

University of Northern British Columbia

**General Operating Fund
2013/14 Budget Planning
Framework**

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Budget Planning Context

The fiscal environment facing the University of Northern British Columbia for 2013/14 is very challenging. The Provincial grant is projected to be reduced by about 1% in 2013/14 and an additional 1.5% in 2014/15 (Appendix 1). As part of the provincial Cooperative Gains Mandate for 2012 – 2014, cost increases relating to improvements in employee wages are required to be funded through internal savings and/or revenue increases, placing additional pressure on the operating budget. Many areas of budget flexibility have been eroded over the past several years so there is limited ability to deal with these challenging circumstances; as a result, reductions in spending are necessary in 2013/14. Domestic undergraduate enrolment appears to have stabilized and international undergraduate numbers continue to rise. Graduate enrolments in Fall 2012 are down nearly 5% from Fall 2011. Declining research grant revenue funded from Tri-Agency sources has also resulted in a declining Indirect Costs of Research grant.

While we face these circumstances, however, UNBC is in a region that is poised for substantial economic growth. We must manage our resources wisely and work very hard to increase our revenues through every possible means.

Financial Risks and Assumptions

For initial planning stages of the 2013/14 general operating budget, certain key assumptions with regard to revenue and expenditures have been made. Based on those assumptions, a deficit of about \$2,200,000 is currently projected for 2013/14 (Appendix 2), **if nothing else changes**. However, the assumptions will be reviewed and evaluated over the course of the planning process; depending on information received from the Province in the next fiscal update or other communication, actual enrolment trends for the winter term and other factors, changes in these assumptions may occur which will have a significant impact on anticipated revenue and expenditure levels. The preliminary planning projection for the 2013/14 operating budget has been developed based on the following key assumptions:

- **Provincial government funding** – based on 2012/13 funding letter, which includes an adjustment to bring funding for the Rural Nursing program in to the base budget, less an estimated 1% decrease as per provincial government communications
- **Federal Indirect Costs of Research Grant** – funding level will decrease an estimated additional \$150,000 from 2012/13 level (*Note: There was a decrease in this grant of about \$170,000 from the initial budget projection*).
- **Tuition fees** - undergraduate and graduate tuition will increase by 2% in keeping with the provincial government's tuition and fees policy.
- **FTE growth** – Domestic undergraduate levels are estimated based on 2012/13 projected enrolments which represents about a 1% increase from the previous year.

International undergraduate levels are estimated based on a 2012/13 budgeted amounts plus an additional 15 full time equivalent¹ (FTE) students. Graduate levels are estimated based on 2012/13 budgeted levels.

- **Salary and benefit increases** - compensation amounts include estimated progression through the ranks (PTR) as well as estimated salary increases currently ratified and under discussion. Benefit levels are expected to remain constant at the 2012/13 budgeted level.
- **Operating expenditures** – includes provision for cost pressures in areas such as utilities, software licensing, library acquisitions, which are critical to operating the institution as a whole and in excess of the general inflation rate. Also included is the impact of the loss of the provincial sales tax rebate due to the transition from HST to GST/PST; the estimated rebate lost in the general operating fund is \$350,000.
- **Contingency** – No contingency has been allocated to deal with issues that may arise during the fiscal year. However, a recommendation may be made to the Board of Governors to allocate an enrollment contingency at year end to mitigate the risk of not meeting revenue targets in 2013/14. This will be determined as planning progresses through February and March.

¹ Full time equivalent (FTE): at the undergraduate level, a full time equivalent is a student taking 30 credit hours per academic year.

Budget Planning Process

1. The process begins with the issuance of this framework and will follow the schedule set out in Appendix 3.
2. By December 10, 2012, the Department of Finance and Budgets will update the budget system with current salaries for permanent, approved positions and provide details to all units. As in the past, the budget allocation for July 1, 2013 salary increases is included in the University Operations budget and will be allocated to units as required.
3. The Budget Planning Groups (BPGs) (Appendix 4) will be provided with a targeted total budget allocation representing a reduction from 2012/13 budget levels. Therefore, after December 10, 2012, the BPGs should:
 - reallocate funding among operational units,
 - eliminate positions,
 - increase revenues,
 - reduce operating expenditures or
 - utilize a combination of these or other strategies that will serve to mitigate the projected deficit for 2013/14

as necessary, to attain the overall budget target, address changes in funding requirements, critical needs in any area and alignment with the University strategic plan. The Provost and VP, Administration and Finance will establish specific deadlines and processes for the work within each group.

