



Our Ref. 113098  
File No. 66710-20 - 2018/19 Budget

July 5, 2018

Mr. Robert Eby  
Interim VP Employee and Corporate Services  
Okanagan College  
1000 KLO Rd  
Kelowna BC V1Y 4X8

Dear Mr. Eby:

I am writing to provide you with information regarding Okanagan College's operating grant and student full-time equivalent (FTE) target for 2018/19, and the associated accountabilities, roles and expectations.

### **2018/19 Operating Grant and FTEs**

Attachment 1 provides details pertaining to your institution's operating grant and student FTE targets for fiscal 2018/19.

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.

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

Student FTE targets for developmental programs remain unchanged for 2018/19. While the invoicing process for ABE and ELL tuition compensation continues through 2018/19, Ministry of Advanced Education, Skills and Training staff are gathering data to develop a longer-term funding model for these programs. Developmental program targets may be adjusted for future years based on this data and on discussions with institutions about student demand and capacity to deliver ABE, ELL and ASE. 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.

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## **Skills Gap Plans**

For 2018/19, the Ministry has maintained the Skills Gap Plan (SGP) targets as per your institution's 2017/18 plan. The 2018/19 SGP funding and student FTE targets are outlined in Attachment 1. Your institution may update its 2018/19 plan during January 2019. Performance against the "Total Skills Gap Plan FTE" targets will be assessed using your institutions' final 2018/19 FTE reports, due in spring 2019. Additional direction on the future of the Skills Gap Plan process will be communicated at a later date.

Please ensure that your institution's Institutional Research Director is provided copies of correspondence from the Ministry that includes student FTE targets. This communication will help ensure accurate FTE reporting that is aligned with funding.

## **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 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.

### *Financial Reporting*

The BTAA sets out that all government reporting entities will provide quarterly financial reports, 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, ensure that all known financial changes are reflected, and that forecasts reflect best-available estimates of year-end operating and capital results.

The accuracy of forecasting is of primary importance and material changes to operating results or to capital project schedules and/or provincial cash flows should be brought to the Ministry's attention immediately.

Institutions' third-quarter projections for the following fiscal year are used to establish the Budget and Fiscal Plan targets. Institutions' financial outcomes are monitored against these figures throughout the following year.

#### 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 2018/19, 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 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.

### **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 Economic Stability 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, and that remuneration is publicly disclosed on the institution's website as required by Treasury Board Directives and the Public Sector Employers' Council Secretariat, and 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 2018/19 Routine Capital and Carbon Neutral Program will be sent under separate cover. Should you have any questions in the interim please contact Everett Vossen, Manager, Capital Asset Management at [Everett.Vossen@gov.bc.ca](mailto:Everett.Vossen@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. Further details on how institutions can participate in the loan program will be forthcoming.

## **Administrative Service Delivery Transformation**

Institutions play a key role in achieving administrative efficiencies, reducing costs, mitigating risks and sharing best practices across the sector through the Administrative Service Delivery Transformation (ASDT) initiative. ASDT offers tangible benefits for a wide range of joint procurement agreements for administrative and facility-based supplies and services, and shared information technology services led by BCNET. Institutions are expected to consider the use of joint procurement contracts first to fully leverage their value and derive maximum benefits, unless there are unique specification requirements or contractual commitments.

The increased alignment and integration of sector Enterprise Resource Planning (ERP) solutions with the support of the BCNET ERP Office continues to be a priority in order to improve cost management, reduce overall risk and enhance service delivery to students. The Ministry remains committed to working with public post-secondary institutions to find administrative efficiencies through collaboration and shared services, while protecting and maximizing investments in students' education.

## **Central Deposit Program**

The Central Deposit Program (CDP) was launched in February 2013 to address concerns raised by the Auditor General regarding excess liquidity in schools, universities, colleges and hospitals. The CDP delivers competitive rates and lower deposit risk while reducing debt costs for taxpayers and positively contributing to government's ability to fund programs such as health and education into the future.

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](mailto:James.Postans@gov.bc.ca)

Sincerely,



Kevin Brewster  
Assistant Deputy Minister



James Postans  
Executive Director  
Post-Secondary Finance Branch

Attachments

pc: Distribution List Follows

pc: Mr. Jim Hamilton, President  
Okanagan College

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

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

Attachment 1  
As at June 27, 2018  
Okanagan College  
Fiscal 2018/19 Operating Grant and Student FTE Targets

	2018/19					
	FTEs			Operating Grant		
	Targeted	Base	Total	Targeted	Base	Total
<b>AEST 2018/19 Budget</b>	<b>878</b>	<b>3,956</b>	<b>4,834</b>	<b>\$8,856,047</b>	<b>\$36,994,862</b>	<b>\$45,850,909</b>
Fiscal 2017/18	878	3,860	4,738	\$8,856,047	\$35,507,409	\$44,363,456
<i>Year over Year Change</i>		96	96		\$1,487,453	\$1,487,453

