

Town Halls

Budget 2015/16

November 2014

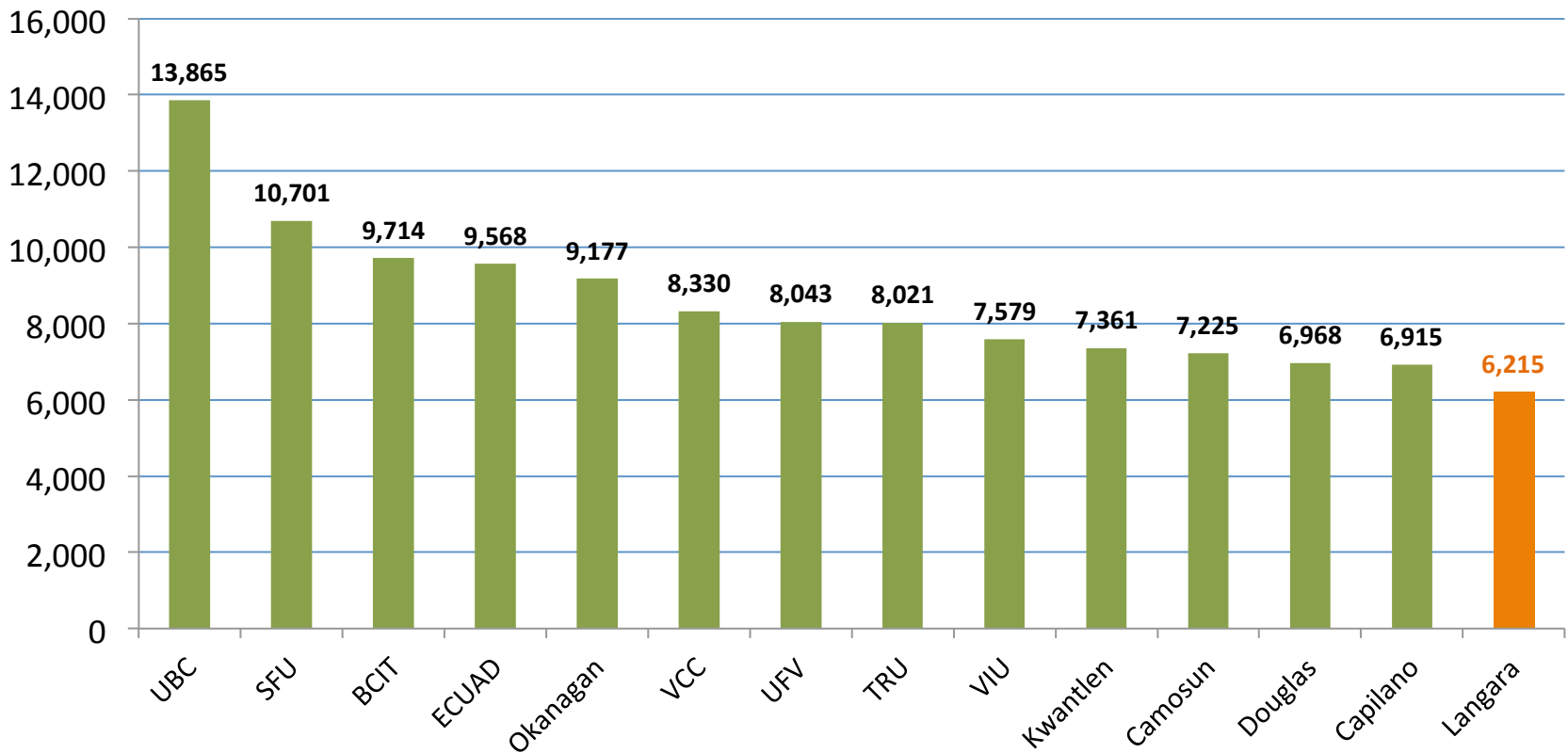
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Agenda

- Environmental context
- Langara historical information
- Current year budget
- International education
- 2015/16 Budget and beyond
- Questions

