

President's Newsletter

Budget 2016/17 Development Update

Dear Colleagues,

This newsletter has been prepared to communicate information regarding the fiscal and planning context within the provincial college and post-secondary education system, as well as an overview of the development of the 2016/17 budget for North Island College (NIC).

Context

In BC, public post-secondary education institutions are required by law to submit balanced budgets each year to the provincial government. The government also requires institutions to provide regular detailed financial monitoring reports to ensure revenues and expenditures are in accordance with the budget submitted. The College's [2014/15 Audited Financial Statements](#) and [2015/16 College Budget](#) are available for review.

Maintaining and improving NIC's financial health will always be a key priority since our capacity to provide access for students and serve regional communities with high quality, relevant and responsive programs and services depends on efficient and effective resource use. Sound financial management provides the basis for planning, organizational stability and certainty for students, communities and NIC employees.

The provincial government annually conveys its key issues and policy directives to post-secondary education institutions through a mandate letter. The [North Island College Mandate Letter, 2015/16](#) requires NIC to consider several provincial priorities: the BC Skills for Jobs Blueprint; the Aboriginal Post-Secondary Education and Training Policy Framework; International Education Strategy; and the financial targets set in the Provincial Budget 2015 when allocating institutional resources. Additional financial considerations and associated accountabilities are communicated to NIC through the annual [Ministry Funding Letter, 2015/16](#).

In May 2013, the BC government was elected on a platform focused on the economy, the BC Jobs Plan and a commitment to balanced budgets. The 2012/13 provincial budget outlined a three-year funding plan for the Post-Secondary Education system which provided sector-wide reductions to institutional funding of \$5 million in 2013/14, \$20 million in 2014/15 and a further \$25 million in 2015/16.

Over the past three years, the reductions to the provincial government's base operating grant to NIC made developing balanced budgets very challenging and constrained our capacity to provide much-needed programs and services.

Sound financial management helps to provide the basis for planning, organizational stability and a measure of certainty for students, communities, and college employees year over year.

Budget 2016/17

The 2016/17 budget process is not going to be as challenging as it has been in the past few years. We are facing no new funding cuts or serious financial issues. However, we anticipate the usual rising costs. The College will continue to seek to develop new and increased revenues.

At the beginning of the budget process, we took into account unavoidable cost increases and other commitments and identified an estimated \$340,000 shortfall. Some of that total was related to replacing the one-time funding used in 2015/16 per last year's budget strategy. As a result of projected additional revenue from a number of sources, the shortfall has been reduced to approximately \$77,000. While this is a fraction of what NIC has had to resolve in prior years, it is critical we hold the line on expenses wherever possible.

In 2015/16, we adopted a budget development strategy to provide time and space to work through NIC Plan 2020 and Multi-Year Program Planning (MYPP) processes and ensure we link financial decisions to emerging strategies. This year, we are challenged to ensure our budgets align with the decisions already made and that we are well-positioned to incorporate additional changes as we begin to implement the strategic and multi-year programming plans.

Some of the most significant changes to the 2016/17 budget being considered will be a result of the following.

- ▶ The new NICFA and CUPE collective agreements have been ratified and the Ministry of Advanced Education has communicated estimates of the funding they will provide to cover those costs. We feel confident the funding provided will cover increased costs for base-funded activities and core ASP-funded positions. Cost recovery areas are responsible for funding their own wage increases.
- ▶ Implementation of the educational administrative re-organization is resulting in changes to budget officers and re-allocation of budgets between decanal units. The budget changes that result from this are significant, including the movement of some programs to different schools, setting achievable budgets and financial targets for the courses and programs that will remain in Continuing Education and Training (CET) and confirming the net revenue level that the CET department can continue to contribute to the College.
- ▶ Adult Upgrading tuition was introduced effective September 1. As expected, this has had a negative impact on our enrolments, compounding the trend toward lower Adult Basic Education (ABE) enrolments over the past few years.

The Ministry provided one-time transition funding to help alleviate the expected impacts of tuition implementation. We were initially hopeful tuition would cover the government reduction but at least in the current year, that is unlikely to happen. The funding can be used over two years to assist with the transition to tuition-based ABE. The decline in enrolments and the Ministry's policy to replace funding with tuition revenue means NIC will need to align program offerings with student demand, funding and tuition. Anecdotally, some early adopting institutions of adult upgrading tuition fees are starting to see ABE enrolments return in subsequent intakes.

The financial planning challenges this year are to make sure the budgets are aligned with the decisions already made and that we are well positioned to incorporate additional changes in 2017/18...

Budget 2016/17 (continued)

- ▶ Earlier this year, the Ministry advised BC's colleges they had a new interpretation of the Tuition Limit Policy which enables institutions to implement mandatory student fees. NIC is one of a few post-secondary institutions that does not have any mandatory student fees, which usually support specific student services, recreation, technology and capital funds. A new Learner Resources Fee is being recommended to sustainably fund peer tutoring, student leadership, and other programs.

