UFV Budget Model

INTRODUCTION

The UFV budget is intended to support the universities goals and missions while maintaining accountability and transparency. Recognizing the limited resources available, the budget model will attempt to remain simplified for administration, while providing greater flexibility. Revenue streams will be defined as well as the allocation methods. Expense budgets will be funded using the 2011/2012 budget as base. Initial budgets will not be altered as a result of implementing the budget model. To maintain the financial viability of the institution the budget model will work to balance 6 key targets:

- Domestic FTE
  - Ensure we meet Ministry FTE targets
- International Enrolments
  - Ensure International revenue streams continue; one area of potential revenue growth
- Contractual Obligations
  - Maintain Faculty/Sessional ratios as per CA
- Meet Budgeted Tuition Targets
  - Ensure our revenues match our expenses
- Expense Budgets are maintained
  - Ensure expenses stay within budget
- Admin/Academic Co-dependence on revenues
  - Both Administration and Academic budgets are effected as revenues change (maintain 60/40 budget ratio)

BUDGET MODEL OVERVIEW

The budget model will assume that our current program mix and organizational structure will be the basis on which the budget is initially allocated and will assume that we are operating efficiently and effectively within that allocation. The initial budget will therefore be based on the Fiscal 11/12 budget as the starting point. Each academic and administrative area will be allocated an equivalent portion of revenue to meet their expense budget. Revenue producing areas will be responsible for meeting revenue targets based on current revenue generation. Targets and budget variances will be maintained at the divisional level and not the department level; however, department level detail will be used to provide information for administrative decisions. Administrators will be able to move funds around within their area in order to meet divisional targets. Revenues are shared between academic and administrative areas to share risk.

Tuition generation will be a targeted budgeted for Faculties to meet. Tuition revenue will be split between academic and administrative areas for both Domestic and International tuition revenue. Other student fees revenue budgets will be allocated to the appropriate areas for which they are generated for. Revenue allocations to administrative divisions will be allocated based on their prorated budgets. The difference between these budgeted revenues and the areas expense budget will be made up by the provincial funding which will then remain static. Any new provincial funding will be planned and targeted, with the general allocation to be split 60% academic and 40% administrative.

Tuition and FTE targets are expected to be met within the given expense budgets and within contractual boundaries. FTE Targets will be based on 3 year rolling average adjusted for projected change in FTEs. Any additional sections offered above the budgeted amount or any new releases not currently within the budget will have a surcharge attached to it to cover the cost of maintaining the mandatory FT and PT faculty ratio. These funds would be maintained in a pooled account and will top-up a FT position when sufficient funds are collected.

Any expense deficits not covered by surplus tuition within the area will be carried forward by the academic or administrative area and a plan will need to be made to address the deficit in the following year. Surpluses from expense accounts, excluding salary accounts, will carry forward in the areas one-time accounts for one-time and capital expenditures. Likewise, any surplus tuition revenue not used to cover expense deficits will also carry forward in the related academic and administrative unit's one-time account. Onetime accounts will be monitored to ensure carry forward amounts do not become excessive to prevent issues in financial reporting. Budget plans for one-time accounts and special project accounts will need to be provided annually for financial reporting requirements.

An initiatives and innovations fund will also be established using the savings from vacant positions and new positions not yet filled. This fund will be administered by the VP group to fund the development of new programs and services that further the institution in its strategic plan. It may also assist areas with projected deficits going through a transition phase or reorganization.

DIVISIONS

Academic

- College of Arts
- Faculty of Access & Open Studies
- Faculty of Health Sciences
- Faculty of Professional Studies
- Faculty of Science
- Faculty of Trades & Technology

Administration

- Board Office & President
- Provost & VP Academic

- CFO
- VP External
- VP Student
- Director Student Services
- AVP Employee Services
- AVP Research
- University Wide

REVENUES

Domestic Tuition

Budgeted domestic tuition will be allocated to faculties based on fiscal 11/12 funded sections and expected tuition generation at 60%. Tuition revenue generated above budgeted amount due to increased enrolments will be allocated to Faculty Administrators Discretionary account, less 40% that would be allocated to support services discretionary accounts. However, if the increased revenue is generated as a result of offering more sections then budgeted, the transferred amount would be adjusted for any salary shortfalls within the faculty as well as a per section cost adjustment to address contractual instructional faculty ratios. These adjustments would occur at year end.

