BRITISH COLUMBIA

Our Ref. 100218

July 31, 2015

Ms. Irene Young
Vice-President of Administration and CFO
Vancouver Community College
1155 East Broadway
Vancouver BC V5T 4V5

Dear Ms. Young:

I am writing to provide you with information regarding Vancouver Community College's operating grant and student full-time equivalent (FTE) target for 2015/16, and the associated accountabilities, roles and expectations.

2015/16 Operating Grant and FTEs

The 2015/16 operating grant reflects the final year of adjustments for sector-wide administrative efficiencies as outlined in *Budget 2013*, as well as the targeted funding and FTEs reflected in your institution's 2015/16 Skills Gap Plan submission (which has been approved by the Labour Market Priorities Board). Attachment 1 reflects these changes and splits the operating grant and FTEs between target-funded and base-funded, and provides program-level details of the FTE targets.

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

One-time/Short Duration Program Funding

A Call for Proposals for new, one-time short-duration health program spaces in 2015/16, was provided under separate cover on April 20, 2015. The decisions made on those proposals have been reflected in your budget allocation and student FTE targets.

Adult Basic Education Funding

Funding previously provided for Adult Basic Education (ABE) tuition compensation has been removed from institutions' budgets in 2015/16, to reflect the change in policy that now allows for tuition to be charged for this programming.

Ministry of Advanced Education

Financial and Management Services Division

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In order to ensure ABE and English as a Second Language programs remained accessible to students, the Ministry expanded eligibility, coverage and funding under the grant program for low-income students in these programs. The former Adult Basic Education Student Assistance Program (ABESAP) has been renamed to the Adult Upgrading Grant (AUG). Eligibility has been expanded so that students that are either 10 percent above the low-income threshold, or who are taking a course for a second time, are eligible for 50 percent of the tuition. The up front, non-repayable adult upgrading grants can be used to not only assist with the costs of tuition and textbooks, but can also cover the costs of child care and transportation. The income thresholds are consistent with the federal and provincial student loan programs.

Funding for AUG has increased 33 percent ($1.9 million) in 2015/16, to $7.6 million annually. If demand exceeds this available funding, the Ministry will consider additional funding for this grant.

Developmental Program FTEs
Student FTE targets for developmental programs remain unchanged; however, the Ministry recognizes that 2015/16 continues to be a year of transition for these programs and some institutions may be unable to meet their developmental program targets.

Economic Stability Mandate
In late 2013, the government established a 2014 Economic Stability Mandate (ESM), which applies to all provincial public sector employees whose collective agreements expired on or after December 31, 2013. Key elements of the ESM include:

- Five-year agreements;
- Modest 5.5 percent total wage increase over the five-year term; and
- A potential for additional increases if growth in the British Columbia economy exceeds the annual forecasts set by the Economic Forecast Council during the last four years of the agreement.

A summary of the mandate, as well as the current bargaining status on agreements, is available on the Public Sector Employers' Council Secretariat website at: http://www.fin.gov.bc.ca/psec/bargaining/.

In early April 2015, during phone calls with institutions regarding interim 2015/16 budget allocations, the Ministry advised it expected that wage increases at institutions would be fully funded, as long as settlements fell within the parameters established by the ESM. Since then, the Ministry has received confirmation of a notional 2015/16 budget for ESM wage increases in the sector.

The Ministry will seek approval to access these funds during the year, as institutions complete the collective bargaining process. In support of this work, each institution will be asked to compare the original cost estimates provided by the Public Sector Employers' Council Secretariat, to finalized costs, based on the ratified agreements. The Ministry will make two requests (Fall and Winter) to institutions for this information, and will seek confirmation of provincial funding.

Institutions should assume that provincial funding will be available to offset salary increases that fall within the parameters of the ESM. This funding may be built into quarterly forecasts.

B.C.'s Skills for Jobs Blueprint

On April 29, 2014, the province launched the *B.C.'s Skills for Jobs Blueprint* (the *Blueprint)* which outlines government's plan to re-engineer education and training so that British Columbians will have the skills needed to fill anticipated job openings in the province. Details of the *Blueprint* may be found at: http://www.workbc.ca/WorkBC/media/WorkBC/Documents/Docs/Booklet_BCsBlueprint_web_140428.pdf.

In support of the *Blueprint*, all public post-secondary institutions are developing annual plans which highlight areas of their programming that directly align with labour market priorities, such as the top jobs in demand, health human resource needs as identified by the Ministry of Health, regional or specialized labour market needs, programs for Aboriginal learners, and programs for persons with disabilities.

