



Our Ref. 116625
File No. 66710-20 - 2019/20 Budget

July 18, 2019

Ms. Vivian Lee
Vice President, Administration Services and CFO
Douglas College
700 Royal Ave
New Westminster BC V3L 5B2

Dear Ms. Lee:

I am writing to provide you with information regarding Douglas College's operating grant and student full-time equivalent (FTE) target for 2019/20, and the associated accountabilities, roles and expectations.

2019/20 Operating Grant and FTEs

Attachment 1 provides details pertaining to your institution's operating grant and student FTE targets for fiscal 2019/20. Targets pertaining to Skills Gap Plan reporting have not been incorporated as this process is currently under review. Additional direction will be provided later in the fiscal year.

Your institution's operating grant allocation includes funding for:

- collective agreements ratified under the Economic Stability Mandate (ESM), and for the associated Economic Stability Dividends; and
- the Employer Health Tax (EHT) that came into effect on January 1, 2019.

Your institution has received 2019/20 one-time funding:

- toward the remaining Medical Services Plan premiums from April to December 2019; and
- for tuition compensation for Adult Basic Education (ABE) and English Language Learning (ELL) programs.

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In the fall, the Ministry will provide further information on funding for collective agreements ratified under the Sustainable Services Mandate.

Developmental Program FTEs, Adult Basic Education (ABE), English Language Learning (ELL) and Adult Special Education (ASE) programs

Student FTE targets for Adult Basic Education (ABE) and English Language Learning (ELL) programs have been revised in consultation with your institution. As well, a new funding approach to support tuition-free delivery of these programs has been implemented. This funding is to be targeted to tuition-free ABE and ELL, and is in addition to the amounts your institution will continue to allocate from your base operating grant for the delivery of these programs. The Ministry's expectation is that all institutions which provide instruction in these programs will meet or exceed their revised FTE targets. The Ministry may consider a reduction in funding if student enrolment is consistently below mutually agreed to FTE targets. Early in 2020, the Ministry and institutions will examine interim FTE reports and FTE forecasts to determine whether any adjustment to FTE targets, and associated funding, is warranted for the next fiscal year. In previous years, ASE and/or LINC programming has been included in your institution's developmental FTE target. Starting in 2019/20, these programs are not included in the developmental programs target; however, the Ministry expects delivery of these programs will be maintained or increased. Providing more opportunities for adult learners supports government priorities of improving access and affordability so that all British Columbians can participate in a strong economy.

Financial Oversight and Accountabilities

Good financial management helps ensure that institutions are able to achieve their operational and fiscal objectives; gain the respect and confidence of funding agencies and other stakeholders; and create a position of long-term financial sustainability. The post-secondary sector receives significant funding from government, and as such, is accountable to taxpayers for the effective and efficient use of these resources. This includes ensuring that expenditures throughout the organization are reasonable, appropriate and directly support the core mandate of the institution. The following information is provided to guide and inform institutions' financial planning.

Post-secondary institutions are required to meet or exceed their financial targets, and are responsible for the effective and efficient use of taxpayer investments to ensure a high quality, accessible post-secondary education system in British Columbia. The financial accountabilities of institutions are outlined in legislation (the *College and Institute Act*, the *University Act*, the *Royal Roads University Act*, the *Thompson Rivers University Act* and the *Budget Transparency and Accountability Act [BTAA]*); and are grounded in prudent, transparent fiscal management.

Balanced Financial Results

Legislation requires that an institution must be in an annual balanced or surplus financial position, including amortization expenses but excluding new endowment contributions. In addition, capital projects must be managed within approved project budgets. The starting point to achieve these results is an annual balanced budget, including both operating results and the funding requirements of capital projects.

Fiscal Year Forecasts and Financial Reporting

The *BTAA* sets out that all government reporting entities will provide quarterly financial reports of actual results, including year-to-date actuals and four-year forecasts. These reports are consolidated and publicized by specified dates. To support these timeframes, the Ministry of Finance establishes quarterly reporting dates, and institutions are expected to provide all reports on time.

