



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

July 19, 2019

Mr. Peter Smailes  
Vice-President, Finance and Operations  
University of British Columbia  
7th Floor, Walter C. Koerner Library  
Vancouver BC V6T 1Z2

Dear Mr. Smailes:

I am writing to provide you with information regarding University of British Columbia'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.

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

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### Teacher Education

Included within the University of British Columbia's operating grant is \$350,000 for delivery of the West Kootenay Teacher Education Program.

Included within the University of British Columbia's operating grant is \$48,320,000 restricted for the operation of the Medical Expansion Program. This amount is calculated at \$75,000 for each of the 640 target medical school FTEs.

### **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 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 an [\*Orientation for B.C. Public Post-Secondary Institution Board Members\*](#) to provide guidance to members in this regard.

[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](mailto: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](mailto:Alison.Prince@gov.bc.ca), and Deborah Gogela, Director responsible for universities, at [Deborah.Gogela@gov.bc.ca](mailto: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](mailto:James.Postans@gov.bc.ca).

Sincerely,



Kevin Brewster  
Assistant Deputy Minister

Attachment

Distribution List to Follow

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

Prof. Santa Ono, President & Vice-Chancellor  
University of British Columbia

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

[AEST.FinancialReporting@gov.bc.ca](mailto:AEST.FinancialReporting@gov.bc.ca)

**University of British Columbia**

**2019/20 Operating Grant and Student FTE Targets**

	FTE	Operating Grant
2018/19 Restated	42,551	\$ 634,828,905
<u>2019/20 Adjustments</u>		
Employer Health Tax		22,655,836
Economic Stability Mandate		18,503,786
Health Programs Remove Prior Year One-time	-15	
Health Programs One-time	18	125,000
Health Programs Base	15	420,000
Technology Expansion	180	2,610,000
Early Childhood Education Program Expansion Remove Prior Year	-12	
Early Childhood Education Program Expansion One-time	50	
<b>2019/20</b>	<b>42,787</b>	<b>\$ 679,143,527</b>
<i>Year over Year Change</i>	236	\$ 44,314,622

**2019/20 UBC Targeted Program FTE Details**

	FUNS Code	CIP Code	Change	Total FTE Target
<b>Campus</b>				
UBC - Point Grey			192	35,772
UBC - Okanagan			44	7,015
Total Student FTE Target			236	42,787
<b>Graduate and Undergraduate</b>				
Undergraduate	UNGR	Multiple	218	36,805
Graduate	GRAD	Multiple	18	5,982
Total Student FTE Target			236	42,787

**UBC - Point Grey Targeted Program FTE Details**

<b>Health</b>				
<b>RNs, PNs and HCAs</b>				
Bachelor of Science in Nursing	NURS	51.3801		283
Masters in Nursing	NURS	51.3801		82
Nurse Practitioner	NURS	51.3805	15	45
Masters of Nursing Nurse Practitioner	HLOT	51.3805	-	15
Masters of Nursing Nurse Practitioner	HLOT	51.3805	3	3
<b>Allied Health</b>				
Other Graduate Level Health Sciences	HLTH	51.0000		688
Audiology	HLTH	51.0202		24
Speech Pathology	HLTH	51.0203		72
Dental Hygiene	HLTH	51.0602		25
Medical Lab	HLTH	51.1005		46
Pharmacy	HLTH	51.2001		896
Occupational Therapy	HLTH	51.2306		96
Physiotherapy	HLTH	51.2308		160
Midwifery Internationally Educated	HLTH	51.3401		8
Midwifery	HLTH	51.3401		80
Total Health			18	2,523
<b>Medical School</b>				
Total Medical	MEDI	51.1201	-	1,152

	FUNS Code	CIP Code	Change	Total FTE Target
<b>Technology-Related Program Expansion*</b>				
Bachelor of Science in Computer Science	AVED	1107	34	54
Bachelor of Engineering in Biomedical Engineering Manufacturing Engineering	AVED	1405	87	167
	AVED	1436	15	15
Total Technology-Related Program Expansion			136	236

<b>Early Childhood Education Program Expansion*</b>				
ECE Basic Certificate	AVED**	1907	24	36
Online ECE Basic Certificate	AVED**	1907	14	14
Total Early Childhood Education Program Expansion			38	50

AVED all other programs	AVED	Multiple		31,811
<b>Total UBC Point Grey FTE Targets</b>			<b>192</b>	<b>35,772</b>

	FUNS Code	CIP Code	Change	Total FTE Target
<b>UBC - Okanagan Program FTE Details</b>				
<b>RNs, PNs and HCAs</b>				
Masters in Nursing	NURS	51.3801		45
Bachelor of Science in Nursing	NURS	51.3801		516
Total Health			-	561

<b>Aboriginal Spaces</b>				
UBC-O/En'owkin Centre Aboriginal Access Program (ECE/Health)	ABAC	Multiple		18
Total Aboriginal			-	18

<b>Technology-Related Program Expansion*</b>				
Bachelor of Science in Computer Science	AVED	1107	24	24
Manufacturing Engineering	AVED	1436	20	20
Total Technology-Related Program Expansion			44	44
AVED all other programs	AVED	Multiple		6,392
<b>Total UBC Okanagan FTE Targets</b>			<b>44</b>	<b>7,015</b>

<b>Total UBC FTE Target</b>			<b>236</b>	<b>42,787</b>
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\*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	1,175,206
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