



## President's Newsletter

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MARCH 27, 2017

# 2017/18 BUDGET UPDATE

Dear Colleagues,

I am very pleased to inform you that we have completed work on a proposed balanced budget for the 2017/18 fiscal year. It will be presented to the Board of Governors for approval on April 20, 2017.

This newsletter provides the key information on the following topics:

1. Provincial Government Budget, 2017/18;
2. College Planning and Development Process; and,
3. Overview of Changes to the 2017/18 College Budget – Revenues and Expenditures.

In addition, further context can be found in my last [President's Newsletter dated November 21st, 2016](#) which provided substantial background information about the budget process.

### Provincial Government Budget 2017/18

On February 14, 2017, the BC government tabled [Budget 2017](#) in the Legislature. The provincial budget includes increases to funding for the K-12 system (\$720 million over 3 years) and an additional \$796 million for children and families in need, but unfortunately, only includes new funding for small, targeted initiatives for the post-secondary education system. There are some initiatives mentioned in the budget that may result in funding for post-secondary education, such as the [#BCTECH Strategy](#), however no details were included in the provincial budget for these items.

### College Planning and Budget Development Process

NIC Plan 2020 established the college's strategic priorities and goals, and serves as a guide to the annual planning process out to 2020. More specifically, the Multi-Year Program Planning (MYPP) process identified the academic program needs that were then included in the budget development process.

### Overview of Changes to the 2017/18 Budget

The budget development process begins in the Fall in order to provide ample time to both prepare the status quo budget, but also review the revenues and expenditures across the institution to identify potential savings. This is a critical element in the budget preparation process as provincial funding does not include any inflationary adjustments other than negotiated wage increases.

Balancing the budget in 2017/18 has been challenging, but less difficult than in some previous fiscal years. To provide some context, Budget 2014/15 began with a projected \$900,000 shortfall that required resolution. This was the result of a number of unavoidable cost increases coupled with

a provincial operating grant reduction of \$235,201 and the elimination of funding for English Language training of \$125,000. That provincial operating grant reduction was part of an overall reduction of approximately \$600,000 implemented over three years, ending in 2015/16.

Budget 2015/16 began with a shortfall of approximately \$705,000. This was mainly the result of the final year of the base operating grant reduction of \$293,000 highlighted above, as well as a \$372,000 provincial grant reduction related to Adult Upgrading programs. This latter funding was eliminated when the Province made a policy decision to charge tuition for these programs.

This context is highlighted because the funding reductions identified still impact the College today. They were base funding reductions, not one time reductions. That means these budget adjustments were permanent reductions to the College's operating grant. In subsequent budgets, including 2017/18, the College has done a good job of bringing in new revenues to replace the provincial operating grant reductions. But, as highlighted below, many of these revenue increases relate to contract training opportunities which only address targeted initiatives.

## Revenues

The budget includes a net increase of approximately \$1.3 million in revenue from various sources. The following is a description of the larger components of the increased revenues included in the budget.

**Base Operating Grant** – There have been some adjustments to the base operating grant that nets to approximately \$150,000. This includes additional funding for negotiated employee salary increases, and some additional one-time funding for seats in the Health Care Assistant (HCA) program.

**Industry Training Authority (ITA) grant** – The ITA grant fluctuates from year to year to reflect changes in the annual training plan for programs funded from this envelope. The increase of \$152,791 simply reflects a slightly different program mix in 2017/18.

**Provincial Contracts** – The large increase in provincial contracts of over \$900,000 relates mainly to employment related skills training programs. A few examples of these contracts include the Aquaculture Training and Development contract, New Directions for Older Workers, and Coastal Log Scaling. College staff are currently in negotiations with the Province that may result an additional contract funding.

**Student Fees** – Revenue from student fees has been budgeted to increase by approximately \$315,000 which is mainly due to growth in the number of international students. The remaining increase relates to a 2 percent tuition increase for both domestic and international students.

**Contract Services** – This budget line item is lower by approximately \$430,000 and reflects a reduction in private sector contract training projects. However, this is more than offset by the increase in provincial government contract funding.

## Expenditures

The budget includes a net increase of approximately \$1.3 million in expenditures across various categories and functions, the largest of which are highlighted below.

**Salaries, benefits and other personnel costs** – This is the single largest category of operating expenditures at approximately 72 percent and crosses all functional areas of the College. The net change in this category is over \$900,000 and is mainly comprised of the following: negotiated employee salary/benefit cost increases for base-funded areas, increased unfunded employee benefit costs, and increases related to the provincial training contracts highlighted above.

**General fees and services** – The increased budget in this area is mainly attributed to costs related to increased provincial contract training. In addition, agent fees and other contract fees have increased as a result of growth in the number of International students.

## Other

Parking revenues have provided a funding source that pays for snow clearing, grading of the gravel lots, and other infrastructure projects (e.g. bike shelters). In the past, these costs had to come out of the College budget which reduced the amount available for programs and services.

## Thank You

In closing, the development of the College budget is a significant annual task that involves many people here at NIC. I extend a big "Thank you" to everyone involved. Your efforts have helped enable us to create a financial plan for fiscal 2017/18 that will support the delivery of high quality instructional programs and services throughout the North Island.

Sincerely,

A handwritten signature in blue ink that reads "John Bowman".

**John Bowman**

President

john.bowman@nic.bc.ca

## Budget Forums

I would like to invite you to attend the Budget Town Hall forums to learn more about the proposed budget and to have opportunities to ask questions. The forums will take place as follows:

**Tuesday, April 4 | 12 – 1 pm**

Port Alberni Campus, CEN 204

**Wednesday, April 5 | 12 – 1 pm**

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

**Thursday, April 6 | 12 – 1pm**

Campbell River Campus, C227