

President's Update to the College Community

Serving the communities of Northwestern BC

March 27, 2008

Budget News Arrives from Ministry

March 12th, the Ministry of Advanced Education called a meeting of all post-secondary Presidents to distribute 2008-09 budget letters and the number of new FTEs we can expect. Diane Ready attended on our behalf and was surprised, along with the rest of our colleagues, to learn that there is to be an across-the-board downward adjustment to the base budget for all post-secondary institutions in the province and that new FTEs and the accompanying funding required to support the same, would not be allocated as previously stated.

The new FTEs and funding was anticipated as a result of the government's Strategic Investment Plan (SIP) unveiled in 2004/05. This Plan earmarked 25,000 new FTEs to be allocated to the post-secondary system over 5 years – 2004/05 to 2009/10. The strategic areas of investment were identified by the government to meet labour market demands. Not surprisingly, over the past few years, we have seen SIP target areas such as health, trades, social work, computer sciences and Aboriginal people. We also saw the front end loading of growth for the universities so that they could increase 1st year intakes, a move which negatively impacted colleges' university credit programs. At the time, the Ministry assured colleges that future allocations would target colleges; but all that has changed. The Ministry budget letters delivered a very different message which will mean significant deficits for many colleges.

For Northwest Community College, the news is not quite as disheartening as for some other colleges. Our budget was increased by \$1,188,315 to accommodate negotiated salary increases, pension increases, loss of ABE tuition, and to support the delivery of 107 new FTEs (funded at an average of \$4100/fte). This increase in FTE target and funding may represent support for the efforts we have made in key areas of programming and an acknowledgement of our steadily rising FTE utilization. However, we lost 11 FTEs for a total of \$182,400 and the 2.6% overall budget decrease brings a further budget decrease of \$437,630; a total decrease of \$620,030.

So in the end, we are to receive a net of \$568,285 in additional funds over last year's government grant which will cover the provincially negotiated 2.1% increase to salaries, benefits (and the corresponding pension cost increases) and have just over \$100,000 left to deliver 107 new FTEs (59 in the area of Health and 48 in the area of Carpentry and Electrical). This final figure is clearly insufficient to deliver 107 new FTEs (the average cost of an FTE is \$7200).

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Budget News Arrives from Ministry...con't

Subsequent to the Ministry meeting with the Presidents, we received an email from the Assistant Deputy Minister of Advanced Education which states the following: "general seat expansion has led to under utilization in many areas. Of 11,800 additional seats funded from fiscal 2004-05 up to 2006-07, only 3,510 have been filled." It also states that "Budget 2008 takes a renewed focus on available resources inside the post-secondary system and redirects funds previously approved for seat growth to areas of high labour market demand.... Institutions will need to refocus existing financial resources. It will mean shifting some resources from certain program areas toward priority areas."

The priority areas identified by the Ministry for 2008 are: "health programs, skilled trades, graduate student spaces and Aboriginal access." Thus we see a continuing trend towards linking post-secondary funding and FTE growth to specific job market demands.

In addition to this, the Government requires greater accountability and a clarification of expectations. Within the next few weeks, we will receive a draft Government Letter of Expectation (GLE), which will clearly articulate what is expected of NWCC. In keeping with the Ministry's desire for increased accountability, all PSE Board Chairs will be required to sign these GLEs for their institutions. According to the Government, this is one way of "strengthening institutional alignment with government's system-wide goals." In other words, the Ministry will be playing a larger role in our program and course plans, and more prescriptive with respect to enrolment and graduation targets. And as we can see from the recent reallocation of new FTEs, there will be little tolerance for low enrolment or graduation rates.

Below is an excerpt of communications from the Assistant Deputy Minister that outlines 08-09 as a year of transition, and conveys the following:

"Institutions will need to refocus existing financial resources. It will mean shifting some resources from certain programs toward priority areas. We recognize this is a difficult task but one of necessity in order to effectively respond to this challenge.

- The sector will need to strive for efficiencies through increased collaboration and cooperation - again, recognizing that collectively we have made some good progress on collaboration but we need to be doing more.

Going forward:

- Government has been looking at how institutions are funded. Specifically it has looked at improving accountability and clarifying expectations with existing base funding.



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- In order to move forward collectively in addressing government's direction, we are revisiting our current way of doing business: for example, reviewing existing performance measures and looking to an output based approach - e.g. outcomes such as graduation rates, enrolment data, giving proper recognition for delivery of apprenticeship programs."

Prior to the receipt of our budget letter, NWCC was once again projecting a structural deficit. A structural deficit occurs when the growth of total college expenses consistently outpaces the growth in total revenue over a period of consecutive years. This is not sustainable over time, however, for this year, we believe we will be able to fund this utilizing prior year funds that were not utilized for a variety of reasons. Two main reasons are: programs did not run due to low enrolment or inability to secure an instructor; other agencies such as the Industry Training Authority provided funds to support programs that the College had anticipated having to support.

Colleges that do not have the funds to achieve a structural deficit will have to address budget shortfalls, presumably, through program cancellation and layoff as is being announced by the College of New Caledonia and others. Colleges are not permitted to table a deficit budget by the Ministry of Advanced Education.

We cannot financially support all of the programs and services in 2008-09 that we presently anticipated delivering. For 2008-09 we have been requested to deliver 59 new health FTEs and 48 new trades FTEs and will be accountable for ensuring that these specific targets are met along with other previously requested SIP targets. As the 2007-08 financial year end work draws to a close we will have a better picture of prior year funds available to us and the extent to which we can support the plan of programming identified for 2008-09 as well as the new FTEs. I do not anticipate program closures or layoffs, but clearly some adjustments must be made.

I know the news of the 2.6% decrease, along with inadequately funded FTEs is discouraging; particularly in light of the Ontario government's recent budget announcement of increased funds for colleges. But we are on the right track. The financial staff, the Budget Task Force, and I will make every effort to ensure that the impact of budget pressures on programs and services is minimized to the extent possible and will have a finalized budget by the end of April.

As a college we have been making terrific progress; the rise of student enrolments, our students' successes and the engagement of our communities are testimony to our efforts.

I am committed to staying the course.

