



2012/2013 Budget Development Framework

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Executive Summary

The annual Budget Development Framework supports the transparent development of the 2012/2013 budget. It provides the context and timelines for communication and decision-making, clarifies the guiding principles, and identifies the opportunities for consultation with employee groups and employees. This 'living' document will be subject to revision as new information becomes available.

The College completed the 2010/2011 fiscal year this past March with a small operating surplus. A balanced budget was approved by the Board in May for the 2011/2012 operating year. Just over half way through the current fiscal year, the college is on track to completing the year on budget. Thanks go out to everyone for managing their individual, school, department and division budgets to help achieve this desired outcome.

Preliminary information from the Provincial Ministry of Advanced Education indicates no increase to the provincial base operating grant as we begin the process of developing the 2012/2013 budget. Government expectations of full-time equivalent (FTE) student delivery targets for Selkirk College are expected to remain at 2,312.

Enrollment at Selkirk College in 2010/2011 declined to a utilization rate of 83% from a peak of 92% in 2009/2010. Sustained reduced enrolments in 2011/2012 (the current year) will put additional pressure on balancing the budget for 2012/2013.

The Industry Trades Authority (ITA) has also indicated possible reductions in trades training funding allocations to institutions. This is in response to the end of Labour Market Development Agreement (LMDA) monies received by the ITA from the Federal Government. The Province has not committed to replacing the Federal monies with new Provincial monies at this time, though advocacy on this front will continue.

There are additional challenges as we develop the 2012/2013 operating budget. This includes: a continued requirement to fund inflationary costs within a static base grant from government; provincial policy which limits all tuition increases to a maximum 2%; continued significant reductions to Annual Capital Allowance (ACA) allocations to maintain our facilities. At the same time government is instituting changes to financial reporting requirements that may impact our flexibility to utilize any surplus funds.

Last year during the renewal of the Tenth Street lease to include the new Nelson residence, the Ministry eliminated our operating allowance within the lease for the Tenth Street campus. A reduction of \$182,000 occurred in 2011/2012. The Ministry has decided to now administer a further reduction of \$250,000 in 2012/2013. This represents a total operating allowance reduction of \$432,000. While some of this loss will be offset by net revenues from the new residence, the reductions will still present an added challenge to Selkirk College.

Advocacy efforts with Government for adequate funding for Selkirk College continue to be a priority for the president and senior management at the local and provincial levels. We will continue to communicate the potential program, service, and student impacts of these

pressures to public post secondary education in our region and beyond. These were put forward most recently in our presentation (September 22, 2011) to the Select Standing Committee on Finance as Government begins preparation of their 2012/2013 provincial budget.

Current Situation

The budget for 2012/2013 will be developed on the primary assumption that the Government base grant level will have no increase or decrease from 2011/2012 levels. The impact of this is the perennial challenge of finding resources within our operation to fund inflationary costs. We will also need to accommodate the reduction of the remaining operating funding (\$250,000) of the Nelson Tenth Street lease. The first draft of the 2012/2013 budget will also include realistic and evidence-based estimates of anticipated revenue from tuition, ancillary, and external contracts. The budget will not include allocating base grant resources to fund capital depreciation. We will also continue our efforts generally for more adequate and realistic funding from government that will provide us with the capacity to achieve our mandate. We will also continue to seek clarity on final ITA funding levels for 2012/2013.

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). Funding is provided to Selkirk and other post-secondary institutions from this Ministry through a block grant. Facilities capital funding for renovations (prolonging the life of buildings) is provided as a separate Annual Capital Allowance (ACA). Selkirk also receives funding from the Industry Training Authority (ITA) for trades training. These revenue sources are itemized as follows:

Funding Sources:	2011/2012	2012/2013
AVED Base Grant	\$25,400,147	\$25,188,147
ACA	\$368,751	TBD
ITA	\$ 2,136,568	TBD
Total Operating Grant	\$27,905,466	TBD

b) 2011/12 Budget Situation

As of September 30, 2011, the College is on target to meet the financial goals of the 2011/2012 budget. If savings are generated in the current fiscal year, these may be available to apply toward the budget development process for 2012/2013. We encourage everyone to continue to use current budget allocations as efficiently as possible between now and March 31st in order to provide the maximum benefit to addressing our 2012/2013 challenges.

c) Alignment of Programs/Services plans with the budget process.

