

University of Northern British Columbia

General Operating Fund 2014/15 Budget Planning Framework

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Budget Planning Context

The 2014/15 fiscal year will be significant for UNBC. It will see the start of the University's 25th anniversary celebration and the appointment of a new president, as well as the Canada Winter Games, Prince George's centennial, and political and economic decisions related to major resource projects in the region. All will serve as important milestones for the University, the city, and the region. Nevertheless, despite growth in the region, UNBC is expecting a 1% reduction in its operating budget from the Government of BC, increased costs from wage settlements, and the government's Cooperative Gains Mandate will continue to require internal savings or revenue increases to cover budget pressures.

This context for budget planning is also being affected by UNBC's performance in attracting research funding and its success in both attracting and retaining students. Over the last several years, the student population has not grown. In addition, research grants from tri-council sources have declined which may result in further reductions to the federal Indirect Costs of Research Grant.

All of this is requiring difficult decisions that will ensure UNBC achieves a balanced budget while enhancing conditions that will enable the University to grow and succeed.

With all of this in mind, President's Executive Council is targeting an overall operating budget reduction of 4%. This will allow the University to achieve a balanced operating budget in 2014/15 while providing limited resources to deploy in areas of strategic importance. The recent conversations led by the President and involving all areas of the University have landed decidedly on enhancing areas of strength. We need to clearly identify what these are, share in the responsibility for advancing them, and mobilize our resources to support them. This will influence our planning for the next several months, including our development of the 2014/15 operating budget.

Financial Risks and Assumptions

Initial planning for the 2014/15 general operating budget has been based on certain key assumptions with regard to revenue and expenditures resulting in a projected deficit of about \$1,800,000 (Appendix 2), **if nothing else changes**. However, the assumptions will be reviewed and evaluated over the course of the planning process. Further financial information from the Province, actual enrolment in the winter term and other factors, may have a significant impact on anticipated revenue and expenditure levels. The preliminary planning projection for the 2014/15 operating budget has been developed based on the following key assumptions:

- **Provincial government funding** – based on 2013/14 funding letter, less an estimated 1% decrease in 2014/15 and a further 1.25% in 2015/16, as per provincial government communications

- **Federal Indirect Costs of Research Grant** – funding level will decrease an estimated additional \$125,000 from 2013/14 level due to relative performance for Tri-Agency research funding.
- **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 enrolments; currently, Fall 2013 enrolments are about 4% - 5% below 2012. However, the University expects that enrolments will rise as a result of increased demands in the region for people with post-secondary credentials. International undergraduate levels are estimated based on a current year budgeted amounts. Graduate levels are estimated based on 2013/14 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 2013/14 budgeted level.
- **Operating expenditures** – includes provision for average inflationary pressures of about 2% over 2013/14.

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, 2013, 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, 2014 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 2013/14 budget levels. Therefore, after December 10, 2013, 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 2014/15

as necessary, to attain the overall budget target. These proposals should also address any predicted changes in funding requirements beyond the operating budget, identify critical needs, and outline 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, 2014**.
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 2013 (or 2014, if available) Ministry of Advanced Education budget letter, the advice of SCUB, input received from various stakeholder groups, and other relevant information.
8. On March 26, 2014, the President will provide information on the 2014/15 draft budget to Senate and on March 28/29, 2014, will present a draft balanced budget to the Board of Governors for approval, as required under the University Act.

APPENDIX 1:

Ministry Correspondence on 2013/14 Budget



Our Ref. 95506

October 16, 2013

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 2013/14. Your institution's operating transfers and full-time equivalent (FTE) targets, including one-time and short duration health and skills programs as approved earlier this year, are provided in Attachment 1. If your institution determines a need to reallocate targeted funding, please consult with your Ministry of Advanced Education (the Ministry) contacts in advance to ensure programming continues to efficiently meet student and labour market demand and government strategic priorities. Allocations for 2014/15 and 2015/16 will be communicated at a later date.

