has been exploring options for acquisition of a facility which would permit consolidation of all of AU's Capital Region operations in an integrated learning centre and eliminate ongoing lease costs. The project is expected to provide a number of benefits:

- improving student access to registration, examination and career counselling services
- enhancing AU's presence in the Greater Edmonton Area
- increasing opportunities for research and teaching collaboration with other Edmonton-based post-secondary institutions
- improving the working environment and support services for Edmonton area AU employees
- eliminating operating expenses attributable to the continually increasing rental rates and location changes associated with occupancy of leased space
- increasing the university's long-term asset base

The long-term plan for a consolidation of AU's Capital Region operations in one location (circa 2020) has been a strategic goal since 2006. However, to date, no suitable location and scenario have materialized to realize this objective. Challenges have included finding a suitable location and accessing financial resources. The university continues to seek potential partners and creative arrangements that would allow it to streamline its Greater Edmonton Area operations and, ideally, to own its own space.

Funding for this project may have to be derived from a combination of a Provincial Capital Grant as an equity investment and assumption of a mortgage funded by capitalizing (NPV) AU's current and future operating funds earmarked for covering lease costs. The capital request submitted under this plan is for approximately 25 per cent of full development costs, to serve as seed funding and a down payment. Such a grant would allow the university to secure a suitable site and initiate a purchase or development agreement. The remainder of the financing required to complete the building would come from capitalizing future operating lease dollars.

Development of the required 4,650 m^2 building or the purchase and conversion of an existing building at current market rates may be achieved only through approval for borrowing through the Alberta Capital Finance Authority and net present valuing of future lease operating costs (as suggested by ministry representatives). Based on estimates by advisors from a leading national real estate firm, a newly developed 4650 m^2 building would cost (all in) about $20 million ($4,300 per square metre) at today's development prices once soft costs and land costs are incorporated. With the help of the national real estate firm, AU has projected escalating operating lease costs for the next 25 years. Based on those projections, AU could assume a $14 to $15 million mortgage, depending on prevailing interest rates. A capital request for $6 million is submitted under this plan to allow for a $5 million down payment, plus initial transaction costs such as realtor fees, feasibility studies, planning and project initiation.

Risk Statement: The risk associated with not consolidating AU's Greater Edmonton Area operations within a university-owned building is primarily financial, although failure to do so could also present some operational challenges and affect the university's ability to make long-term plans. While availability of office space in St. Albert and Edmonton has remained relatively stable, lease rates are hard to anticipate, placing an undue burden on operating budgets. It is important for the university to start planning and making progress on this project as it can take four to five years from conception to occupancy (by which time existing leases will be due for renewal).