As always, the 2012/2013 budget will be developed to mount programs and services that are aligned with our Mission, Vision, Values, and Strategic Directions; our *Accountability Plan and Report*; our Instructional Plan; and our operational and enrolment management plans.

d) Meeting current Government Priorities

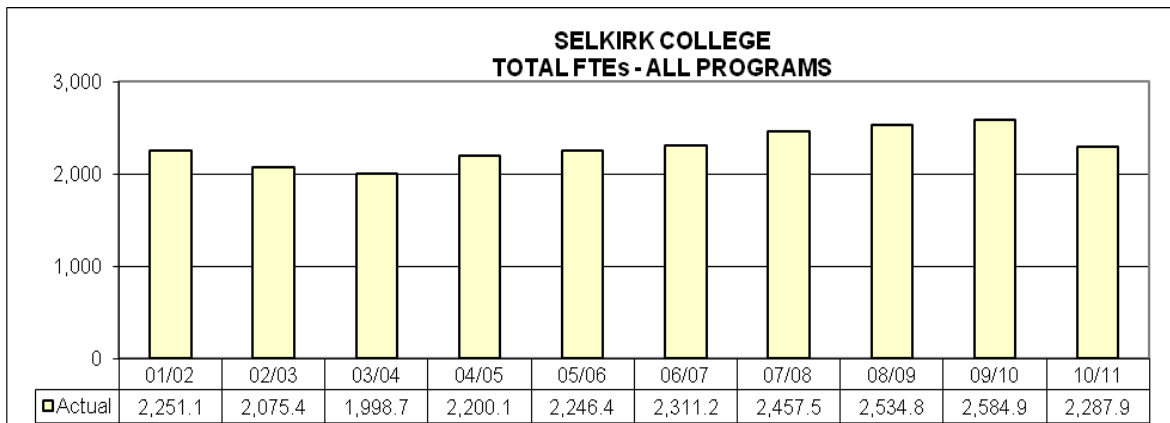
The 2012/2013 budget development process may include responses to AVED targeted funding requests from the Ministry; for example in health or trades programming.

e) College Positioning for Opportunities

The College must continue to respond to regional communities and learners. Regionally demanded programs do not attract additional funding unless they are deemed a Government priority. From time to time, federal and provincial funding initiatives become available. The College must continue to position itself to secure funding for the programming that is needed in our region and therefore needs to be prepared with program ideas, development and proposals to attract this funding.

f) FTE Delivery

There has been a general trend since 2003/2004 of increased Full Time Equivalent student delivery at Selkirk. Last year's decline (in the figure below) is attributed to a variety of factors, but generating FTEs continues to be of critical importance and part of our government mandate. Current strategic enrolment management efforts are aimed at reversing the results of last year.



g) Tuition Fees and the Provincial Tuition Policy

Selkirk College's tuition rates continue to be some of the lowest in the system. Considerations include:

- i. Tuition and supplementary fee increases cannot exceed 2% as set by a Provincial Tuition Fee Policy http://www.aved.gov.bc.ca/tuition/tuition_policy.htm. The status of this policy and its current limitation will be communicated to the system in late January 2012. For planning purposes 2% has been used in the preliminary budget projection.
- ii. A 2% tuition and supplementary fee increase for credit programming totaled just over \$85,000 for 2011/2012.
- iii. Our tuition fee rates continue to be lower than the average fees for our comparison groups: rural colleges, neighbouring institutions and urban colleges.

This information is available on the Institutional Research website at <https://internal.selkirk.ca/login/index.php>.

iv. Decisions about tuition follow the College Board's tuition bylaw process.

h) Accountability Requirements

On an annual basis, post-secondary institutions are required to submit an *Accountability Plan and Report* to the Ministry. The primary and overarching measure of institutional performance has been the delivery of student *full-time equivalents* (FTEs) against the number that an institution was (theoretically) funded to deliver. This relationship is referred to as the FTE utilization rate.

The Government Funding Letter identified targeted FTE delivery in health, aboriginal and adult basic education programming. College total FTE delivery is targeted at 2,312 FTE's. In 2010/2011, Selkirk delivered 83% of the profile and 105% in priority Health and 100% in priority ABE seats. For the 2011/2012 year we will be delivering an additional 38 health FTEs.

Our commitments to the Industry Training Authority (ITA) funded programs are set separately each year and are part of a province wide Trades Training plan. We have targets set for both Foundation and Apprenticeship seat delivery.

We should be proud of these accomplishments and of the work that we have done together to achieve a higher level of fiscal stability. Our hope is that the budget process outlined here will build on the success of last year's process, and provide for our increased engagement across the College in the effective and meaningful development of operating plans and resulting budgets.

The following is a preliminary estimate of our budget projections based on the above noted planning assumptions. This does not represent any of the noted potential risks and is based on the current status quo basis. If any of these potential factors materialize, the budget will need to be adjusted accordingly.

Timeframes

The final Government funding commitment should be known by March 2012. On the basis of the actual funding level, the 2012/2013 budget will be finalized and presented to the Board for approval at the May 2012 Board meeting. These and other important tentative timeframes have been presented as part of the Budget Development Framework.

Consultation and Communication

Initial meetings will be held with the four employee groups, and the Education Council. It is also hoped that relevant budget discussion will be part of division, school and departmental meetings prior to the December break. It is hoped that at these meetings, ideas for revenue generation, cost reductions and operational efficiencies will be generated and brought forward. College wide communications and/or employee forums will be utilized across the College as information becomes available. The Grapevine (or mySelkirk.ca) will be utilized to provide status reports throughout the process. Please refer to the Budget Development Framework to take advantage

of opportunities to engage in this process. Schools, departments and divisions will have an opportunity to present their budgets at the annual school/department/division budget presentations in late January.

