



2008/09 Budget Development

a. Status Report - Summary

The College's process to develop the operating budget for the 2008/09 fiscal year (April 1, 2008 to March 31, 2009) is underway. Based on available information and the analysis completed to date, the preliminary status quo expenditure plan would result in a projected deficit of approximately \$1.1 million (this is derived from total projected revenues of \$41.1 million and total projected expenditures of \$42.2 million). The budget shortfall that has been identified is primarily the result of significant unavoidable cost increases in several categories, including:

Employee benefits (health care, pensions, etc)	\$265,000
Employee (faculty, admin.) salary step increments as employees move up	260,000
Employee sick leave and maternity leave costs	60,000
Changes to program duration and curriculum required by accrediting agencies	80,000
Facility and equipment maintenance costs	250,000
Software and computer systems licensing	40,000
Utilities - all campuses	180,000
Total	<u>\$1,135,000</u>

Other colleges in British Columbia are experiencing similar budgetary challenges, and are also faced with resolving projected deficits in 2008/09 ranging from \$600 thousand to \$5.0 million. The CNC Board of Governors and executive administration have been actively engaged in local, regional and provincial advocacy activities seeking increased funding for the college. Members of the provincial government and senior Ministry of Advanced Education officials have been kept informed regarding the college's budgetary issues, and formal requests for additional funding have been submitted.

As of January 30, it is not expected that additional provincial grant funding will be provided that could be used to balance the 2008/09 operating budget. Similarly, our forecast for total student tuition revenues in the coming year indicates that these will not increase significantly in 2008/09. As a result, the College will be required to implement a number of expenditure reduction strategies, including the suspension of some instructional programs and services.

The college administration has developed the following documents to help inform and educate the college community regarding the college's finances and to guide the process to make the difficult decisions that will be required to finalize a balanced 2008/09 operating budget.

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| a. Status Report | d. Guiding Principles |
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It is important to note that despite the college's budgetary challenges, overall, CNC is growing. In 2007/08, student FTE enrolments are projected to increase by 15.5 percent (an increase of 500 students). This was made possible through additional targeted funding for trades (\$1.2 million) and medical laboratory technology programs (\$1.1 million). Further enrolment growth is also expected in 2008/09.

The provincial government will also provide additional funding in 2008/09 to pay the costs of negotiated salary increases for college employees.

b. Timeline and Process

<u>DATE</u>	<u>EVENT / MILESTONE</u>
January 18	College Board reviews draft 2008/09 budget development support documents: <ul style="list-style-type: none"> a. Status Report - Summary b. Timeline and Process c. Context and Planning Assumptions d. Guiding Principles e. Budget Decision-making Considerations College Board endorses general process approach
January 22	College Management Team meeting - Review, discussion, development of items a. – e. above
January 24 - 30	College administrative meetings re 2008/09 budget
January 30	FACNC, PPWC and College Executive Administration meet to review items a.-e.
February 1	E-mail Memo to “All at CNC” re budget and items a.–e. - documents a. – e. posted to college web site.
February 5	“Special” Education Council Meeting to review items a.-e.
February 1-21 6-15 18-21	Further data gathering and consideration of options and recommendations Campus Town Hall meetings at all campuses re budget Meetings with FACNC & PPWC re possible impacts (TBA)
February 22	College Board Meeting <ul style="list-style-type: none"> - review of options/recommendations for budget reductions - decisions to suspend programs/services and approvals to issue layoff notices as may be required
February 25-29	Meetings with Faculty Association & PPWC re impacts (TBA)
March 1 - onwards	Final draft 2008/09 budget prepared layoff notices issued if required
March 28	College Board Meeting <ul style="list-style-type: none"> - 2008/09 Budget Approval - Budget decisions communicated publicly

c. Context and Planning Assumptions

A. Balanced Budget Required – Base and Targeted Funding

Colleges are required by legislation to submit a balanced budget each year to the Ministry of Advanced Education (AVED). Allocation of funding to CNC and other colleges is provided predominantly by the Ministry of Advanced Education through a block funding mechanism. Funding is also allocated and monitored through other ministries and government agencies; such as, the Ministry of Economic Development through the Industry Training Authority (ITA), for trades training, and the Ministry of Health for health programs.

Targeted funding is also received for initiatives such as Aboriginal education and services. Targeted funding has specific accountability measures and reporting functions and is separate and additional to block funding. Programs and services to be assessed in terms of balancing the 2008/2009 budget are those funded within the Ministry of Advanced Education's base block funding process.

B. Budget Shortfall

The extent of the currently projected 2008/09 budget shortfall is such that it will be necessary to suspend some programs and/or services for which there is currently significant student interest.

C. Difficult Choices Between Programs/Services

We will have to make choices between programs and services that are all valuable. In some cases there will be no "right" choices or decisions, and as a result this will be a difficult process.

D. Government Priorities

The provincial and federal governments will continue to establish targeted funding initiatives for post-secondary education and economic development/diversification. The provincial government's priorities will likely continue to focus on skilled trades, health care and aboriginal learners.

