

2009-2010
University Budget

Kwantlen
P O L Y T E C H N I C
U N I V E R S I T Y

Introduction

Fundamental to this budget was the need for a clear set of academic and fiscal priorities (listed in the document, *Budget Strategic Priorities 2009-2010*). These priorities were developed in two ways. First, we depended on the institutional planning document - *Creating our Future* - and, second, on a planning and priorities document prepared by the Deans late in 2008. These two documents provide a clear set of priorities for the next several years.

Notwithstanding limited resources, this budget focuses on enhancing institutional capacity that will support change and innovation as well as Kwantlen's growth in the future. Our clear intention was to further our mandate as a university as well as to establish our 'polytechnic' nature. The process was designed to be more open and transparent. To that end, documents were posted on the web for review by the internal community and consultations were held with key groups. These consultations included meetings with Senate, the Board of Governors, the Senate Standing Committee on University Budget, the Senate Standing Committee on Academic Planning and Priorities, the Deans, the Kwantlen Faculty Association and the BCGEU Local.

This year's budget development process is an interim one. We recognize that it needs to be refined for next year, and that we need to be more cognizant of time constraints. The most significant departure for next year will be that the Senate Standing Committee on Academic Planning and Priorities will define academic priorities, and that Senate approved priorities will constitute the foundation for the development of future budgets.

Budget Challenge

When budget preparation began in December, we anticipated a shortfall in the operating budget of approximately \$4 million. There were several reasons for this projected shortfall. First, we expected a small decline in overall enrolments (based on enrolment trends). Second, the provincial government had planned no funding increase for Kwantlen. Third, the institution would incur incremental costs based on contractual agreements coupled with expected non-salaried inflation.

We also projected that the \$4 million operating deficit would be balanced off in the consolidated budget by net ancillary revenues and capital funding that had not been recognized as revenue. These amounts would result in a consolidated surplus of approximately \$2 million. Given this projection, we planned to support between \$2 million and \$2.5 million in one-time university transitions costs in both the 2009-2010 and the 2010-2011 fiscal years.

Proposed Budget

A number of factors have improved Kwantlen's budget situation for 2009-2010.

Since December, Kwantlen has experienced an increase in enrolment for the first time in a number of years. It appears that enrolments in fiscal 2008-2009 will be about 180 FTE more than the year previous and 280 FTE more than was projected last year for the 2009-2010 budget. Enrolment growth will allow for an increase in revenues of approximately \$600,000 without assuming that enrolments will increase further. In addition to this revenue adjustment, the cost savings realized during the current fiscal year reduced the projected deficit further. Finally, inflationary costs estimates were refined, resulting in a lower level of increased costs than originally forecast.

Together, these factors allowed Kwantlen to adjust the 2009-2010 budget to accommodate unanticipated costs which resulted initially from enrolment growth and from increased contractual obligations relating from this growth (e.g. School of Business) and to plan for a modest increase in ongoing operating costs in the proposed budget. This includes \$1,238,000 in ongoing budget increases for the Faculties.

Given the deepening recession, we are anticipating that the current enrolment trend will continue in fiscal 2009-2010. At the same time, we believe that fiscal prudence requires that the current budget is based on what we currently know rather than what we anticipate will happen. In other words, although enrolments will most probably increase in 2009-2010, we are not incorporating this enrolment growth into our budget calculations. Second, we are not incorporating into this draft budget any new funding that was announced in the recent Provincial Budget. This Budget was positive for the universities and colleges, but its specific significance for Kwantlen will not be known until the institution receives its budget letter, likely sometime in March.

On the revenue side, our projections are based on a 2% tuition fee increase. This is consistent with Government policy and reflects institutional cost inflation. International student tuition fees are currently being reviewed. As well, we have not incorporated increased international student enrolments into this budget. Finally, we have reduced projected revenue generating activities by \$500,000 and made cost adjustments consistent with this decrease.

In developing this budget, we were also cognizant of other changes anticipated in the institution. A number of units are recruiting for senior officers, and we did not consider it either wise or prudent to make significant budget adjustments to these units without first having the input of these new anticipated appointments. As well, we are intending reviews of several service departments, and wanted the pending Services Reviews to be available, believing as we did that they will inform any future budget determination.