4. The reports from the BPGs to PEC are due on **February 4, 2013**.
5. All budget related information submitted by the BPGs at the beginning of February will be reviewed and summarized by the Dept. of Finance & Budgets and then forwarded to PEC and the Senate Committee on the University Budget (SCUB).
6. In early March, PEC will hold a special meeting of President's Council for the purposes of sharing information and seeking advice on the proposed budgets submitted by the BPGs to PEC.
7. PEC will engage in developing the proposed university budget between mid-February and mid-March. The deliberations of PEC will be based on the submissions from the BPGs, further information arising from the provincial budget and 2012 Ministry of Advanced Education budget letter, the advice of SCUB, input received from various stakeholder groups, and other relevant information.
8. On March 20, 2013, the President will provide information on the 2013/14 draft budget to Senate and on March 22/23, 2013, will present a draft balanced budget to the Board of Governors for approval, as required under the University Act.

APPENDIX 1:

Ministry Correspondence on 2012/13 Budget



AUG 22 2012

Our Ref. 91263

Dr. George Iwama, President and Vice-Chancellor
University of Northern British Columbia
3333 University Way
Prince George BC V2N 4Z9

Dear Dr. Iwama:

On behalf of the Minister of Advanced Education, I am writing to provide you with information regarding University of Northern British Columbia's budget for 2012/13. Your institution's operating transfers and full-time equivalent (FTE) targets, including one-time and short duration programs that were communicated earlier this year, are provided in Attachment 1. Allocations for 2013/14 and 2014/15 will be communicated at a later date.

As noted in the 2011/12 budget letter, the evaluation of the 2007 Aboriginal Strategy recommended that the Ministry of Advanced Education (the Ministry) consider redistributing funding for targeted FTEs to ensure it is being most effectively used to benefit Aboriginal students. A portion of this funding has now been reallocated based on performance and discussions with institutions and decisions are reflected in the Attachment 1. The Ministry is making \$7 million available this fiscal year and next for partnerships between public post-secondary institutions and Aboriginal communities as part of the new Aboriginal Post-Secondary Education and Training Policy Framework and Action Plan. Guidelines for the new program will be communicated separately.

Your institution's Routine Capital funding was outlined in a May 24, 2012 letter to your institution's Vice-President of Finance. If you have any questions regarding the Routine Capital funding allocations, please contact Ms. Catherine Nickerson, Director, Post-Secondary Capital, at (250) 356-7896.

The Ministry considers expenses to be a key area of institutional control, and monitors fluctuations against January 2012 forecasted expenditures closely as indicators of institutional accountability and forecast integrity, and the sector's performance against the Province's fiscal plan. The Ministry requests that any new impacts or risks to achieving your institution's net income forecasts for 2012/13 to 2014/15 be communicated as soon as identified. Institutions are encouraged to continue with their best practices in managing the areas within their control towards achieving these estimates. The Ministry will assess the first Quarter 2012/13 forecasts submitted by institutions in July 2012 and will work together with the sector towards achieving the sector-wide expenditure forecast.

.../2

Ministry of
Advanced Education

Office of the
Deputy Minister

Mailing Address:
PO Box 9884 Stn Prov Govt
Victoria BC V8W 9T6

Telephone: 250 356-5170
Facsimile: 250 356-5468

Effective April 1, 2012, all public post-secondary institutions in British Columbia will prepare financial statements under the guidance of the Public Sector Accounting Board Handbook, without not-for-profit provisions. A number of key transitional issues have already been resolved, and additional guidance and direction will be provided by the Office of the Comptroller General as the transition evolves. In December 2011 the Ministry launched the Finance, Accounting and Reporting Community of Practice SharePoint site to enable institutions and the Ministry to share information, build knowledge, develop expertise and solve problems. I encourage you to actively engage in this site with open dialogue and discussions. The site is accessible at <http://aved.teamwork.gov.bc.ca/sites/FARCoP/default.aspx>.