E. College Positioning for Opportunities

The College must continue to position itself to capitalize on opportunities to secure funding that becomes available through targeted initiatives of both the provincial and federal governments. It will also be important to maintain current levels of student support.

F. Economy and Enrolment

The regional economic situation (likely higher unemployment levels) will likely lead to increased student enrolment in developmental, university transfer, career and vocational programs in 2008/09 and 2009/10 across all campuses.

The regional economic trends will lead to continued enrolment increases, community pressures and expectations on the regional campuses. In 2007/08, regional campus full-time equivalent (FTE) student enrolments will increase significantly (approximately 300 FTE).

G. Review of College Funding Model

The Ministry of Advanced Education's review of the College System Funding Model is not expected to result in a major increase in base block funding that will help to resolve the college systems' structural deficits.

H. FTE Utilization Rate

The FTE student enrolment "utilization" rate is a ratio of the actual FTE students enrolled in a program divided by the total funded FTE (available program seats). For example if there are 16 students enrolled in program "X" and the total available seats in the program is 20, then the FTE utilization rate is 16/20 or 80 percent.

The utilization rate is one of the primary accountability measurement tools used by the Ministry of Advanced Education (AVED) and the Industry Training Authority (ITA). As was the case in 2007/08, both ITA and AVED will use FTE utilization rates as a factor in decisions related to the allocation of growth funding to the colleges. Therefore it will be important for the College to maximize FTE enrolments in order to enable CNC to qualify for future FTE student funding allocations.

I. Provincial Tuition Policy

The Provincial Government's policy of limiting tuition fee increases to the rate of inflation (approximately 2%) will continue for 2008/09 and 2009/10.

J. Accountability Requirements

New provincial funding will come with expectations for higher performance and accountability reporting requirements.

d. Guiding Principles

- a. In making decisions to reduce our expenditures, we will apply to the extent possible the “Budget Decision-making Considerations” outlined on pages 6 and 7 of this document.
- b. In making decisions for 2008/09, we must also look ahead to 2009/10 and beyond. We will not postpone dealing with the projected budget deficit this year, and therefore compound the size of next year’s potential financial problem.
- c. We will achieve a balanced budget and the required expenditure reductions while seeking to limit the impact on the number of students and number of college employees.
- d. In order to maintain the quality of programs and services, budget reductions will be targeted rather than proportionally balanced across the entire college.
- e. We must maintain our capacity to support current students and for future enrolment and program growth (student services, facilities, administrative supports, etc.), as well as our abilities to respond to changing expectations and needs of students and communities.
- f. Current levels of base block funding to programs and services at regional campuses will be maintained. In 2008/09, we will not consider closing any of the regional campuses (Quesnel, Mackenzie, Lakes District, Vanderhoof, Fort St. James).
- g. The College will maintain a comprehensive range of program offerings across each of the major program categories (academic, career, vocational and developmental education).
- h. The College will seek to effectively maximize our actual FTE student enrolment and funded seat utilization rate.

e. Budget Decision Making Considerations

The following will be considered collectively in assessing potential budget reduction decisions (program/service suspensions or reductions).

Student Demand

- a. *For instructional programs, what is the ratio of actual full-time equivalent student enrolment (FTEs) to the total student seats available (capacity)?*
- b. *Is the recent and/or projected enrolment trend positive (up), stable or negative (down)?*
- c. *For student services, what is the recent year(s) level(s) of actual student utilization of the service?*

Cost-effectiveness and Total Cost

- a. *What is the total cost (\$) per actual FTE student enrolled or student utilizing the service?*
- b. *What is the total cost of the program/service?*
- c. *How does the total cost of the program/service compare relative to the 2008/09 projected budget shortfall? (e.g. What percentage does the total program/service cost represent of the projected budget shortfall?)*

Numbers of Students and Employees Impacted

How many students and college employees would be impacted?

Availability Elsewhere

Is the program/service available to students through avenues other than at CNC? (e.g. at other institutions, via on-line/distance education or through other community service providers)

Program/Service Outcomes

Is there evidence that the program/service is achieving important student outcomes (employment, transfer, other)?

Economic and/or Social Impact within the College Region

Is there evidence that the program/service is meeting an important community social or economic need?

Interdependencies

- a. *Are other CNC programs and services heavily dependent on the program/service in question?*
- b. *Are other external (institutions and agency) programs and services heavily dependent on the program/service in question?*

Future Delivery Potential

If a program/service is suspended, what would be the key factors facilitating or inhibiting it being restarted in the future?

Could the program/service in question be delivered again (restarted in the future) with relative ease after a period of suspension?

Relationship Consequences

- a. *To what extent would a decision to suspend the program/service have negative political or community relations consequences?*
- b. *Is the program/service currently regarded as a high government or community priority?*

Total Net Impact on Budget

What is the total net expenditure reduction that would result in 2008/09 and 2009/10?