In 2014/15, institutions targeted $40 million to priority programs. This year (2015/16) institutions have increased the targeted programs by a further $90 million. By 2017/18, total targeted funding will be equivalent to 25 percent of operating grants ($450 million).

Institutions' 2015/16 plans to align programs with high demand occupations have been approved by the Labour Market Priorities Board and the resultant targeted funding and student FTEs are included in the targets outlined in Attachment 1. Performance against the "Total Skills Gap Plan FTE" targets will be assessed in institutions' final 2015/16 FTE reports, due in Spring 2016. Institutions not delivering the targeted student spaces under the *Blueprint* may have funding redirected.

Financial Oversight and Accountabilities

On February 17, 2015, the government tabled *Budget 2015*, its updated three-year Budget and Fiscal Plan, which continues to uphold the commitments to annual balanced budgets and a declining trend in the taxpayer-supported debt-to-GDP ratio that supports a AAA credit rating.

As part of the government reporting entity, 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*, *University Act*, and the *Budget Transparency and Accountability Act [BTAA]*); and are grounded in prudent, transparent fiscal management.

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.

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. In order 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 to operate in a deficit position. Requests for deficit approval must be provided to the Ministry of Advanced Education 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.

Travel and Procurement

Institutions are asked to conduct their operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by government; including the procurement and travel practices as outlined in governments' Core Policy and Procedures Manual (CPPM). The CPPM can be accessed at: http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/CPMtoc.htm.

Post-secondary institutions are specifically being asked to have travel policies in place that promote the spirit and intent of government's travel policies.

Tuition Limit
Institutions are expected to comply with Government's tuition policy which limits existing tuition and fee increases to two percent for fiscal 2015/16.

Executive and Management Compensation
As part of the implementation of the recommendations from the BC Public Sector Compensation Review (http://www.fin.gov.bc.ca/psec/guidelines/EY%20-%20Public%20Sector%20Compensation%20Review%20October%202014.pdf) released last fall, and in keeping with the Taxpayer Accountability Principles, there will be a move towards a common compensation philosophy across the public sector. One of the guiding principles of the common philosophy will be a performance-based culture, in which compensation decisions for executive and management staff are based on merit rather than the entitlement to an annual increase.

While employers are revising their compensation philosophies, government has informed employers' associations and public sector employers that they may begin to address specific compensation issues that resulted from the wage freeze. Modest, targeted increases within existing salary ranges for management staff will be permitted based on parameters set by the Public Sector Employers' Council Secretariat. This is not a general wage increase. Any increases must be funded within existing budgets, and must not affect other efficiency targets. Executive compensation remains status quo.

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.

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 3/11, section 7, provides guidance on business travel and expense reimbursements for appointed board members (http://www.fin.gov.bc.ca/ocg/fmb/manuals/TBDirs/TBD3-11.pdf).

Capital and Real Estate
Approval letters for 2015/16 Routine Capital and Carbon Neutral Capital Program projects have been issued to your institution. If any of these funds cannot be used for the intended purpose and/or by March 31, 2016, please contact Catherine Nickerson, Director, Capital Asset Management, at Catherine.Nickerson@gov.bc.ca, as soon as possible.

Your institution's Five-Year Capital Plan submission, for the period 2016/17 to 2020/21, was due to the Ministry by July 10, 2015. This year's submission identified changes in new priority projects and whole asset replacement and renewal projects, and will enable the Ministry to develop capital priorities for future consideration.

Capital Contributions

The Ministry has implemented a capital cost-sharing policy and it is expected that capital projects will be cost shared with institutions. Ministry staff will discuss mutually appropriate cost sharing levels with institutions on a project-by-project basis.

Capital Planning

The capital planning process supports quality decision making to advance or reject a proposed project, and ensures that the right strategic decisions are being made in a structured, efficient manner. Each phase of the capital planning process requires specific tasks and activities to be undertaken and corresponding approvals from the institution, Ministry, and/or Ministry of Finance. During the planning phase, the level of due diligence increases with each deliverable to ensure that the project scope, cost, schedule, and risk profile are sufficiently accurate.

The institutions, in conjunction with the Ministry, will utilize a risk screen tool to assess the risk of capital projects. Specific project approval and oversight requirements, including Project Boards, will be determined based on the risk rating.

Business Plans and Concept Plans must include the costs and benefits of procurement options and the recommended option must deliver the best value for money over the lifecycle of the asset. Project proposals must also comply with government's requirement to be carbon neutral under the *Greenhouse Gas Reduction Targets Act* and the Province's *Wood First* legislation.