The proposed budget adds \$200,000 to the Board contingency reserve (from \$800,000 to \$1 million) and continues to support an allocation for major capital consistent with the university's approved capital plan.

Projected Revenues (Consolidated)2009/2010

<u>Revenue Source</u>	<u>2009/10</u>	<u>2008/09</u>
Ministry grant	\$70,422,900	\$67,942,300
Tuition fees:		
• Domestic	28,988,700	27,370,000
• International	6,184,900	6,145,000
Revenue generating activities	1,500,000	2,000,000
Application & other fees	2,975,000	2,975,000
Other revenues, interest income, recoveries, charges and transfers	1,525,000	1,600,000
Ancillary activities	7,532,000	7,283,000
Special Purpose Funds	1,969,000	2,998,000
Capital Fund	5,190,000	5,461,000
Transfer from Contingency	-	1,050,000
Total revenues	<u>\$126,287,500</u>	<u>\$124,824,300</u>

Expenditure Plan (Operations, Capital & Student Aid)2009/2010

	<u>2009/10</u>	<u>2008/09</u>
<u>Operation Allocation</u>		
Prior year operation allocation	\$102,512,300	\$98,348,900
Removal of prior year one time only budget increases	(1,050,000)	40,000
	<u>\$101,462,300</u>	<u>\$98,388,900</u>
Reduction of lease expense after move to Cloverdale	-	(100,000)
Increase for Surrey facility expansion	-	125,000
Increase for Cloverdale facility expansion (net of Newton)	-	375,000
Increase for non-salaried inflation	188,000	674,000
	<u>188,000</u>	<u>1,074,000</u>
Add: Increased expenditure to maintain level of service:		
• Increments	1,050,000	1,300,000
• Benefit rate increases	-	273,900
• Mandatory salary increases	2,150,000	2,150,000
	<u>3,200,000</u>	<u>3,723,900</u>
Budget increases – instruction (Schedule 3)	1,238,000	-
Budget increases – instructional services (Schedule 4)	724,000	150,000
Budget increases – support services (Schedule 5)	316,000	-
Budget increases – one year only (Schedule 6)	61,000	1,050,000
Budget reallocations	(482,000)	-
Revenue generating activities	(425,000)	212,500
Budget reductions	-	(2,087,000)
	<u>1,432,000</u>	<u>(674,500)</u>
Current year operation allocation	<u>\$106,282,300</u>	<u>\$102,512,300</u>
<u>Other Allocations</u>		
Contingency reserve	1,000,000	800,000
Foundation – endowment matching funds	200,000	200,000
Foundation –student financial aid	400,000	400,000
Capital – library materials	500,000	500,000
Capital – furniture, fixtures & equipment (Schedule 7)	2,000,000	2,250,000
Capital – renovations, & facility renewal (Schedule 8)	1,826,400	1,826,400
Capital – major capital	2,000,000	2,000,000
University Transitions Funding (Schedule 9)	1,596,000	-
	<u>9,522,400</u>	<u>7,976,400</u>
Total allocations	<u>115,804,700</u>	<u>110,488,700</u>
Projected Operating revenues	<u>111,596,500</u>	<u>109,082,300</u>
Projected revenues less expenditures	<u>\$(4,208,200)</u>	<u>\$(1,406,400)</u>

Expenditure Plan
Instruction Budget Increases
2009/2010

Proposed ongoing funding supports increased instruction, adjustments to reflect actual costs incurred in the past year and contractual obligations.

3.1	Faculty of Qualifying Studies	\$ 47,300
3.2	Faculty of Trades and Technology	257,900
3.3	Faculty of Social Sciences	219,000
3.4	Faculty of Community and Health Studies	85,500
3.5	Faculty of Science and Horticulture	57,700
3.6	Faculty of Business ^{1.}	540,600
3.7	Research and Scholarship	<u>30,000</u>
		<u><u>\$1,238,000</u></u>

Notes

1. Includes 32 sections that were offered in the 2008/09 fiscal year (\$404,200).

Expenditure Plan
Instructional Services Budget Increases
2009/2010

Proposed ongoing funding supports Athletics and Recreation, student recruiting, the Institute for Sustainable Horticulture, Student Judicial Affairs, Counselling and Convocation. As well, it will allow for increased funding for Senate operations, and the office of the Vice President Academic and Provost.