This fee will not be used to balance the budget but it will relieve financial pressure to find funding in our current budget to expand services that students need and want. A proposal to establish the new Learner Resources Fee will be considered by the Board of Governors at their November 26 meeting. If approved, it will be effective for courses and programs with start dates after August 15, 2016.

- ▶ The implementation of pay parking at the Comox Valley Campus will be another new source of revenue that will help offset escalating parking lot and roadway maintenance costs. Some College facilities services related funding will be re-directed to other costs. The targeted implementation date is June 1, 2016.
- ▶ The NIC - Emily Carr University of Art + Design (ECUAD) Bachelor of Fine Arts degree partnership is scheduled to end in June 2017. We are hopeful the \$288,000 (40 FTE) funding Emily Carr receives from the Ministry will be provided to NIC in 2016/17. The Ministry requires NIC to provide a programming plan before April 1, 2016. This will be the first real new ongoing program funding NIC will receive in many years.
- ▶ International Education has experienced tremendous student enrolment and revenue growth in the past five years. This growth has been critical in helping NIC balance its budget. We are planning for modest revenue growth for 2016/17, primarily from higher tuition.

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In the future, NIC's new strategic plan ([NIC Plan 2020](#)) and our Multi-Year Program Planning (MYPP) process will frame future directions and budgetary decisions for several years to come.

Thank you to everyone who is working on the 2016/2017 budget and our programming and service plans. The year promises to be exciting and positive for NIC.

Please do not hesitate to contact me should you have any questions or comments regarding any of this information.

Thank you.



John Bowman, President

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Appendix I

Budget Development Principles

In recent years, NIC has used Budget Development Principles to guide the budget adjustment and decision-making process.

1. The College Mission, Values, Strategic Plan, Tactical Plans and the BC College and Institute Act will serve as a framework for budget decisions in conjunction with Government policies and priorities. Priority will be placed on maintaining commitment to the long term strategic directions outlined in these framework documents when making budget decisions.
2. Resources may be reallocated as part of the budget development process to address internal pressure points or to achieve strategic directions outlined in the College Strategic Plan.
3. Budget decisions will be made in accordance with current College collective agreements and policies.
4. Physical plant infrastructure maintenance requirements and operating capital replacement needs will be considered as part of the budget development process.
5. The budget development process will be an incremental process that provides a variety of opportunities for input and communication. These opportunities will be as follows:
 - a. Members of the Senior Leadership Team (SLT) will work with Exempt Administrators to gather information regarding budgetary needs;
 - b. Members of SLT will work with their Divisions to clarify specific budget requirements;
 - c. SLT will work with the VP Finance and Facilities with input from the Senior Educational Team (SET) to prepare a draft budget;
 - d. The President will meet with various stakeholder groups to review the draft budget being proposed to the Board:
 - Union Presidents;
 - Education Council; and
 - College community through campus-based meetings.
 - e. Budget forums will be held on the CV, CR and PA Campuses with ITV connection to Mount Waddington Regional Campus to gather College-wide feedback on the draft budget.

Budget Development Principles *(continued)*

6. The following criteria will be used to guide decisions about any program and service changes:

a. Education programs:

- i. Student demand and enrolment trend;
- ii. Graduation and completion rates;
- iii. Transfer and employment rates of graduates;
- iv. Industry and community demand;
- v. Program effectiveness;
- vi. Partnership commitment;
- vii. Relationship to other NIC Programs; and
- viii. Availability of programs elsewhere or through other delivery methods.

b. Services:

- i. Shifts in size and profile of the student population;
- ii. Changes in the number, type and location of programs that impact level of services attached to the programs;
- iii. Service costs;
- iv. Statutory and regulatory requirements;
- v. Necessity of the service for the operation of the college;
- vi. Availability of the service elsewhere or through other delivery methods; and
- vii. Importance of the service in enhancing students' experience and/or success.

Appendix II

Key Milestone Dates

The key milestone dates for the 2016/17 budget development process are:

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| ▶ Preliminary budget discussions with administrative group | October 16, 2015 |
| ▶ 1st Budget Newsletter communicated within the college | November 20 |
| ▶ Review of budget assumptions and process by College Board | November 26 |
| ▶ Ongoing work on draft departmental budgets | December |
| ▶ First Draft College 2016/17 Budget | January 13, 2016 |
| ▶ BC Provincial Budget Tabled in Legislature | February 16 |
| ▶ Review of Final Draft College 2016/17 Budget | March 4 |
| ▶ Discussion with Education Council | March 11 |
| ▶ Confirmation of provincial grant funding from Ministry (estimate) | March 15 |
| ▶ Final Revisions to draft College Budget | March 16-20 |
| ▶ 2nd Budget Newsletter communicated within the college | March 18 |
| ▶ Budget Campus Town Hall Meetings | March 21-24 |
| ▶ 2016/17 College Budget Presented for College Board Approval | March 31 |