AVED Operating Grants Per FTE for 2013/14

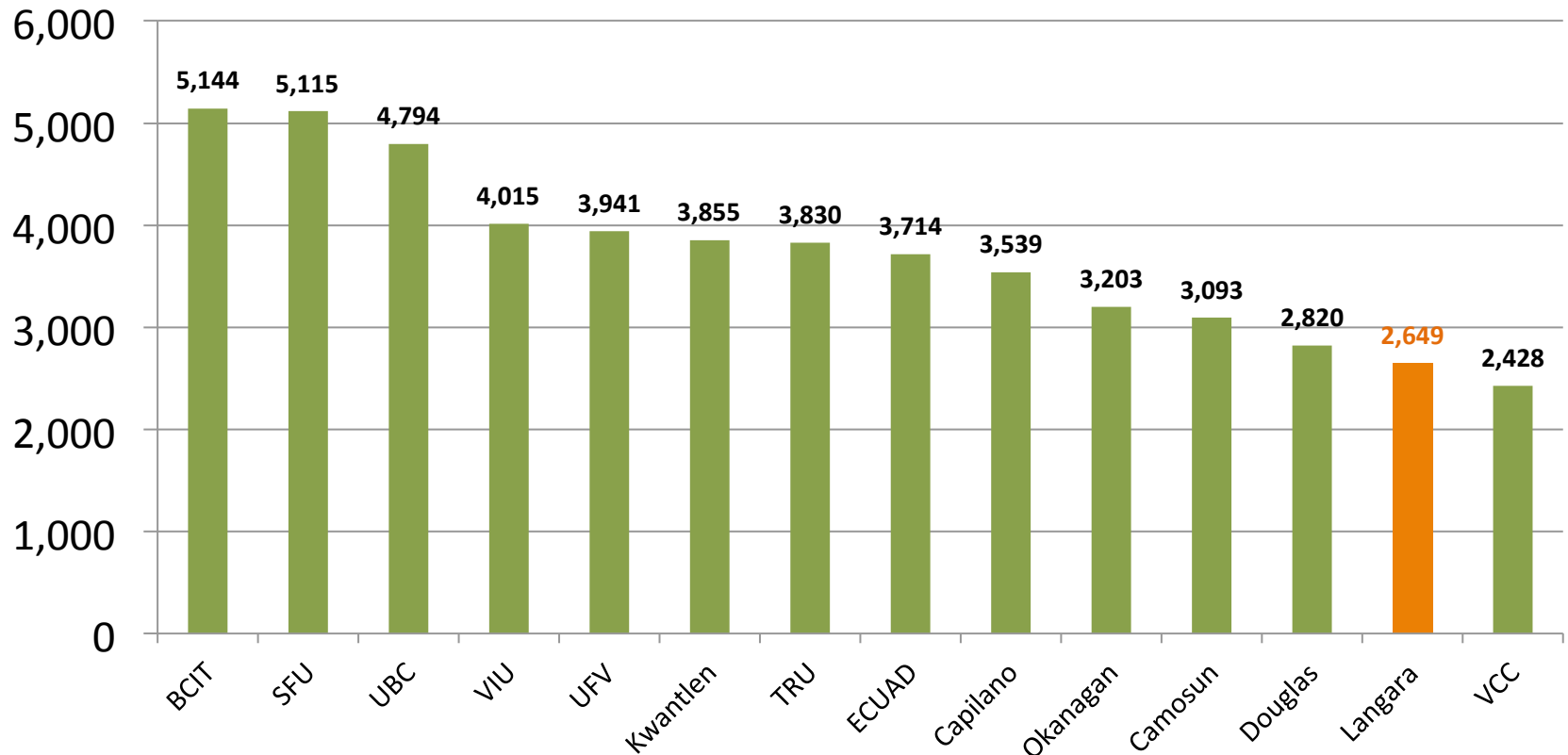


Source: Ministry of Advanced Education 2013/14 Budget Letters

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Domestic 2013/14 Tuition Fees Comparison



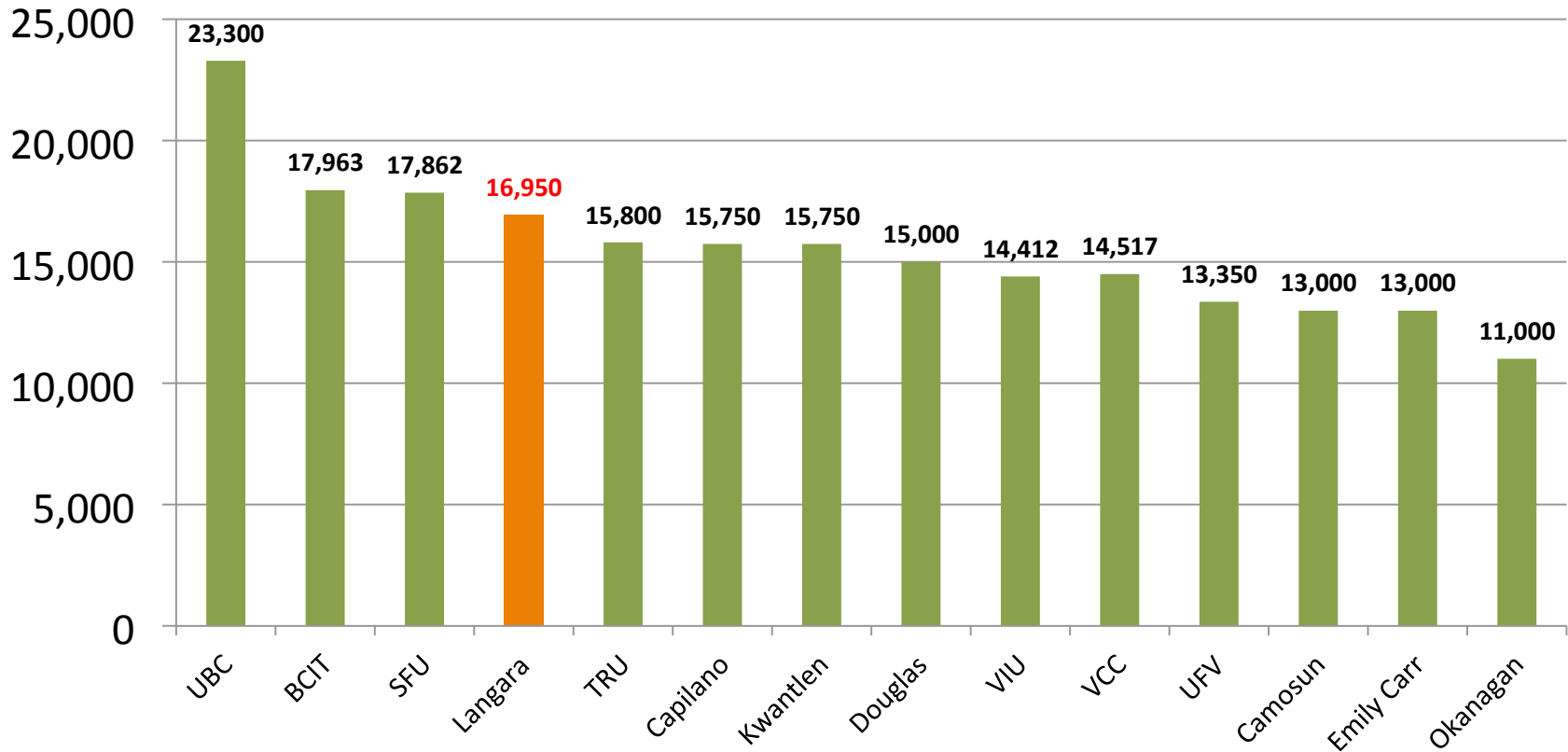
Tuition amounts reflect full-time studies (30 credits) over two semesters with five classes per semester

Source: Ministry of Advanced Education via E-mail Confirmations from Public Post-Secondary Institutions

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International 2013/14 Tuition Fees Comparison