We would like to thank you for the June 15, 2013 submission of your institution's Five-Year Capital Plan, recognizing the amount of effort such an undertaking requires. The review process for this year's intake has now concluded, and a regional planning exercise is currently underway in the Ministry which will further inform capital planning decisions.

Your institution's Routine Capital funding was outlined in an April 9, 2013 letter to your 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 Catherine.Nickerson@gov.bc.ca.

Post-secondary institution financial results are an important component of government's consolidated financial statements. Forecasted results are monitored against the 2013 Board-approved targets set out in the Budget and Fiscal Plan. Communication with the Ministry regarding fluctuations from the targets is critical to assist the Ministry in ensuring the post-secondary results included in the Budget and Fiscal Plan can be achieved.

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The post-secondary sector and the Ministry continue to work collaboratively on finding efficiencies and savings through the Administrative Services Delivery Transformation (ASDT) initiative. Numerous projects have been identified for potential implementation. Project sponsors have been chosen, project teams assembled and project proposals are under development. The new ASDT Collaboration Office facilitates and supports sector-wide collaboration including tracking progress and reporting out on the status of ASDT projects. For more information please visit: http://www.aved.gov.bc.ca/administrative_service_delivery/welcome.htm.

The post-secondary sector has put considerable effort into preparing and securing government approval for Savings and Bargaining Plans under the 2012 Cooperative Gains Mandate. The reporting phase of the Savings Plan process was initiated earlier this year, and the process for 2013/14 will be communicated at a later date.

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,



Sandra Carroll
Deputy Minister

Attachment

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

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

Attachment 1
As at September 27, 2013
UNIVERSITY OF NORTHERN BRITISH COLUMBIA
Fiscal 2013/14 - 2015/16 Operating Grant and Student FTE Targets

Total Operating Grant and Student FTE Targets	2013/14		2014/15		2015/16	
	FTEs	\$	FTEs	\$	FTEs	\$
AVED FTEs & Operating Grants	3,455	\$47,261,696	3,455	TBD	3,455	TBD

Details of Change from Prior Year						
Post-secondary Sector Administrative Efficiencies		(\$128,315)		TBD		TBD

Graduate and Undergraduate FTE Targets	FUNS Code						
Undergraduate	UNGR	2,972		2,972		2,972	
Graduate	GRAD	455		455		455	
Undesignated		28		28		28	
Total Student FTE Target		3,455		3,455		3,455	

Targeted Program FTE Details	FUNS Code	2013/14		2014/15		2015/16	
		Change	Total	Change	Total	Change	Total
Health							
RNs, PNs and HCAs							
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		24
Subtotal			342		342		342
Allied Health							
Other Graduate Level Health Sciences	HLTH		21		21		21
Subtotal			21		21		21
Total Health			363		363		363
Total Targeted Program FTE			363		363		363
Total Non-Targeted AVED FTE			3,092		3,092		3,092
Total Student FTE Target			3,455		3,455		3,455

APPENDIX 2:

