

## **2014-15 Budget FAQs**

### **1. What is the impact of the adopted 2014-15 Budget on employees?**

All departments contributed to balancing the budget through the 5% reduction exercise. Faculty members who are affected by the budget cuts have been issued reduction notices as per the CFA collective agreement. Individual departments and HR will be working directly with staff employees who are affected by the budget cuts. Any staff employees who are subsequently bumped as a result of this layoff process will be contacted by their department and HR as per the timelines in the collective agreement.

Employees are encouraged to talk to HR and/or their union representative to understand their options under the collective agreement.

### **2. Which programs are discontinued in the 2014-15 Budget?**

Two programs were discontinued in the 2014-15 Budget: Professional Scuba Dive Instructor Certificate and Business Administration for International Students diploma (BAID). Both are programs that were put forward by their faculties in the 5% reduction exercise.

### **3. What is the context of Capilano University's budget situation?**

All post-secondary institutions are required by law to adopt a balanced budget. Capilano University receives the lowest per-student funding of any B.C. university. We continue to advocate with the provincial government for an increase to our grant as well as consider revenue-generating opportunities in an effort to ensure the long-term sustainability of the university.

Capilano's tuition fees average \$ 3,470 and are lower than any other university in British Columbia. Tuition fee increases are capped by the provincial government, so Capilano is unable to generate additional revenue by increasing tuition.

The university is not permitted to spend its reserve (surpluses we have accumulated over the years) without the approval of the Ministry of Advanced Education and the Ministry of Finance. Capilano and other B.C. universities have made requests to access their reserves, but those requests continue to be denied.

### **4. What was the process for reviewing the budget this year?**

The Senate Budget Advisory Committee (SBAC), comprised of representatives from across the university community, including faculty, staff, administration and students, reviewed the

recommended budget and sought input in the development of the 2014-15 budget. They held a number of campus-wide forums and received feedback through an online an input form.

Additionally, the campus community was asked to look for 5% savings in their respective areas in order to address the \$2M deficit and balance the 2014-15 Budget. All areas put forward proposals to reduce their budget by 5% or provided revenue-generating offsets. The SBAC worked diligently to review the recommendations put forth by all areas, and the Executive team provided their recommendations to the SBAC based on those solutions.

#### **5. How can there be budget add-ons when everyone has to make budget reductions?**

The 2014-15 Budget was balanced through a combination of budget reductions and investments. These investments contribute to the sustainability of the university in the long term and include: support for critical IT projects, accreditation reporting requirements, support to enhance university communications, and international student recruiting.

#### **6. How was last year's budget (Budget 2013-14) resolved?**

The university is not permitted to run a deficit without prior approval from the government. Throughout the year Capilano monitors its progress against the approved budget. In January 2014 the university was operating at a deficit, and took action by asking all departments to reduce their annual spending by 3%. Our expectation was that the reduction in spending would result in a balanced budget.

Two extraordinary events in the fourth quarter resulted in an unexpected surplus of \$1.337 million: a change in investment managers and a CRA GST audit. The change in investment managers required our funds to be sold by the outgoing firm and purchased by the incoming firm. That transaction occurred while the markets were up, and resulted in earnings of \$1.684 million: a function of timing and market forces – both out of the university's control. Additionally, a CRA GST audit resulted in an expense of \$397,000. Without these two events, the surplus would have been \$50,000 or 0.06% of revenue.

Any surplus becomes part of the reserves. We are not permitted to spend the reserve without the approval of Ministry of Advanced Education and the Ministry of Finance. Capilano and other BC Universities have made requests to access their reserves, but so far those requests continue to be denied.

#### **7. What can we expect for the 2015-16 Budget year?**

The completion of the university's first Academic Plan, the strategic planning process, the BC Blueprint to re-engineer education and training, as well as the outcome of the government's Core Review process will all contribute to setting the course for next year's budget. Conversations with government will continue to try to bring Capilano University's funding in line with that of other post-secondary institutions in the province. Additionally, the process of budget consultation will begin again in the Fall of 2014.

This is a difficult landscape for all post-secondary institutions in BC. Capilano will be able to meet the challenges ahead through continued collaboration and maintaining the focus on positive outcomes for our students.