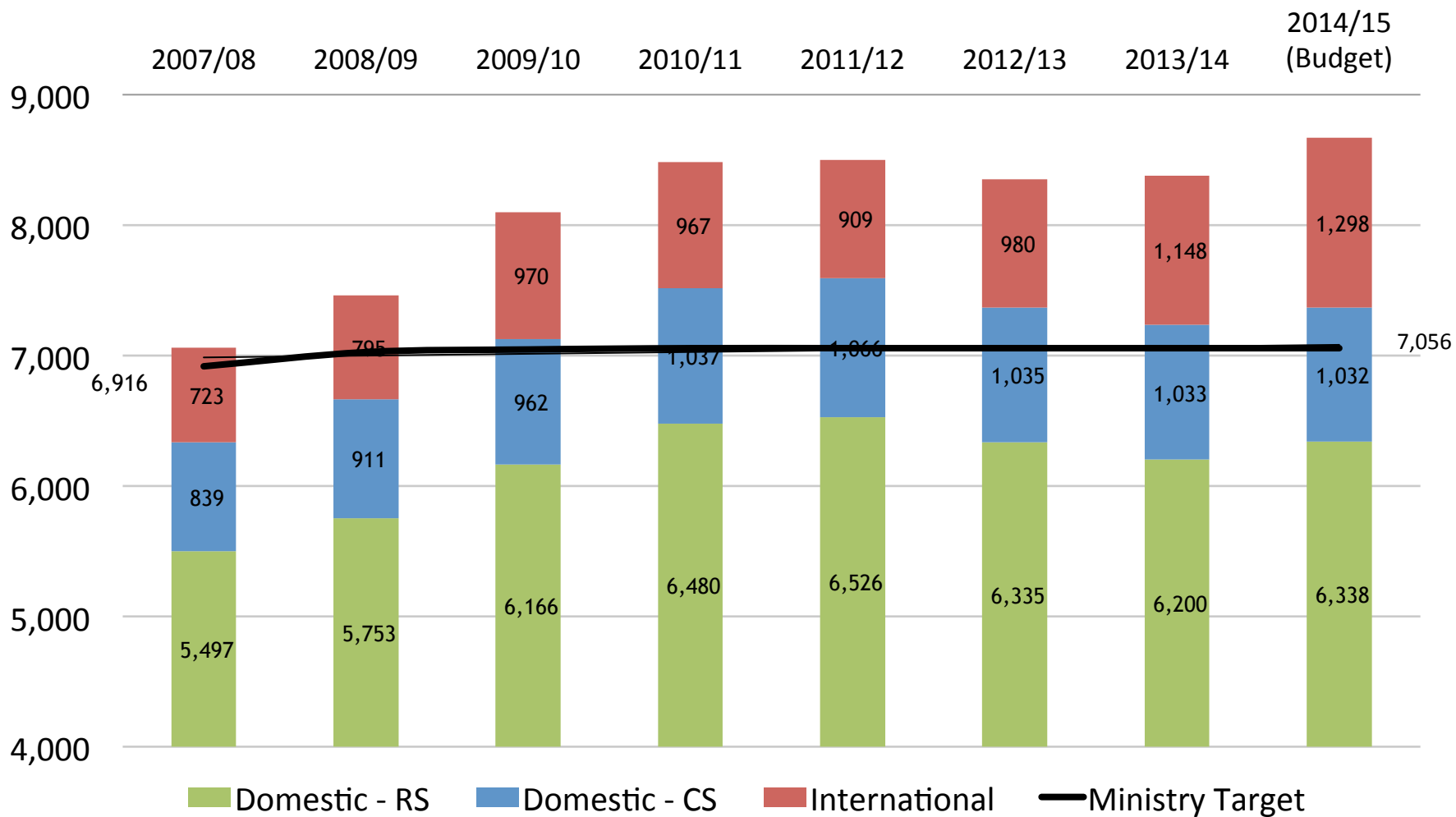
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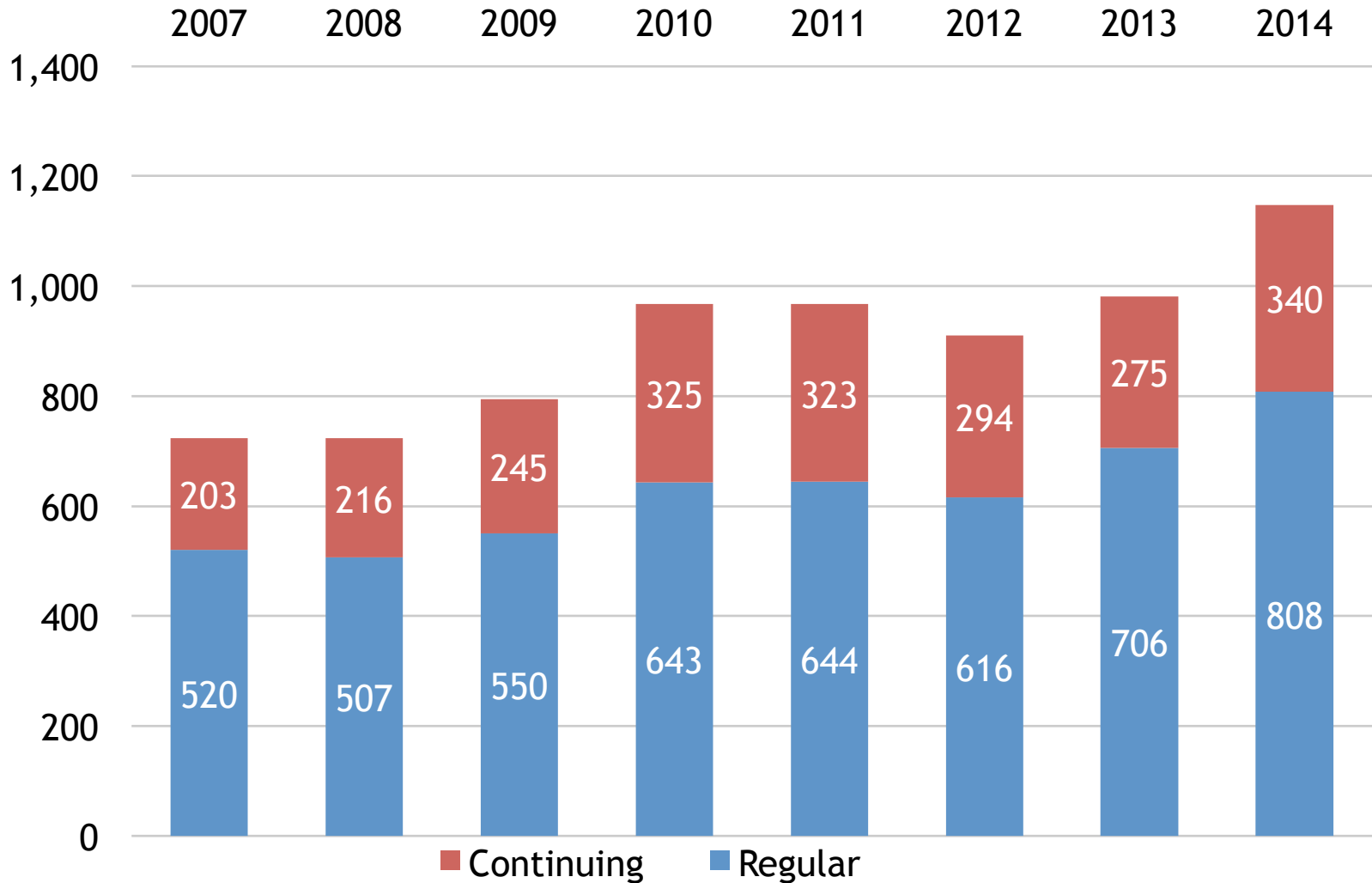