International Tuition

The International education office and related activities will be fully funded from international tuition and other international student fees. The international Education office will be allocated an amount per student per semester. Faculties will be allocated international tuition budget based on prior year international credit enrolments and allocated using a rate established cover faculty and academic department costs. The allocation of International tuition budget allocated to operating accounts will be distributed roughly 80% to academic areas and 20% to administrative areas. There will be a midyear adjustment based on projected international enrolments to year end to ensure that provincially funded domestic students are not displaced by international students. Roughly 30% of international tuition will be allocated to the international office, 50% will be allocated as a contribution to operating, 15% will be allocated to capital and an additional 5% will be budgeted as a contingency and if not used will be allocated to capital. Increases to the international tuition rate will be used to cover a portion of annual contractual obligations centrally.

Provincial Grant

The provincial Grant will be allocated to departments as a top-up to all operating accounts in the amount left unfunded by other revenue sources up to the 11/12 annual budget in the initial year of the budget model's implementation. Allocations will remain the same in subsequent years until the funding envelope changes. However, any changes in FTE allocations between faculties will result in a redistribution of provincial grant in the affected accounts.

Ancillary Student Fees

The ancillary fees will be allocated to

- Legacy Fund
- Capital building projects
- Student Insurance
- Photo ID
- IT
- Library
- Athletics
- Student Life
- A&R
- Counselling

Continuing Studies & Contract Training

Continuing Studies will continue to provide a contribution to UFV operating budget at 11/12 levels. New programing continuing studies and contract training will continue to support the continuing studies office, provide a 10% levy on revenues to operating and contribute 50% of net profits to operating, remainder is a contribution to the home faculty area.

EXPENSES

Faculty ratios

Faculty FT & PT ratios have been balanced institutionally. Therefore any new sections or new releases not currently with in the budget will be charged a surcharge that covers the difference between a sessional section amount and the amount needed to fund a section with a 75% FT faculty salary and 25% sessional cost. These surcharges will go toward funding new FT faculty positions as sufficient funding is accumulated to maintain the required ratio.

Expense Variances

Deficits in divisions that are not covered by surplus revenues generated for the area will be carried forward to the following fiscal year and a plan to address the deficit will need to be submitted to the VP group. Any savings from expense accounts, except salary accounts, will be carried forward into the division’s one-time account; unless needed to cover deficits. Any remaining savings from salary accounts, not transferred to the initiatives and innovations fund will be transferred to institutional capital project accounts.