Forecasts reflect best-available estimates of year-end operating and capital results. As such, the accuracy of forecasting is of primary importance to institutional financial health and sectoral sustainability. Institutions' third-quarter projections for the following fiscal year are used to establish the Budget and Fiscal Plan targets. Financial outcomes are monitored against these figures throughout the following year, and institutional reporting on variances from these projections are essential to informing individual institutional financial strategy and sectoral results.

Material changes to operating results or to capital project schedules and/or provincial cash flows from forecasts should be brought to the Ministry's attention immediately. Where changes may involve an exception to the balanced budget requirement, institutions are expected to adhere to the protocols and timelines outlined in the Deficits section.

Deficits

Under extraordinary circumstances, institutions may seek an exception to the annual balanced budget requirement and request approval from the Minister of Finance and the Minister of Advanced Education, Skills and Training to operate in a deficit position. Requests for deficit approval **must** be provided to the Ministry of Advanced Education, Skills and Training by the end of the second quarter and include an explanation of key deficit drivers; actions taken to mitigate the deficit; a plan to return to a balanced position and the associated timeframe; and an outline of any extraordinary implications for students. Regardless of the circumstances, an institution should not assume that a request to operate in a periodic deficit will be approved.

Tuition Limit

Institutions are expected to comply with Government's tuition limit policy. For 2019/20, the 2% limit on tuition and mandatory fee increases for existing programs and services continues to apply.

Institutions are required to consult with the Ministry and students before implementing any new fees for new services and must submit a written request to the Ministry to review substantially revised programs for determination as to whether the program is new for the purposes of establishing new tuition and mandatory fee rates. The request must outline:

- the revisions and how they lead to new or changed objectives, goals, learning competencies and outcomes for the program and students, and
- the proposed tuition and mandatory fees.

In completing the review, consideration is given to the comparability of the proposed fees to fees for similar programs. Institutions are encouraged to propose fees that are in line with similar programs or provide a rationale if that is not the case.

Executive and Management Compensation

B.C.'s public sector employers are now making compensation decisions based on a common compensation philosophy with shared core principles and benchmarking criteria that will over time lead to greater consistency for excluded and executive employees across the public sector. This approach ensures that compensation decisions are based primarily on employee performance and merit rather than an entitlement to a salary increase.

While unionized employees have received modest wage increases through negotiated settlements funded under the 2019 Sustainable Service Negotiating Mandate, excluded and executive compensation increases are funded from within existing employer budget allocations.

Board Remuneration and Expenses

As the institution's oversight body, the Board of Governors plays an integral role in ensuring that the institution operates within its mandate in an effective and efficient manner, and that the taxpayer funds that are invested in the institution, are managed appropriately. The ministry has developed a new "[*Orientation for B.C. Public Post-Secondary Institution Board Members*](#)" to provide guidance to members in this regard.

Please ensure that board remuneration rates, where applicable, comply with [Order in Council 180/95](#). The remuneration is to be publicly disclosed on the institution or Ministry's website as required by Treasury Board Directives and directed by the Appointee Remuneration Committee. The remuneration should also be included in the institution's annual Statement of Financial Information as required under the *Financial Information Act*.

[Treasury Board Directive 2/17](#), section 7, provides guidance on business travel and expense reimbursements for appointed board members.

Capital and Real Estate

Direction relating to 2019/20 Routine Capital and Carbon Neutral Program has been sent under separate cover. Should you have any questions, please contact Alison Prince, Director, Capital Asset Management at Alison.Prince@gov.bc.ca.

Student Housing Program

Budget 2018 included a new public post-secondary financing program, providing access to up to \$450 million in government loans and grants to help B.C.'s public universities, institutes and colleges finance new student housing projects over the next 10 years. Participating institutions will be expected to contribute to project costs, with government loans being fully repaid over time through student housing rental income.

By working together and leveraging the knowledge, experience and capacity across the sector, B.C.'s public post-secondary institutions have an unprecedented opportunity to address the housing needs of B.C.'s students. For details on how institutions can participate in the loan program, please contact Alison Prince, Director responsible for colleges and institutes, at Alison.Prince@gov.bc.ca, and Deborah Gogela, Director responsible for universities, at Deborah.Gogela@gov.bc.ca.