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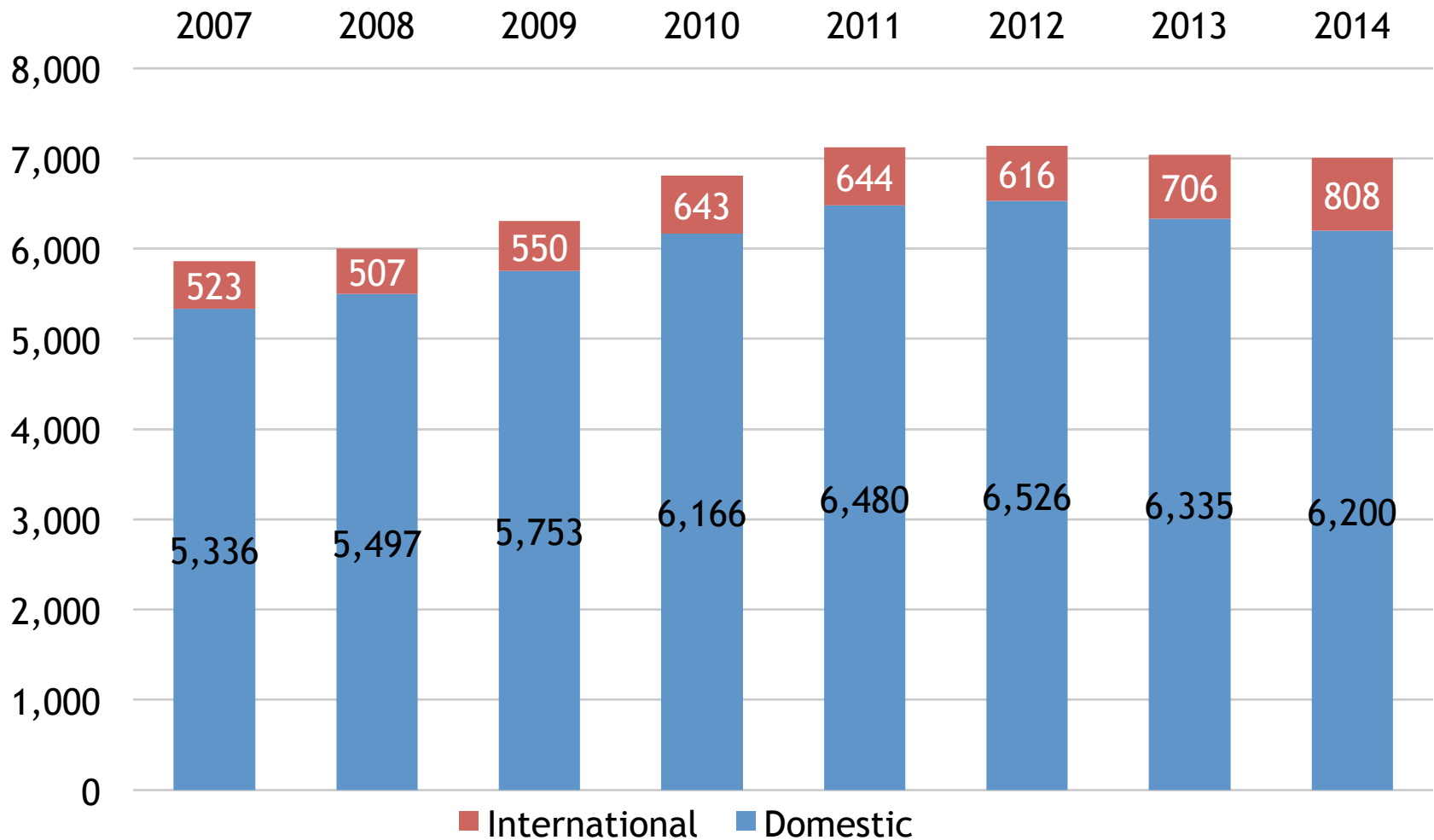
Enrolment Levels