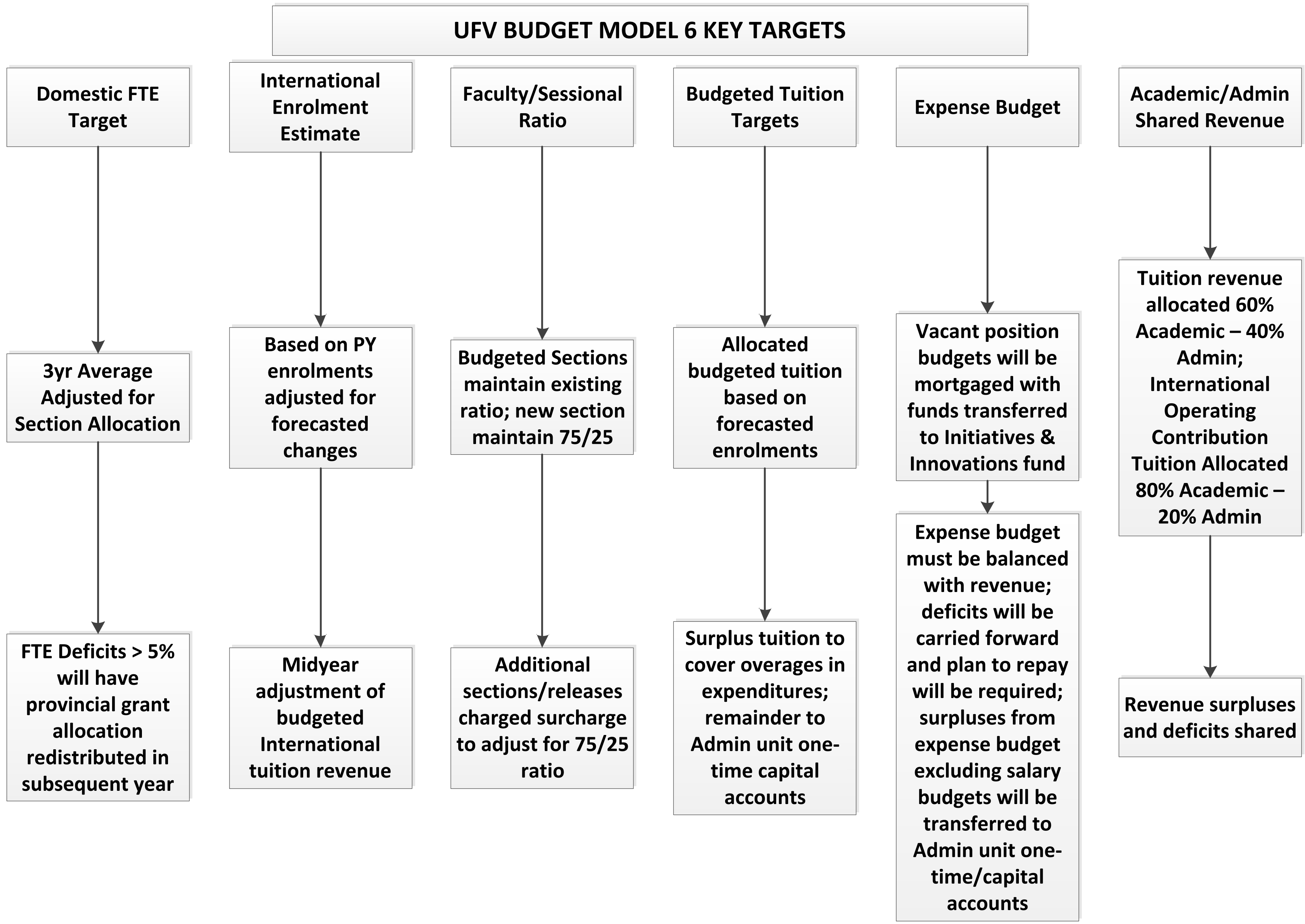
SPECIAL FUNDS

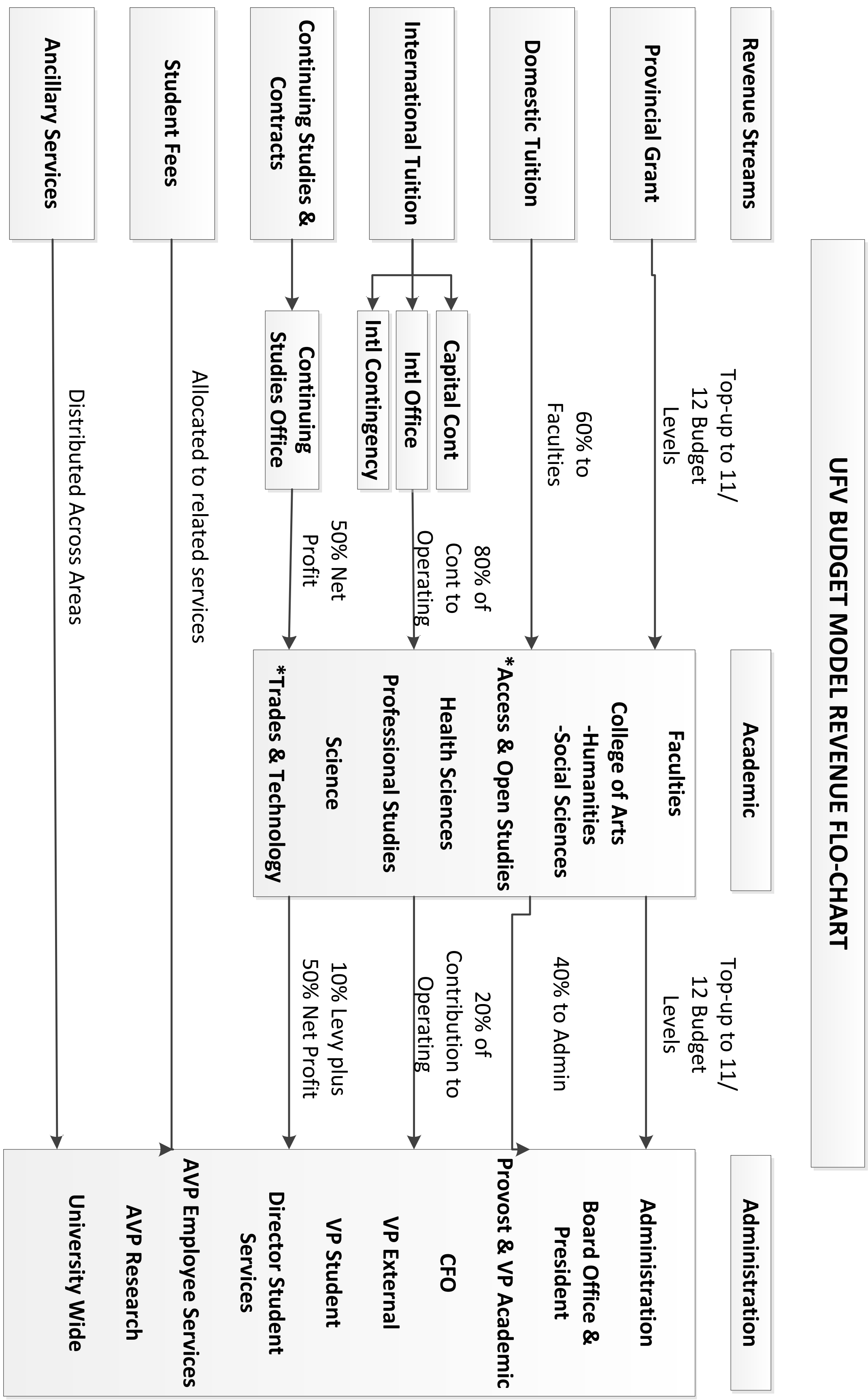
Initiatives & Innovation Fund

This fund will be established using savings from vacant positions within the budget as well as from investment income. The Initiatives & Innovation fund will be used to fund both academic and administrative initiatives that further the institution in meeting its strategic plan. It will support program development, initiatives that will increase UFV's efficiency, student support initiatives, cover one-time cost of program or area transitioning or reorganization. The fund will be administered by the VP group.

One-Time Accounts

One-Time accounts will be funded from the year end surplus of the division. These funds can be used for program development, furniture and equipment, and other initiatives in the area.


UFV BUDGET MODEL 6 KEY TARGETS
Domestic FTE Target
3yr Average Adjusted for Section Allocation
FTE Deficits > 5% will have provincial grant allocation redistributed in subsequent year
International Enrolment Estimate
Based on PY enrolments adjusted for forecasted changes
Midyear adjustment of budgeted International tuition revenue
Faculty/Sessional Ratio
Budgeted Sections maintain existing ratio; new section maintain 75/25
Additional sections/releases charged surcharge to adjust for 75/25 ratio
Budgeted Tuition Targets
Allocated budgeted tuition based on forecasted enrolments