Under the 2012 Cooperative Gains Mandate, your institution is required to work with the Ministry and the Employers Association to develop a savings and bargaining plan for collective bargaining. The process includes:

- At least 30 days prior to commencing collective bargaining on substantive matters or initiating changes to non-union compensation, the institution must submit detailed savings plans for funding proposed compensation changes without any increased funding from the Government, reductions in service, or passing the cost of providing existing services on to the public.
- Plans must be reviewed and approved by the Government before any proposed changes to union or non-union compensation are made. Any change to an approved plan requires approval by the Government.
- Commencing the effective date of any changes to the collective agreement and/or non-union compensation plans, the institution must report annually to the Government about the status of implementation of the plan, including information on progress towards meeting savings targets.

Earlier this year, Government Letters of Expectations (GLEs) were agreed to by each Board Chair and the Minister of Advanced Education. These are agreements on respective roles and responsibilities of each institution and the Ministry. GLEs incorporate a shared commitment to be responsive to labour market demands as will be achieved, in part, through implementation of Canada Starts Here: The BC Jobs Plan. As well, the GLEs highlight that institutions will, in fulfilling their mandates, consider the Government's goals of putting families first and providing regional access to post-secondary education throughout the province. The GLEs also provide information on the financial accountability, the tuition limit policy, and updated annual reporting requirements.

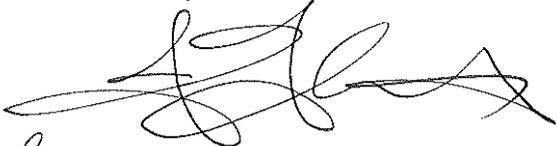
These letters will be posted to the Ministry's website at the following link:

<http://www.aved.gov.bc.ca/budget/welcome.htm> .

Prior to any public announcements regarding new programming or changes relating to existing program offerings, please have your communications staff contact Mr. Marc Black, Communications Director, Government Communications and Public Engagement, at (250) 952-6508. We appreciate your cooperation on this matter.

Thank you for your continued commitment to working with the Ministry and other system partners to provide students with affordable, high quality and relevant post-secondary education and training opportunities.

Sincerely,



for Cheryl Wenezenki-Yolland, CMA, FCMA
Deputy Minister

Attachment

pc: Ms. Eileen Bray, Vice-President, Administration and Finance
University of Northern British Columbia

Dr. Mark Dale, Vice-President, Academic and Provost
University of Northern British Columbia

Ms. Dawn Minty, Assistant Deputy Minister
Post-Secondary Regions and Programs Division
Ministry of Advanced Education

Dr. Ian Rongve, Assistant Deputy Minister
Sector Strategy and Quality Assurance Division
Ministry of Advanced Education

Mr. Joe Thompson, Acting Assistant Deputy Minister
Student Services and Sector Resource Management Division
Ministry of Advanced Education

Mr. Colin Fowler, Acting Executive Director and Chief Financial Officer
Ministry of Advanced Education

Ms. Deborah Hull, Executive Director
Post-Secondary Programs Branch
Ministry of Advanced Education

Mr. Marc Black, Communications Director
Government Communications and Public Engagement
Ministry of Advanced Education

Attachment 1
As at July 31, 2012

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

**2012/13 - 2014/15 Operating Transfers
and Overall Student FTE Targets**

University of Northern British Columbia Operating Transfers	2012/13		2013/14		2014/15	
	FTEs	\$	FTEs	\$	FTEs	\$
AVED FTEs/Operating Grants *	3,455	\$ 47,390,011	3,455	TBD	3,455	TBD
<i>Change from Prior Year</i>	-	\$ (16,714)	-	TBD	-	TBD
Additional Detail						
Health						
Rural Nursing w/ Remote Certification	24	\$ 331,715				
Health one time						
Rural Nursing w/ Remote Certification - one-time	(24)	\$ (348,429)				
Post-secondary sector administrative services savings				TBD		TBD

* The overall student FTE targets for the Operating Grant include specific student FTE targets as follows.