Enrolment Levels – International

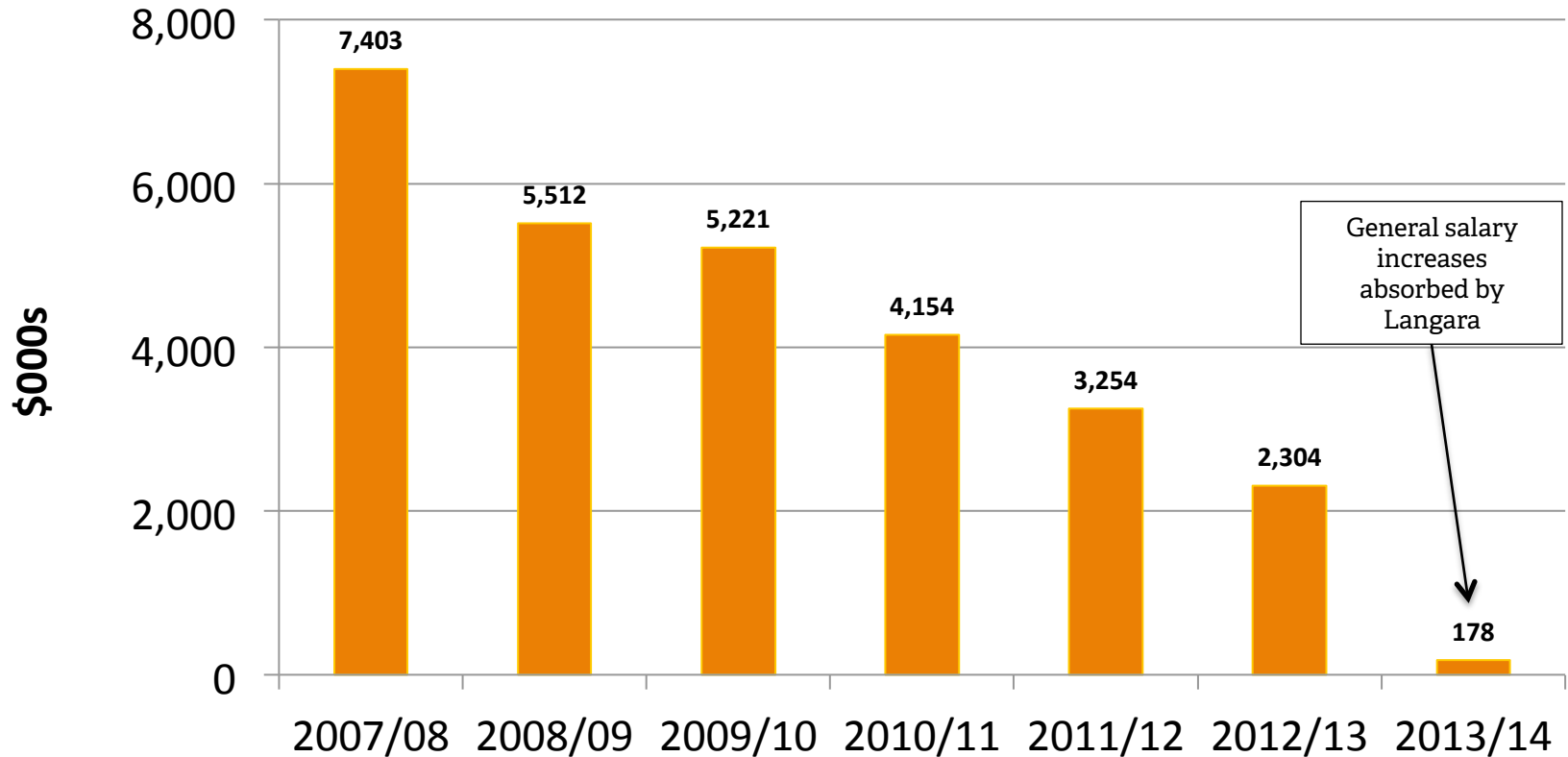


Enrolment Levels – Regular Studies



Annual Operating Surplus

(in \$000s)



Changes to Surplus – 2007 to 2014

Major revenue changes		
Domestic RS tuition volume & rate increase	\$3.6	million
International RS tuition volume & rate increase	6.8	
CS contribution increase	0.7	
Ministry grant increase (amortization & nursing growth)	4.8	
Ministry grant decrease	(.5)	
Major expense changes		
Benefit rate & increment increases	(4.8)	
Non-salary increases	(2.4)	
General salary increase without government funding	(2.0)	
Employee number increases	(11.5)	
Asset amortization	<u>(2.4)</u>	
Total changes	<u>(\$7.7)</u>	million

Science & Technology Building

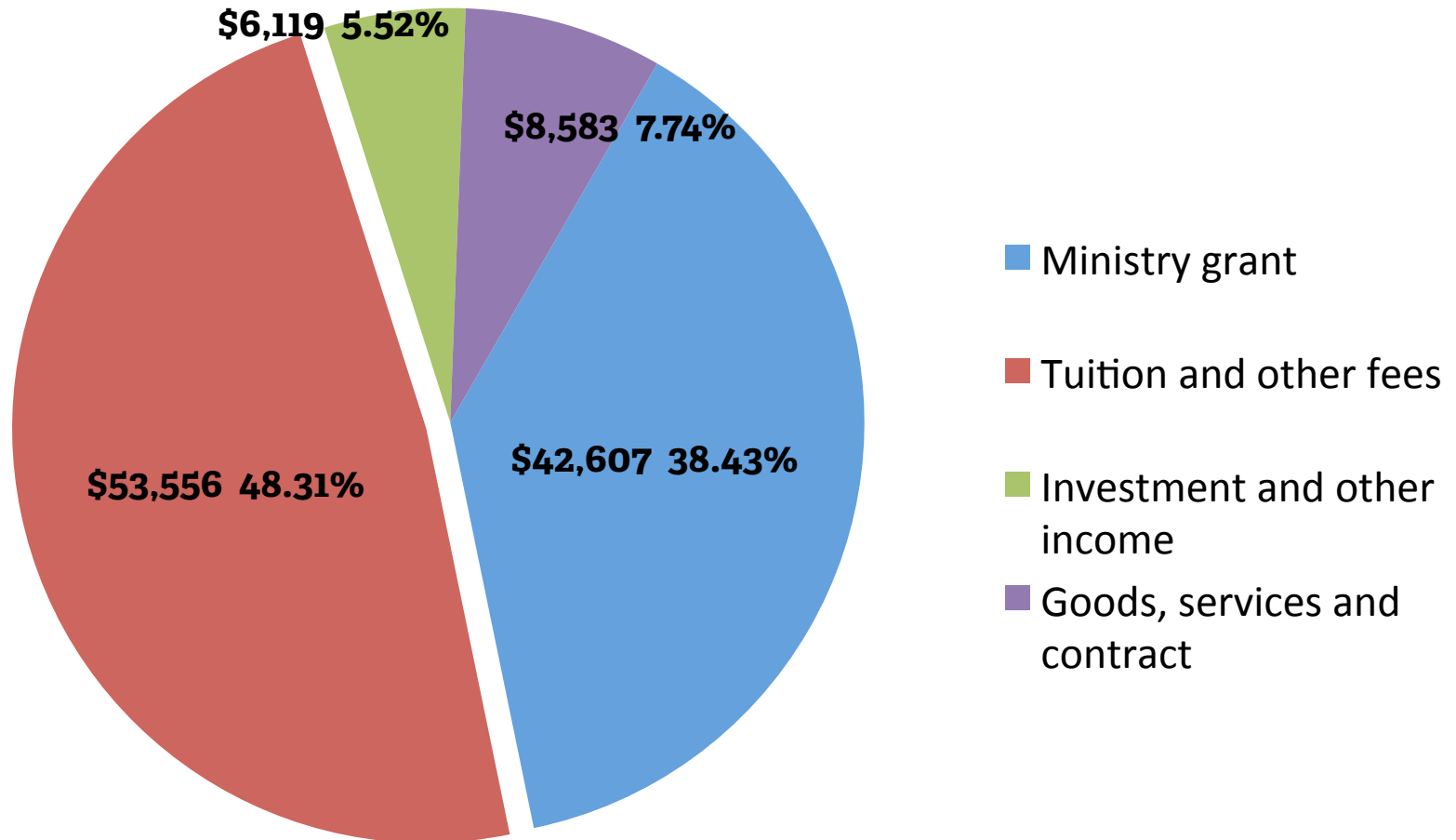
Impact on Budget & Creating Future Opportunities

- Increased operating costs are offset by the return of CS programming from 601 W. Broadway.
- Budget changes once building is complete (2017/18 fiscal year):

Annual amortization:	\$1.0 million
Reduced interest income:	\$0.8 million
- The building does have an impact on the budget: it has accelerated the budget gap by one year.
- The annual gap beyond 2017/18 is expected to be approximately \$1.5 million annually.
- Provides physical capacity to expand International Education, Continuing Studies and Regular Studies programming in the future.
- Is using the Building Legacy Fund to balance operations appropriate?