**General Operating Fund Preliminary Planning Projections
2014/15 – 2016/17**

UNBC

Preliminary Planning Projections

2013/14 - 2016/17

	Approved 13/14	14/15	15/16	16/17
Provincial Grant - general operating	47,262,439	47,261,696	47,261,696	47,261,696
Less: Provincial Grant - NMP	(1,000,000)	(990,000)	(977,625)	(977,625)
1.00% operating grant cut net of NMP	-	(462,717)	(462,717)	(462,717)
1.25% operating grant cut net of NMP	-	-	(572,767)	(572,767)
Provincial Grant - general operating, total	46,262,439	45,808,979	45,248,587	45,248,587
Provincial Grant - one time/other	264,385	264,385	264,385	264,385
Federal Grant	1,365,666	1,240,666	1,115,666	1,115,666
Tuition fees	17,029,454	17,370,043	17,717,445	18,252,512
Student fees	1,517,384	1,517,384	1,517,384	1,532,558
Other revenues	1,962,981	1,962,981	1,962,981	1,962,981
Total Revenues	68,402,309	68,164,438	67,826,448	68,376,688
Salaries	42,006,595	42,971,546	43,530,176	44,096,068
Benefits	8,298,807	8,489,442	8,599,805	8,711,602
Other operating expenditures	14,344,405	14,695,222	14,989,126	15,288,909
Total Recurring Operating Expenditures	64,649,807	66,156,210	67,119,106	68,096,578
Minor Capital	259,283	259,283	259,283	259,283
Capital Equipment Replacement	800,000	800,000	800,000	800,000
Transfers to other funds	5,383,410	5,473,410	5,563,410	5,563,410
Transfers from other funds	(2,690,191)	(2,690,191)	(2,690,191)	(2,690,191)
Total transfers to/from other funds	2,693,219	2,783,219	2,873,219	2,873,219
Surplus/(Deficit)	-	(1,834,274)	(3,225,161)	(3,652,392)
Cumulative deficit	0	-1,834,274	-5,059,434	-8,711,826

UNBC

Preliminary Planning Projections

2013/14 - 2016/17

Assumptions

Provincial Grant	As per Ministry instructions, 1% reduction in 2014/15 and 1.25% reduction in 2015/16. (Grant amount for Northern Medical program included in budget letter but removed here for the purpose of analyzing the general operating budget only)
Federal Grant	Assumed estimated decrease of \$125,000 will occur in each of 2014/15 and 2015/16 based on relative Tri-Agency performance. Assumed funding level will remain constant in subsequent fiscal years
Tuition & student fee revenues	Tuition fee increases remain at 2% as per Provincial policy
FTE growth	FTE growth: assume FTE level equal to 2012/13 in 2014/15 and 2015/16 and growth of 1% thereafter.
Other revenues	Includes interest and internal cost recoveries, assumed no changes
Salaries	Includes known and anticipated wage adjustments and career progression increases at current levels.
Benefits	Assume no significant increase in benefits over 13/14 levels.
Other Expenditures	Constant Growth at 2.0% to accommodate inflationary pressures
Capital Equipment Replacement	Assumed constant at 2013/14 level.
Minor capital	Assumed constant at 2013/14 level.
Transfer to Other funds	Assumed constant at 2013/14 level other than adjustment to reflect phase out of CRC chairs.
Transfer from Other funds	Assumed constant at 2013/14 level.

APPENDIX 3:
Budget Schedule 2014/15

BUDGET SCHEDULE 2014/15

Task	Item	Completion By:
1	Draft budget framework reviewed and approved by PEC	November 12, 2013
2	Budget framework finalized by PEC no later than	November 14, 2013
3	Budget framework presented to the Board of Governors for approval	November 30, 2013
4	Budget framework released to University community	December 2, 2013
5	Dept. of Finance & Budgets updates budget system with current salaries for permanent, approved positions and distributes copy to departments no later than	December 10, 2013
6	BPGs meet to discuss issues and assess priorities	January 13 – 31, 2014
7	Reports from BPGs to PEC due to Dept. of Finance & Budgets	February 4, 2014
8	Budget submissions summarized by Dept. of Finance & Budgets for submission to PEC and SCUB	February 7, 2014
9	PEC reviews proposed budgets submitted by BPGs and prepares consolidated budget	February 12 – 28, 2014
10	PEC meets with a special PC to discuss proposed budgets submitted by Budget Council no later than	February 28, 2014
11	PEC meets with Chair of SCUB and receives SCUB's advice no later than	February 28, 2014
12	Final Proposed 2014/15 Budget prepared by PEC	March 3 - 5, 2014
13	SCUB presents its advice on the Proposed 2014/15 Budget to Senate	March 26, 2014
14	Proposed 2014/15 Budget presented to Board of Governors	March 28 - 29, 2014
15	PEC hosts an open forum on 2014/15 budget no later than	April 11, 2014
16	Approved budgets set up in budget system no later than	April 30, 2014

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

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