Capital Procurement

Please ensure that all capital asset procurement is in accordance with the Capital Asset Management Framework (CAMF) developed by the government for public sector bodies (http://www.fin.gov.bc.ca/tbs/camf.htm). Specifically, procurement must be fair, open, competitive, transparent, and must effectively manage, budget and schedule risk. This includes undertaking the necessary conflict of interest searches for the purpose of identifying any business and professional interests and relationships between capital project procurement team members and their advisors with proponents. All priority investment projects require a procurement options analysis and may be audited to confirm that all procurement activities have been undertaken in accordance with CAMF.

A policy to support the use of apprentices on major, publicly-funded provincial government infrastructure projects became effective July 1, 2015. The policy applies to all new, major infrastructure projects, with a provincial government investment of $15 million or more, and all related contracts valued at $500,000 or more for specified trades. Post-secondary institutions working on major projects are required to show a commitment to using apprentices on the projects. Prime contractors are also encouraged to report registered apprentices and other trainees with provincial government investments below $15 million. The policy and supporting

materials are available on government's Apprentices on Public Projects webpage at: www.gov.bc.ca/publicprojectsapprentice.

After project approval, progress reporting is required to ensure that design, construction, and project close out proceeds in accordance with the terms and conditions of the project approval letter.

Where your institution is considering a facility acquisition, either by ownership or lease, the government prefers such facilities be located along existing transit routes or, in the case of Metro Vancouver, along major transportation infrastructure.

All institutions are expected to maintain an inventory for real property in conjunction with the Ministry's Capital Asset Management System. The Ministry has provided information regarding the inventory submission process and will provide updates to the institutions regarding ongoing data maintenance.

Release of Assets for Economic Generation
As announced in *Budget 2012*, government is undertaking the Release of Assets for Economic Generation (RAEG) initiative to dispose of properties surplus to its needs and no longer of financial or strategic ownership benefit. Successful and timely implementation of property sales is an important component of government's fiscal plan. Institutions are encouraged to continue to facilitate these sales within the timelines previously discussed, as well as identify any additional surplus properties through the RAEG program. Your institution may require Ministerial approval for acquisitions and all institutions are required to identify surplus properties to the Ministry and obtain Ministerial approval for dispositions.

Greenhouse Gas Act
Institutions are expected to comply with government's requirement to be carbon neutral under the *Greenhouse Gas Reduction Targets Act.*

For more information on capital planning, acquisitions and dispositions, please visit the Ministry website: http://www.aved.gov.bc.ca/cppm/documents/carg-2014/carg.pdf.

Administrative Service Delivery Transformation
Institutions continue to play a lead role in achieving administrative efficiencies, reducing costs, avoiding cost increases, sharing best practices, and enhancing the range and quality of services across the sector through the Administrative Service Delivery Transformation (ASDT) initiative.

The first wave of ASDT collaboration opportunities is well underway, providing tangible benefits from the joint procurement of natural gas, shared information technology services led by BCNET, cash deposits into the provincial central deposit program, and reduced merchant fees. New sector agreements are being developed and/or implemented in a variety of areas including a commercial card, vending services, travel management services, office supplies, print services, and the joint procurement of welding and electrical trades training equipment in support of the *Blueprint*.

A methodology for tracking and reporting savings and benefits for the initiative was implemented in December 2014. A progress report on cost reductions and administrative efficiencies realized in fiscal 2014/15, is being developed for the fall.

A new sector-led Joint Procurement Operations Team was created in April 2015, to lead the joint procurement projects and services being undertaken on behalf of the sector, in partnership with the ASDT Collaboration Office. Institutions are expected to consider the use of a joint procurement contract first unless there are contractual barriers or negative implications.

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. For more information on the ASDT initiative, please visit: http://www.aved.gov.bc.ca/administrative_service_delivery/welcome.htm.

Central Deposit Program

The Central Deposit Program (CDP) was launched in February 2013, as a key initiative to address concerns raised by the Auditor General regarding excess liquidity and idle working capital balances in schools, universities, colleges and hospitals. The CDP delivers lower deposit risk and competitive, if not superior, deposit rates, while reducing debt costs for taxpayers and positively contributing to government's ability to fund programs such as health and education into the future.

By the end of fiscal 2014/15, 19 institutions had signed agreements and 16 had deposited funds. Feedback in the sector has been positive and the Ministry is encouraging all institutions to participate. For further information on the CDP, please contact Mr. Kevin Macmillen, Executive Director, Banking and Cash Management Branch, at (250) 387-7105 or Kevin.Macmillen@gov.bc.ca.