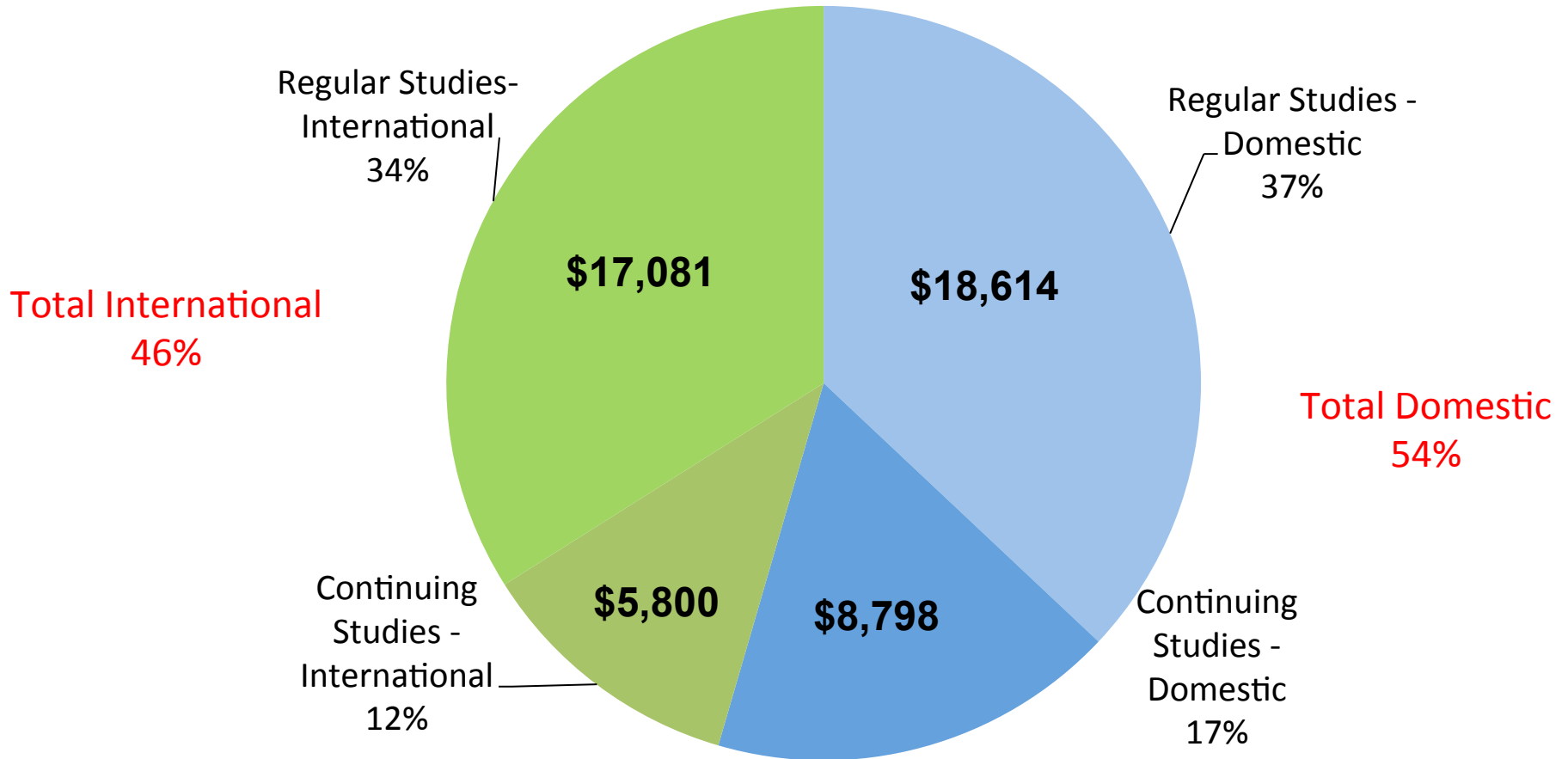
2014/15 Revenue Budget

(in 000's)



Tuition Revenues – 2014/15 Budget

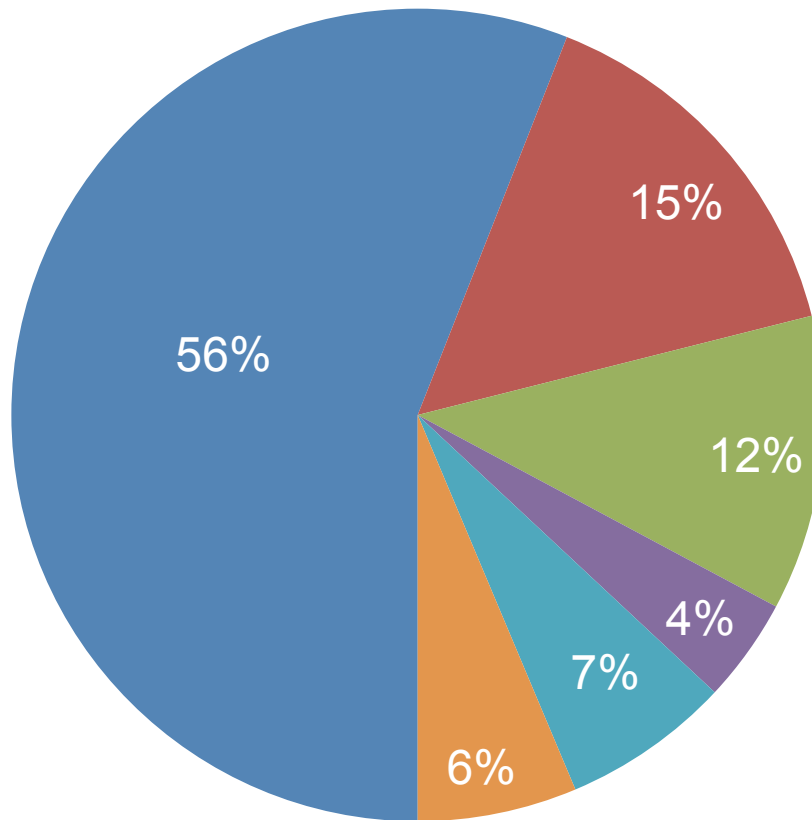
(in 000's)