Administrative Service Delivery Transformation

The Administrative Service Delivery Transformation (ASDT) initiative is a collaboration between the Ministry, all 25 public post-secondary institutions and BCNET to optimize administrative support services.

ASDT has partnered with BCNET to offer a wide range of joint procurement agreements for services and supplies (e.g. facilities, finance, travel, hardware and software). Institutions are encouraged to work with BCNET to take advantage of these opportunities and increase their percentage spend through joint procurement agreements. Institutions are expected to consider the use of joint procurement contracts, unless there are unique circumstances such as existing contractual commitments.

ASDT has also partnered with BCNET to pilot sector Enterprise Resource Planning (ERP) services to improve cost management, reduce overall risk and enhance service delivery to students.

Central Deposit Program

The Central Deposit Program (CDP) allows schools, universities, colleges and hospitals to deposit short-term cash with government. The program provides competitive interest rates and the ability to access funds with two days' notice. Institutions are encouraged to consider the program when making short-term deposits.

Thank you for your cooperation in working with the Ministry and other system partners to provide students with an accessible, affordable, high quality and relevant post-secondary education. If you have any questions, or would like to discuss contents of this letter, please contact Mr. James Postans, Executive Director, Post-Secondary Finance Branch, at (778) 698-9751 or James.Postans@gov.bc.ca.

Sincerely,



Kevin Brewster
Assistant Deputy Minister

Attachment

pc: Ms. Shannon Baskerville, Deputy Minister
Ministry of Advanced Education, Skills and Training

Dr. Kathy Denton, President
Douglas College

Mr. Jeff Vasey, Assistant Deputy Minister
Post-Secondary Policy and Programs
and Division Responsible for Learner Supports
Ministry of Advanced Education, Skills and Training

Mr. Tony Loughran, Executive Lead
Governance, Legislation and Corporate Planning Division
Ministry of Advanced Education, Skills and Training

Mr. James Postans, Executive Director
Post-Secondary Finance Branch
Ministry of Advanced Education, Skills and Training

Ms. Wendy Grondzil, Director
Post-Secondary Finance Branch
Ministry of Advanced Education, Skills and Training

AEST.FinancialReporting@gov.bc.ca

Attachment 1
as at July 18, 2019

Douglas College

2019/20 Operating Grant and Student FTE Targets

	FTE	Operating Grant
2018/19 Restated	8,354	\$ 59,167,605
<u>2019/20 Adjustments</u>		
Employer Health Tax		496,328
Economic Stability Mandate		1,115,841
Health Programs One-time	16	-
Technology Expansion	20	200,000
2019/20	8,390	\$ 60,979,774
<i>Year over Year Change</i>	36	\$ 1,812,169

2019/20 DOUG Targeted Program FTE Details

	FUNS Code	CIP Code	Change	Total FTE Target
Health				
RNs, PNs and HCAs				
Bachelor of Science in Nursing (1 + 3 year)	NURS	51.3801		384
Psychiatric Nursing	NURS	51.3810		224
Psychiatric Nursing (degree completion online)	NURS	51.3810		24
Health Care Assistant - Coquitlam (one-time)	HLOT	51.3902	16	16
Health Care Assistant	NRCA	51.3902		50
Allied Health				
Health Foundations	HLTH	51.1199		128
Allied Health	HLTH	51.0000		226
Total Health			16	1,052
Technology-Related Program Expansion*				
Interactive Media Technologies Diploma	AVED	1107	20	20
Total Technology-Related Program Expansion			20	20
Developmental				
Developmental	DEV	Multiple	-620	155
Total Developmental			-620	155
Aboriginal Spaces				
Aboriginal Spaces - Child and Youth Care Stream	ABAC	1907		13
Total Aboriginal			-	13
AVED all other programs	AVED	Multiple	620	7,150
Total FTE Targets			36	8,390

*Where applicable AEST will be monitoring enrolment growth over previous activity supported through base funding.

2019/20 One-time Funding (not included in Operating Grant)

Medical Service Plan Premiums	427,652
Adult Basic Education/English Language Learning Tuition Compensation	441,891