

President's Newsletter

MARCH 18, 2015

2015/16 BUDGET BALANCED AND READY FOR PRESENTATION TO THE BOARD

Dear Colleagues,

I am happy to inform you that we have completed work on a proposed balanced budget for the 2015/16 fiscal year that will be presented to the Board of Governors for approval on March 26, 2015.

As in past years, I would like to invite you to attend Budget Town Hall Forums to learn more about the proposed budget and to have an opportunity to ask questions. The Forums will take place, as follows:

Monday, March 23 | 12 – 1 pm

Port Alberni, CEN 211

Tuesday, March 24 | 12 – 1 pm

Comox Valley Campus, Komoux Hall Boardroom
(with ITV to Mount Waddington)

Wednesday, March 25 | 12 – 1pm

Campbell River Campus, C228

The following pages provide further detail regarding the budget development process, specifically focused on four key areas:

1. Adult Upgrading
2. Provincial Budget for 2015/16
3. College Planning and Budget Development Process
4. Overview of Changes to 2015/16 Budget

In addition, for further context, I invite you to review my last [President's Newsletter, dated November 4, 2014](#), which provided substantial background information regarding the provincial government's post-secondary education funding and policy directions, as well as NIC's fiscal realities and challenges. The [College's final 2014/15 funding letter](#) from the Ministry of Advanced Education is also available for context.

The annual development of the college budget involves a great deal of time and energy on the part of many people at NIC. I extend a big "Thank You" to everyone involved with the college budget process. Your efforts have enabled us to create a financial plan for the next fiscal year that will support the delivery of much needed, high quality instructional programs and services across the college region.

Sincerely,



John Bowman

President

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Adult Upgrading

In December 2014, the provincial government announced a change to its policy governing the provision of Adult Upgrading programs. Beginning in 2015, the provincial government is requiring all post-secondary institutions in BC to charge adult upgrading students tuition. Institutions were also informed that their ongoing base funding from the

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Ministry of Advanced Education is to be reduced in 2015/16 by the same amount institutions were provided in 2008 to assist with the implementation of the free tuition for adult upgrading policy that was established that year. As a result of this policy directive, NIC's base funding will be reduced by \$372,000. This follows on the heels of last year's funding reduction of \$125,000 related to ESL programming.

For adult upgrading programs, the province established a maximum tuition of \$1,600 per semester for a full-time student. Students who have not graduated from secondary school will still be eligible to enroll in tuition-free adult upgrading programs offered through school districts.

At the March 26, 2015 NIC Board of Governors meeting, the Board will be asked to approve a proposal to implement student tuition fees for adult upgrading programs and courses starting after August 15, 2015.

On February 11, 2015 we were informed by the Ministry of Advanced Education that on a "one-time" basis, the amount of our base funding reduction (\$372,000) would be provided to the College in 2015/16 to assist with the *"planning and changes necessary to transition to a sustainable model of Adult Upgrading..."*

NIC will use this one-time funding to provide:

- curriculum development resources for Adult Basic Education;
- student service supports for those applying for the Adult Upgrading Grant (AUG); and,
- financial protection against a possible shortfall between actual and budgeted student tuition revenues for adult upgrading programs.

In 2015/16, NIC intends to maintain a "status quo" program of adult upgrading course offerings. During the coming year, we will monitor student enrolments and tuition revenues carefully, and use that information, and other feedback, to ensure that our planning for subsequent years (2016/17 and beyond) enables us to maximize student access and success, and makes the best use of our limited resources.

Provincial Government Budget 2015/16

On February 17, 2015, the B.C. government tabled the *Province's 2015/16 budget* in the Legislature. You may also wish to review the *Minister of Finance's Budget Speech*.

Regrettably, the provincial budget plan presented for 2015/16 does contain the expected \$25.0 million reduction in the Ministry of Advanced Education's base grants to post-secondary institutions, of which NIC's share is \$293,000.

"...the total shortfall (or "gap") that had to be resolved to achieve a balanced budget totaled approximately \$705,000."

When NIC's share of the base grant reduction (\$293,000) is combined with unavoidable cost increases (\$362,000) and other essential funding needs (\$50,000), the total shortfall (or "gap") that had to be resolved to achieve a balanced budget totaled approximately \$705,000.

College Planning and Development Process

In my November newsletter, I communicated our intention to take a different approach to the development of the budget for 2015/16. In discussions with the Senior Leadership Team and

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Board of Governors, we became concerned that for a number of years we had made budget adjustments in response to government funding cuts, unavoidable cost increases, and requirements to reallocate funds to offset negotiated employee compensation increases. Our budget process had become very reactive.

We felt that it would be better to take a more strategic approach focused on a longer term time horizon and, fortunately, saw an opportunity to change the pattern with the 2015/16 budget. As you may be aware, the College is in the process of developing a new five-year plan for 2016 to 2020. The new *College Plan* will renew and establish NIC's strategic directions and goals, and serve as a guide for school, department and campus planning. The months of April and May will see the College engage in extensive internal and external consultation regarding the draft College Plan, 2016 to 2020. The timeline calls for the Board of Governors to approve the new plan at the end of June.

Simultaneously, a *Multi-year Program Planning* (MYPP) Framework is being formulated to guide the development and delivery of instructional programs. The MYPP will establish optimal program enrolments, a regionally responsive program mix, and support program quality within the context

of student success strategies. It will reflect the key elements of healthy college programs including student demand, institutional and faculty priorities, government directions, and community and employer input.

To allow time for institutional directions to emerge from the strategic and multi-year program planning processes and to enable shifts of direction to be phased in as appropriate, we plan to cover the 2015/16 budget shortfall with:

1. a mix of temporary and permanent cost reductions;
2. new and increased revenue, in particular more financial support from International Education; and
3. one-time funding to cover ongoing costs until directions emerging from the planning processes can be implemented in 2016/17 and 2017/18.

Overview of Changes to 2015/16 Budget

Over the past several months, the College has been carefully reviewing actual and forecast revenues and expenditures across the institution in order to identify potential savings and opportunities for increased revenues, in order to achieve a balanced budget for the next fiscal year.

Although direct funding through the provincial government base grant has decreased over the past three years by a total of \$1.1 million, total operating revenue from all sources in the 2015/16 budget is projected to increase by about \$1.25 million. Most of this increase will be derived from International Education and Continuing Education and Industry Training revenues. Most of these increases were actually realized in 2014/15, so we feel confident that the increased revenue targets are achievable.

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NIC is fortunate that the success of our International Education and Continuing Education and Industry Training programs is helping to offset funding reductions and increasing cost pressures across the College. This contribution is in addition to the many other important benefits that these areas provide to students, the College, regional employers, and the community.

The total value of our long-term investments and the revenue generated has also increased significantly over the past few years. This has occurred thanks to the investment of funds the College received from the sale of land to Island Health for the new Comox Valley Hospital, as well as the overall strong performance and gains experienced within the

investment markets. Additional investment revenue (\$75,000) has therefore been budgeted in 2015/16.

Revenue from base funded program student fees has also been budgeted to increase (\$280,000) as a result of three factors:

- the 2.0% tuition increase approved by the Board of Governors in January 2015 in compliance with the Government's Tuition Limit Policy (\$73,000);
- increased tuition from the new Heavy Mechanical Foundation Certificate Program; and,
- a net increase from tuition for adult upgrading programs.

In general, the college's expenditures are budgeted to increase in direct correlation to the increased revenues. The most notable areas of increased expenditures relate to salaries, benefits and other personnel costs, general fees and services, and travel. These increases are primarily tied to growth and activities in International Education and Continuing Education and Industry Training.