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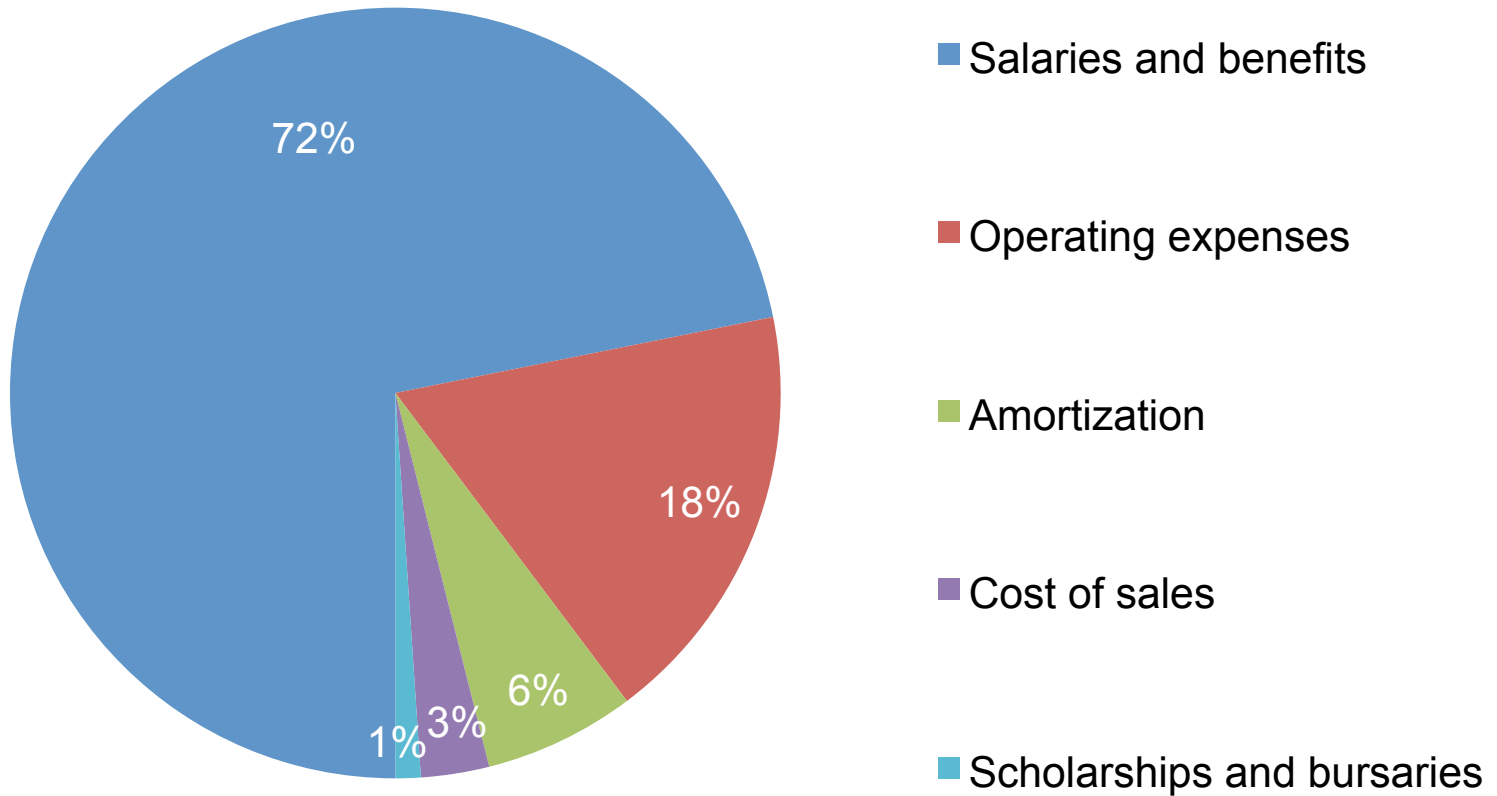
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2014/15 Expenses Budget



- Instruction & Instructional admin.
- Library, tech., & student services
- Business services
- Facilities
- Cost of sales, ancillary, & student awards
- Amortization

2014/15 Expenses Budget by Object



Size Indicators for Langara

	2007	2014	Change
Student FTE – Regular Studies	6,020	7,008	17%
Student FTE – Continuing Studies	1,042	1,373	32%
Student applications	13,224	14,355	9%
Staff FTE	219	246	12%
Faculty FTE – instruction & other	341	384	13%
Faculty FTE – administrative duty time	25	31	24%
Expenditures	\$75.6 M	\$106.3 M	41%

Changes to Administration

	2007	2014
President, VP's	2	4
AVP's, Directors. Managers	31	44
Academic	2	3
Administrative exempt support	11	21
Continuing Studies/International Education	<u>18</u>	<u>24</u>
Total	<u>64</u>	<u>96</u>

At least eight positions were created from vacant staff positions & four positions were transfers from staff positions by agreement with CUPE.

The percentage increase is 50%, adjusting for resource transfer, the increase is 25%.

International FTE & Budgeting

- In 2014/15 we budgeted tuition revenue from 860 International & 6,340 domestic RS FTE
- The sections budgeted in RS included all sections for both international & domestic students
- We only add sections to RS when international demand exceeds the overall International FTE budget – no sections are held in reserve
- In 2013/14 Langara was at 102.5% of government target; 2014/15 will be lower

International Support of Domestic Enrolments

Information (2014/15)

Domestic tuition/FTE	= \$2,700
International tuition/FTE	= \$17,000
Total RS tuition revenue	= \$18.6 million
Direct international recruitment cost	= \$3.7 million
International seats filled	= 8,600 or 860 FTE
Faculty cost	= \$106,000 for 8 classes

International Support of Domestic Enrolments (continued)

Model

One class is comprised of 20 domestic & 15 international

Number of classes = $8,600 / 15 = 573$ classes

Number of domestic students = $573 * 20 = 11,460$ or
1,146 FTE

Revenue from domestic = $1,146 * \$2,700 = \3.1 million

Faculty costs = $573 * \$106,000 / 8 = \7.6 million

If the 573 classes disappeared, so would the 1,146 domestic FTE

International Support of Domestic Enrolments (continued)

Budget Impact

International tuition	\$18.6 million
Domestic tuition	3.1 million
Direct IE costs	(3.7 million)
Faculty costs	<u>(7.6 million)</u>

Contribution \$ 10.4 million

If the 573 classes disappeared, so would the 1,146 FTE or to keep the classes we would have to find \$11.4 million

Direct Instruction to Domestic Tuition Relationship

Tuition from 35 domestic students	\$9,800
Direct instruction only cost (low end of salary & benefits)	<u>\$13,000</u>
Difference	<u>\$3,200</u>

Each class of domestic students is supported by revenue from other sources.

Langara Sustainability

- Only \$60 million of \$110 million comes from government & regular studies tuition.
- Langara spends \$50 million on regular studies instruction & library services
- International tuition supports approximately 1,100 FTE regular studies.
- Continuing Studies provides over 1,000 FTE towards meeting the government FTE target and generates over \$2.5 million in net contribution to support other activities.
- Using half the CS contribution to support regular studies enrolments provides seats for about 1,100 FTE.
- What size would we be without these other sources of revenue?
- How long are we able to continue growing other revenue sources to support base operations?
- How many international students do we want?