Guiding Principles and Decision-making Considerations

Please give special attention to the following principles which are drawn from that broader list:

- We will align the process with our mission and vision; we will be guided in our decision making by the college's stated values. In order to maintain quality in our programs and services, if any cost reductions are required they will be targeted rather than proportionately balanced across the college.
- Selkirk College is a student centered institution. Any decisions around cost reductions, if required, will also be student centered.
- Not only must we maintain our capacity to support current learners, but also we must maintain capacity for future enrolment growth, program development and the changing expectations of our various stakeholder groups.
- In order to provide access to our rural learners, the College will maintain a comprehensive range of program offerings across the region. We will also be mindful of the importance of our distinct and unique programs that differentiate us from other post secondary providers. We recognize that some programs are interdependent with one another.

Timeline and Process

The tentative key milestones, dates and activities of the 2011/2012 Budget Planning process are as follows. Depending on schedules these dates may change.

<i>Date</i>	<i>Tentative/Event/Milestone</i>
2011-11-12	<ul style="list-style-type: none"> • Management Committee approves Budget Development Framework
Ongoing	Management Committee <ul style="list-style-type: none"> • Updates and ongoing development/review
2011-11-22	Selkirk College Board Meeting <ul style="list-style-type: none"> • Budget Development Framework presented
2011-11 TBD	VP Administration - Team meeting <ul style="list-style-type: none"> • Discuss 2012/13 Budget Development Framework
2011-11-TBD	VP Education and Students - Deans and Directors Meeting <ul style="list-style-type: none"> • Discuss 2012/13 Budget Development Framework
2011-12-08	Operations Group <ul style="list-style-type: none"> • Discuss 2012/13 Budget Development Framework
2011-11-15	Deans and Chairs Meeting <ul style="list-style-type: none"> • Discuss 2012/13 Budget Development Framework
2011-11-22	Joint Labour Management Meeting <ul style="list-style-type: none"> • Introduce and discuss 2012/13 Budget Development Framework
2011-11-14	Grapevine: <ul style="list-style-type: none"> • Budget Development Framework shared with employees.
2011-12-06	Education Council Meeting <ul style="list-style-type: none"> • Discuss 2012/13 Budget Development Framework

2011-12-12 to 2011-12-22	<p>School/Department/Division Meetings</p> <ul style="list-style-type: none"> • Educational and service units will meet to discuss the Budget Development Framework • Management Committee members will work with department heads and chairs on budget development • Senior administrators can be invited to unit meetings to discuss concerns and answer questions
2011-12-23 to 2012-01-02	Christmas Break
2012-01-09 to 2012-01-13	Meeting with Selkirk College Student Union
2012-01-10	<p>Education Council Update</p> <ul style="list-style-type: none"> • Update on the process, receive advice
2012-01-24	<p>Board of Governors Meeting</p> <ul style="list-style-type: none"> • Update on process and planning assumptions • Tuition fees for 2012/13 - Notice of Motion
2012-01-25 and 2012-01-26	<p>Preliminary Instructional and Service delivery planning;</p> <ul style="list-style-type: none"> • Budget presentations schools/divisions/departments.
TBD	<p>Joint Labour Management Meeting re Budget Development Framework</p> <ul style="list-style-type: none"> • Update on process and feedback received to date
2012-01-27	<p>First Draft of Budget for 2012/13</p> <ul style="list-style-type: none"> • "Status Quo Basis" unless further information received
2012-01 to 05-31	Continued updates in Grapevine (or my Selkirk.ca)
2012-02-14	<p>Education Council Meeting</p> <ul style="list-style-type: none"> • Update and advice received
2012-02-08	<p>Labour Management Meetings as required</p> <ul style="list-style-type: none"> • Preliminary program, instructional and service delivery plans
2012-02-TBD	BC Provincial Budget Tabled in Legislature
2012-02-28	<p>College Board update</p> <ul style="list-style-type: none"> • Review summation of presentations, updated forecasts, feedback • Tuition fees for 2012/13– Board decision-making
2012-03-14	Second Draft of Budget for 2012/13 MC Budget Deliberations
2012-03-13	<p>Education Council Meeting</p> <ul style="list-style-type: none"> • Review second draft
2012-03	<p>Confirmation of 2012/13 Funding</p> <ul style="list-style-type: none"> • From Ministry of Advanced Education • ITA funding in accordance with agreed-to ITA Training Plan
2012-03-27	<p>College Board Meeting: Final budget draft</p> <ul style="list-style-type: none"> • Finalize budget decisions. • Final decision-making re programs and service reductions (if required)
2012-04-04 to 2012-04-30	Final budget preparation in conjunction with 2011/2012 year end
2012-05-22	<p>College Board Meeting</p> <ul style="list-style-type: none"> • Approval of final Budget for 2012/13