Details of Change from Prior Year						
Remove prior year one-time health		(12)	(12)			
2018/19 one-time health		52	52			
Technology-related Programming Expansion		30	30		\$435,000	\$435,000
Early Childhood Education Program Expansion		26	26			
Economic Stability Mandate					\$1,052,453	\$1,052,453
<b>Subtotal of Change from Prior Year</b>		<b>96</b>	<b>96</b>		<b>\$1,487,453</b>	<b>\$1,487,453</b>

OKAN Program FTE Details	FUNS Code	CIP Code	2017/18 FTEs				2018/19 FTE Targets		
			Target Funded FTES			Base Funded Target	Total FTE Target	New	Total FTE Target
			Baseline	Total Skills Gap Plan	Total Target Funded				
<b>Health</b>									
<b>RNs, PNs and HCAs</b>									
Bachelor of Science in Nursing	NURS	51.3801	48		48		48	48	
Licensed Practical Nurse	NLPN	51.3901	44		44	42	86	86	
Health Care Assistant	NRCA	51.3902	132		132	38	170	170	
Health Care Assistant - Salmon Arm (one-time)	HLOT	51.3902					20	20	
Health Care Assistant - Vernon (one-time)	HLOT	51.3902					20	20	
Health Care Assistant - Oliver (one-time)	HLOT	51.3902					12	12	
Health Care Assistant - Revelstoke (one-time)	HLOT	51.3902				12	12	-12	
<b>Allied Health</b>									
Allied Health	HLTH	51.0000	62		62	43	105	105	
<b>Total Health</b>			<b>286</b>		<b>286</b>	<b>135</b>	<b>421</b>	<b>40</b>	
<b>Developmental</b>									
Developmental	DEV	Multiple				984	984	984	
<b>Total Developmental</b>						<b>984</b>	<b>984</b>	<b>984</b>	
<b>Technology-Related Program Expansion*</b>									
Animation Diploma	TECX	1003						30	
<b>Total Technology-Related Program Expansion</b>								<b>30</b>	
<b>Early Childhood Education Program Expansion*</b>									
Diploma Year 1 & 2 Expansion	AVED**	1907						20	
Infant Toddler Certificate - Evening	AVED**	1907						6	
<b>Total Early Childhood Education Program Expansion</b>								<b>26</b>	
<b>Other Skills Gap Plan Programs</b>									
Sustainable Construction Management Technology	AVED	0409		10	10		10	10	
Bachelor of Computer Info Systems	AVED	1107		45	45		45	45	
Civil Engineering Technology	AVED	1408		40	40		40	40	
Electronic Engineering Technology	AVED	1410		30	30		30	30	
Network and Telecom Engineering Tech.	AVED	1410		20	20		20	20	
Mechanical Engineering Technology	AVED	1419		20	20		20	20	
Water Engineering Technology	AVED	1505		25	25		25	25	
Early Childhood Education	AVED	1907		25	25		25	25	
Human Kinetics	AVED	3105		30	30		30	30	
Human Services Worker	AVED	4400		40	40		40	40	
Bachelor Business Admin (Marketing)	AVED	5202		50	50		88	88	
Bachelor of Business Admin (Accounting)	AVED	5203		257	257		219	219	
<b>Total OKAN Skills Gap Plan FTE Target</b>				<b>592</b>	<b>592</b>		<b>592</b>	<b>592</b>	
AVED Undergraduate Balance	AVED	Multiple				2,741	2,741	2,741	
<b>Total FTE Targets</b>			<b>286</b>	<b>592</b>	<b>878</b>	<b>3,860</b>	<b>4,738</b>	<b>96</b>	

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

\*\*A separate FUNS code may be introduced to measure Early Childhood program expansion.

## Glossary of terms in the program FTE details table

### 2017/18 FTE Targets

Baseline	Reflects targets linked to targeted funding increases from 2001/02 through 2013/14 prior to the implementation of Skills Gap Plans (formerly <i>Blueprint</i> Baseline). Linked to Targeted Funding within the Operating Grant.
Total Skills Gap Plan	Skills Gap Plans show shifts and alignments of programs to support high demand occupations. These FTE targets are for programs which were identified in institutions' Skills Gap Plans as of 2017/18. Linked to Targeted Funding within the Operating Grant.
Total Target Funded	Baseline + Total Skills Gap Plan. Linked to Targeted Funding within the Operating Grant.
Base Funded Target	These are the FTEs the institutions delivers using base (non-targeted) funding.
Total FTE Target	Total Target Funded + Base Funded Target

### 2018/19 FTE Targets

New	2018/19 expansion and one-time health programs.
Total FTE Target	2017/18 Total + New