Budget Forecast - Planning Assumptions

2015/16 to 2017/18 (revised)

- Langara meets government's reengineering targets over the four year period.
- Langara meets government's overall enrolment targets.
- No further government funding cuts.

- Government fully funds any new collective agreement settlements.
- Government allows us to start charging domestic ESL at rates anticipated when 2014/15 budget was built.

- There is no provision for exempt salary freeze being rescinded for the last mandate. Potential impact is \$400,000.

- Any new initiatives will support government reengineering targets and support our fiscal sustainability.
- Non-salary increases do not exceed inflation (this is unlikely due to increasing IT & energy costs).

Budget Forecast - Planning Assumptions

2015/16 to 2017/18 (revised)

- Domestic RS tuition fee increases are already built into projection at 2% per year.
- Decrease of 100 FTE in RS domestic enrolments from 2013/14 result in 2014/15.
- Further decrease of 50 FTE in each of 2015/16 to 2017/18 years.
- RS domestic enrolment change of 100 FTE equals approximately \$270,000 revenue.
- Direct cost of delivering 100 FTE of RS domestic equals approximately \$400,000.

- International enrolment targets are met over the long term.
- No increase in international rates, international rate increase of 1% equals about \$200,000.

- CS increase based upon a 20% contribution margin. No expected increase in 2015/16.
- CS will meet their contribution margin targets.

- Section needs for reengineering of programming in all years are met through reallocation – there is no indication of additional funding coming from government to support the reengineering initiative.
- Overall sections in 2015/16 is held constant at 2014/15 level.
- Anticipate growth of 40 sections in 2016/17 & 2017/18 to support growth in international enrolments.

Budget Forecast

2015/16 to 2017/18 (March Board meeting)

If nothing changes...

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Opening Budget	-	-	-
Budget impacts already identified			
Investment income (decrease due to new building)	(480)	(190)	(190)
Employee increments and benefit rate increases	(1,350)	(1,000)	(1,000)
Inflation & other (net of domestic fee increase)	(255)	(298)	(293)
Facilities costs (due to exhaustion of ACA)	(500)	-	-
Amortization due to new building	(275)	(693)	(947)
Projected Budget Gaps as of March 2014 Board meeting (Annual Gap)	<u>(2,860)</u>	<u>(2,181)</u>	<u>(2,430)</u>
Cumulative Gap	<u>(2,860)</u>	<u>(5,041)</u>	<u>(7,471)</u>

Budget Forecast

2015/16 to 2017/18 (revised August 31)

Planned & other identified changes

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
<u>Planned changes & other identified changes</u>			
2015/16 increase RS international FTE @ 100 FTE	1,700		
2016/17 increase RS international FTE @ 125 FTE		2,125	
2017/18 increase RS international FTE @ 125 FTE			2,125
Recruitment expenses (20%)	(340)	(425)	(425)
Agent fees (10%)	(170)	(213)	(213)
IE student support expenses (20%)	(340)	(425)	(425)
New sections for RS international enrolments	-	(530)	(530)
Additional CS contribution	-	150	150
Move domestic RS tuition budget to 2013/14 actual	(300)	-	-
Further decline in RS domestic FTE of 100 FTE in 2014/15	(270)	-	-
Continued decrease in RS domestic tuition (50 FTE per year)	(135)	(135)	(135)
Planned changes impact	145	547	547
Initial Projected Annual Gap	(2,860)	(2,181)	(2,430)
Adjusted Annual Gap	(2,715)	(1,634)	(1,883)
Cumulative Gap	(2,715)	(4,349)	(6,232)

Budget Planning Process for FY2015/16

June 2014	July/ August	September	October/ November	December	January/ February	March 2015
Presentation to LC, LLT, Chairs and Coordinators on budget for FY 2015/16 to 2017/18	Work continues on analyzing current environment and early 2014/15 results for impact on budget for FY 2015/16 & beyond.	College wide notification of budget forecast for FY2015/16 Task force created to develop budget principles Website set up seeking college input	Task force on budget principles reports to LLT toward end of October and to LC in early November	Feedback from community, town halls, and consultation with stakeholders integrated into the FY2015/16 thru FY 2017/18 budget	January report on proposed budget for FY 2015/16 and steps taken to balance budget Feedback received & considered from stakeholders on proposed budget	FY 2015/16 budget finalized and presented to LLT and LC for recommendation
Presentation to Board		Presentation to LC	Town halls, department meetings and consultations with stakeholders Presentation to Board in November		Presentation to Board Town halls	Budget presented to Board Fiscal outlook to 2018/19 presented to Board
Senior staff identifying potential opportunities to close budget gap.						

Process to Develop Budget Principles

- Formed task force of faculty, staff, faculty leadership, administrative leadership
- Met three times plus small work group sessions
- Sought advice from Langara Council, Langara Leadership Team, Senior Leadership Team
- Seeking advice through town halls
- Take advice back to task force for final recommendation to SLT
- Acceptance by SLT in late November

Budget Principles

- **Budget decisions must:**
 - promote learning, teaching and student support
 - honour commitments to existing students, within reasonable limits;
 - respect collective agreements; and,
 - adhere to government legislation and regulations.

Budget Principles (continued)

- **Budget decisions will:**
 - align funding allocations with institutional goals and values as identified in the Strategic and Academic plans;
 - be based on the best available information and analysis;
 - encourage revenue growth;
 - ensure revenue generation is consistent with institutional priorities;
 - support entrepreneurial activities when positive return is projected within an acceptable risk-tolerance level;
 - invest for future savings as appropriate;
 - strategically invest in resources that promote student success and increase efficiency of business systems; and
 - attempt to anticipate unintended consequences.

Budget Principles (continued)

- **When balancing revenues and expenses:**
 - increasing revenues is the preferred alternative to reducing expenses;
 - pursue savings through efficiencies in business processes and practices; and
 - when considering expense reductions:
 - non-salary reductions should be considered before changes to salary commitments;
 - allocation of limited resources shall be according to institutional priorities.

Budget Principles (continued)

- **Senior Leadership will:**
 - explain in advance the budget process, including the timetable for developing the budget and opportunities for consultation;
 - make timelines available near the beginning of each fiscal year; and
 - ensure that financial data on revenue and expenses is available to internal stakeholders in a manner that allows comparisons and summaries.

Information & Suggestions

Email suggestions & comments

budget2015@langara.bc.ca

Web site for information

[http://www.langara.bc.ca/departments/financial-services/
planning.html](http://www.langara.bc.ca/departments/financial-services/planning.html)

Questions