Support and Services to Students

Open Education Resources

Institutions are expected to continue to support the use of open education resources, including government's Open Textbook initiative, to increase affordability for students and their families.

Credit Transfer

Institutions are expected to continue to work together to support a seamless and sustainable transfer system that enables a broad range of educational pathway options for British Columbia students.

Common Online Application Platform

The Ministry has established an Advisory Committee to prepare recommendations for the design, development and implementation of a proposed Common Online Application Platform (COAP). Institutions are encouraged to support the work of this committee and its working groups, as and when requested. All public institutions will have an opportunity to review the recommendations put forward by the COAP Advisory Committee and will be engaged in future detailed planning.

Thank you for your continuing 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 Ms. Donna Friedlander, Director, Post-Secondary Finance, at (250) 387-6142 or Donna.Friedlander@gov.bc.ca.

Sincerely,

Kevin Brewster
Assistant Deputy Minister

Attachments

pc: Dr. Peter Nunoda, President
Vancouver Community College

Sandra Carroll, Deputy Minister
Ministry of Advanced Education

Claire Avison, Assistant Deputy Minister
Sector Strategy and Quality Assurance Division
Ministry of Advanced Education

Bobbi Plecas, Assistant Deputy Minister
Institutions and Programs Division
Ministry of Advanced Education

Kevin Macmillen, Executive Director
Banking and Cash Management Branch
Ministry of Finance

Donna Friedlander, Director, Post-Secondary Finance
Post-Secondary Finance Branch
Ministry of Advanced Education

Attachment 1
As at July 29, 2015
Vancouver Community College
Fiscal 2015/16 Operating Grant and Student FTE Targets

	2015/16					
	FTEs			Operating Grant		
	Targeted	Base	Total	Targeted	Base	Total
AVED 2015/16 Budget	**662**	**5,859**	**6,521**	**$6,803,786**	**$37,817,775**	**$44,621,561**
Fiscal 2014/15	436	6,085	**6,521**	$4,523,786	$41,345,560	**$45,869,346**
Year over Year Change	*226*	*(226)*		*$2,280,000*	*($3,527,785)*	*($1,247,785)*
Details of Change from Prior Year						
Post-secondary Sector Administrative Efficiencies					($627,027)	($627,027)
ABE Tuition Recovery					($620,758)	($620,758)
Skills Gap Plan	226	(226)		$2,280,000	($2,280,000)	
Economic Stability Mandate					TBD	
Subtotal of Change from Prior Year	***226***	***(226)***		***$2,280,000***	***($3,527,785)***	***($1,247,785)***

			Target Funded FTES						
VCC Program FTE Details	**FUNS Code**	**CIP Code**	**Blueprint Baseline**	**14/15 Skills Gap Plan**	**15/16 Skills Gap Plan**	**Total Skills Gap Plan FTEs**	**Total Target Funded**	**Base Funded Target**	**Total FTE Target**
Health									
RNs, PNs and HCAs									
Bachelor of Science in Nursing	NURS	51.3801	129				129		129
Licensed Practical Nurse	NLPN	51.3901	73				73	137	210
Health Care Assistant	NRCA	51.3902	54				54	54	108
Health Care Assistant - ESL	NRCA	51.3902	16				16	12	28
Acute Care for Health Care Assistant	NRCA	51.3902	23				23		23
Subtotal			295				295	203	498
Allied Health									
Allied Health	HLTH	51.0000	37				37	306	343
Subtotal			37				37	306	343
Total Health			**332**				**332**	**509**	**841**
Developmental									
Developmental	DEV	Multiple						2,518	2,518
Total Developmental								**2,518**	**2,518**
Other Skills Gap Plan Programs									
Administrative Assistant	AVED	5204		84		84	84		84
Early Childhood Education	AVED	1907		10		10	10		10
Interior Design	AVED	5004		10		10	10		10
Hospitality Management Diploma	AVED	5209			90	90	90		90
Provincial Instructor Diploma	AVED	1312			110	110	110		110
Health Unit Coordinator	AVED	5107			26	26	26		26
Total VCC Skills Gap Plan FTE Target				**104**	**226**	**330**	**330**		**330**
AVED Undergraduate Balance	AVED	Multiple						2,832	2,832
Total FTE Targets			**332**	**104**	**226**	**330**	**662**	**5,859**	**6,521**