Surplus tuition to cover overages in expenditures; remainder to Admin unit one-time capital accounts
Expense Budget
Vacant position budgets will be mortgaged with funds transferred to Initiatives & Innovations fund
Expense budget must be balanced with revenue; deficits will be carried forward and plan to repay will be required; surpluses from expense budget excluding salary budgets will be transferred to Admin unit one-time/capital accounts
Academic/Admin Shared Revenue
Tuition revenue allocated 60% Academic – 40% Admin; International Operating Contribution Tuition Allocated 80% Academic – 20% Admin
Revenue surpluses and deficits shared


UFV BUDGET MODEL REVENUE FLO-CHART
Revenue Streams
Academic
Administration
Provincial Grant
Domestic Tuition
International Tuition
Continuing Studies & Contracts
Student Fees
Ancillary Services
Top-up to 11/12 Budget Levels
60% to Faculties
Capital Cont
Intl Office
Intl Contingency
Continuing Studies Office
80% of Cont to Operating
50% Net Profit
Allocated to related services
Distributed Across Areas
Faculties
College of Arts
-Humanities
-Social Sciences
*Access & Open Studies
Health Sciences
Professional Studies
Science
*Trades & Technology
Top-up to 11/12 Budget Levels
40% to Admin
20% of Contribution to Operating
10% Levy plus 50% Net Profit
Administration
Board Office & President
Provost & VP Academic
CFO
VP External
VP Student
Director Student Services
AVP Employee Services
AVP Research
University Wide