Student FTE Graduate and Undergraduate Targets					2014/15	
	FUNS Code					
Undergraduate	UNGR	2,972	2,972		2,972	
Graduate	GRAD	455	455		455	
Undesignated		28	28		28	
Overall Student FTE Targets		3,455	3,455		3,455	

Priority FTE Targets

University of Northern British Columbia	FUNS Code	2012/13		2013/14		2013/14	
		Change	Total	Change	Total	Change	Total
Health							
RN, PNs and HCAs							
BSN - Bachelor of Science in Nursing	NURS	-	278	-	278	-	278
Nurse Practitioner	NURS	-	30	-	30	-	30
Masters in Nursing	NURS	-	10	-	10	-	10
Rural Nursing w/ Remote Certification	NURS	24	24				
Rural Nursing w/ Remote Certification - one-time	NURS	(24)	-				
Subtotal		-	342	-	318	-	318
Allied Health							
Other Graduate Level Health Sciences	HLTH	-	21	-	21	-	21
Subtotal		-	21	-	21	-	21
Total Priority FTE Targets		-	363	-	339	-	339

APPENDIX 2:

**General Operating Fund Preliminary Planning Projections
2013/14 – 2015/16**

UNBC
Preliminary Planning Projections
2012/13 - 2015/16

APPENDIX 2

	Adjusted 12/13	13/14	14/15	15/16
Provincial Grant - general operating	47,390,010	47,390,010	47,390,010	47,390,010
Less: Provincial Grant - NMP	(1,000,000)	(989,000)	(973,176)	(973,176)
<i>*Estimated 13/14 operating grant reduction</i>	-	(521,290)	(521,290)	(521,290)
<i>*Estimated 14/15 operating grant reduction</i>	-	-	(749,900)	(749,900)
Total Provincial general operating grant	46,390,010	45,879,720	45,145,644	45,145,644
Provincial Grant - one time/other	261,860	261,860	261,860	261,860
Federal Grant	1,563,667	1,413,667	1,413,667	1,413,667
Tuition & student fee revenues	17,837,035	18,530,839	18,871,428	19,411,017
Other revenues	1,499,620	1,499,620	1,499,620	1,499,620
Total Revenues	67,552,192	67,585,706	67,192,219	67,731,808
Salaries	41,544,029	42,845,351.38	43,593,591	44,160,308
Benefits	8,298,494	8,558,435	8,707,897	8,821,099
Other operating expenditures	14,562,568	14,999,445.04	15,449,428	15,449,428
Total Recurring Operating Expenditures	64,405,091	66,403,232	67,750,916	68,430,835
Minor Capital	250,983	250,983	250,983	250,983
Capital Equipment Replacement	900,000	900,000	900,000	900,000
Transfers to other funds	5,063,042	5,340,042	5,340,042	5,340,042
Transfers from other funds	(3,066,924)	(3,066,924)	(3,066,924)	(3,066,924)
Total transfers to/from other funds	1,996,118	2,273,118	2,273,118	2,273,118
Projected Surplus/(Deficit)	-	(2,241,627)	(3,982,799)	(4,123,128)

**Estimated based on the Province's announced reductions for the sector; actual changes have not yet been communicated*

APPENDIX 3:
Budget Schedule 2013/14

BUDGET SCHEDULE 2013/14

Task	Item	Completion By:
1	Draft budget framework reviewed and approved by PEC	November 16, 2012
2	Budget framework finalized by PEC	November 23, 2012
3	Budget framework presented to the Board of Governors for approval	December 1, 2012
4	Budget framework released to University community	December 3, 2012
5	Dept. of Finance & Budgets updates budget system with current salaries for permanent, approved positions and distributes copy to departments by	December 10, 2012
6	BPGs meet to discuss issues and assess priorities	January 14 – February 1, 2013
7	Reports from BPGs to PEC due to Dept. of Finance & Budgets	February 4, 2013
8	Budget submissions summarized by Dept. of Finance & Budgets for submission to PEC and SCUB	February 8, 2013
9	PEC reviews proposed budgets submitted by BPGs and prepares consolidated budget	February 12 – March 1, 2013
10	PEC meets with a special PC to discuss proposed budgets submitted by Budget Council by	March 1, 2013
11	PEC meets with Chair of SCUB and receives SCUB's advice by	March 1, 2013
12	Final Proposed 2013/14 Budget prepared by PEC	March 4 - 7, 2013
13	SCUB presents its advice on the Proposed 2013/14 Budget to Senate	March 20, 2013
14	Proposed 2013/14 Budget presented to Board of Governors	March 22 - 23, 2013
15	PEC hosts an open forum on 2013/14 budget by	March 30, 2013
16	Approved budgets set up in budget system by	April 26, 2013

APPENDIX 4:

Budget Planning Groups membership list

BUDGET PLANNING GROUP MEMBERSHIP

Provost's Budget Planning Group

Code	Department
1110	Senate
2030	UNBC Arts Council
3010	Office of the Provost
3020	Enrolment Management
3110	Registrar
3130	Academic Advising & Recruitment
3150	Convocation
3210	University Library
3215	Archives
3230	Interlibrary Loans
3310	Student Career Centre
3410	Director, Student Success
3420	Financial Aid
3430	Academic Success Centre
3440	Wellness Centre
3445	Access Resource Centre
3480	Orientation
3510	Regional Operations
3511	Regional Summer Courses
3520	Northwest Region
3521	Northwest Social Work
3522	Northwest Nursing
3530	Peace River Region
3531	Peace River Social Work
3540	South-Central Region
3541	South-Central Social Work
3542	South-Central Nursing
3550	Centre for Teaching & Learning
3560	Regional Course Delivery
3610	Director, First Nations Centre
3620	Northern Advancement Program
3710	International Programmes
3810	Laboratory
3811	Central Equipment Laboratory
3812	Enhanced Forestry Lab
3813	Chemistry Stores
3814	High Performance Computing Lab
3930	Director, Centre for TLT
3955	Chief Information Officer
3960	Inst'l Data Analysis & Rptg Team
3965	Integ. Tech Supp Services
3970	Admin & Ent Systems
3975	Ent. Infrastructure
3980	Appl & Bus Development
4055	Dean - College of Science & Mgmt
4056	CSAM - Summer School
4075	Dean - Arts, Social & Health Sc
4076	CASHS - Summer School
4110	Forestry
4115	Environmental Arts
4120	Biology
4125	Geography
4127	GIS Lab

BUDGET PLANNING GROUP MEMBERSHIP

APPENDIX 4

Code	Department
4130	Outdoor Recreation & Tourism Mgmt
4210	Nursing Prince George - General
4211	Nursing Quesnel - Undergrad
4212	Nursing Terrace - Undergrad
4213	Nursing Graduate
4215	Education
4220	Social Work
4221	Regional Social Work Cohorts
4225	Psychology
4230	Community Health
4240	Disability Management
4310	Business Administration
4315	Economics
4320	International Studies
4325	Political Science
4330	Environmental Planning
4376	MBA Programme
4410	Northern Studies
4415	Women's Studies
4420	Anthropology
4425	First Nations Studies
4430	Chemistry
4435	Physics
4440	Math
4445	English
4446	Fine Arts
4450	History
4460	Computer Science
4470	Environmental Engineering
4480	Environmental Science
4505	Vice President Research & Grad Prog
4515	Faculty Travel Grants
4525	Univ/Industry Liaison Office
4530	NHS Research Facility
4535	Associate Vice President Research
4550	Dean of Graduate Studies
5760	Athletics & Recreation

VP, Admin & Finance Budget Planning Group

Code	Department
1010	Board of Governors
1210	Chancellor's Office
2010	Office of the President
2105	VP, External Relations
2110	Communications
2130	Alumni
2210	University Advancement
3050	Harassment & Discrimination
3760	Human Resources
3765	Training
3770	Labour Relations
5010	VP Admin & Finance
5210	Finance & Budgets
5220	Purchasing

BUDGET PLANNING GROUP MEMBERSHIP

Code	Department
5230	Central Stores
5250	Accounting Services
5260	Treasury Services
5270	Distribution Services
5420	Health & Safety
5510	Director, Facilities Management
5530	Facilities Management Operations
5532	Energy Management
5540	Physical Plant
5545	Bioenergy Operations

University Operations Group

Code	Department
3209	Library Managed Allocation
3780	Staff Recruitment
3785	Faculty Recruitment
3951	ITS Network Managed Allocation
3952	ITS Comp SW/HW/Maint. Man. Alloc.
3953	Telephone / Fax
5109	Central Salary Expenditure Alloc
5110	Central Administration
5120	Central Admin - Unallocated
5130	Central Admin - Allocated
5209	Finance & Budgets Managed Allocation
5539	Facilities Managed Allocation