4.1	Athletics & Recreation	\$ 61,500
4.2	Educational Transitions	48,900
4.3	Institute for Sustainable Horticulture	184,500
4.4	Student Judicial Affairs – Organizational Risk Management	20,000
4.5	VP Academic and Provost	50,000
4.6	Student Services	272,100
4.7	University Secretariat	<u>87,000</u>
		<u><u>\$724,000</u></u>

Expenditure Plan
Support Services Budget Increases
2009/2010

Proposed ongoing funding supports an emergency coordinator, university external relations and the Offices of the VP, Finance & Administration and the VP, Human Resources.

5.1	Emergency Coordinator - Facilities	\$100,000
5.2	Office of the VP, Finance & Administration	50,000
5.3	Office of the VP, Human Resource Services	25,000
5.4	University External Relations	<u>141,000</u>
		<u>\$316,000</u>

Expenditure Plan
One Year Only Budget Increases
2009/2010

6.1	Faculty of Design & Communications	\$11,000
6.2	Faculty of Community and Health Studies	18,000
6.3	Faculty of Science and Horticulture	7,000
6.4	Faculty of Business	<u>25,000</u>
		<u>\$61,000</u>

Expenditure Plan
Furniture, Fixtures and Equipment Capital Budget
2009/2010

<u>Funding available</u>	<u>2009/2010</u>	<u>2008/2009</u>
Revenue allocation	<u>\$2,000,000</u>	<u>\$2,250,000</u>
<u>Proposed allocation</u>		
Technology	\$1,000,000	\$1,585,000
Non-technology		
Faculties	\$ 500,000	\$ 300,000
Administration and Student Services	\$ 500,000	\$ 300,000
Emergent needs	<u>\$ -</u>	<u>65,000</u>
	<u>\$2,000,000</u>	<u>\$2,250,000</u>

Expenditure Plan
Renovations and Facility Renewal Capital Budget
2009/2010

<u>Funding available</u>	<u>2009/2010</u>	<u>2008/2009</u>
Ministry Funding	<u>\$1,826,400</u>	<u>\$1,825,000</u>

Expenditure Plan
University Transitions Funding
2009/2010

Proposed university transitions funding is one-time funding intended to support degree and other program development, Langley Campus revitalization, faculty research support, student recruitment and student disability services, international recruitment, continuing education, alumni, library services, survey research (including the National Survey on Student Engagement [NSSE]), institutional communication and event coordination.

<u>Faculty/Department</u>	<u>Amount</u>	<u>Request</u>
Incremental Instruction	\$95,000	Design/Humanities
Langley Campus ^{1.}	328,000	Langley Revitalization
Faculties ^{2.}	135,000	Program development
Research and Scholarship	10,000	Faculty Grant Writing support
Educational Transitions	25,400	Liaison/Disability
Co-op Education	25,000	Software
International Education	100,000	Admissions staff
Continuing Education	140,000	Director/Start-up Costs
Alumni Office	50,000	Staff
Athletics and Recreation	6,000	Mascot
Library	115,600	Extended Hours
Facilities	94,000	Wayfinding Signage
Facilities	100,000	Extended Hours
Institutional Analysis	44,000	Surveys
TBD	100,000	Event Coordination
Unanticipated Costs	<u>228,000</u>	
Total	<u>\$1,596,000</u>	

Notes

1. Includes \$200,000 in incremental instruction.
2. A total of \$485,000 across all Faculties (including \$135,000 in one-time funding) has been allocated to degree and other program development.

Kwantlen Polytechnic University
2009/2010 Budget Summary by Division

**Kwantlen Polytechnic University
2009/10 Budget Summary by Division**

Division	2008/09 Budget	2009/10 Budget Lift Ongoing	2009/10 Budget Lift OTO	2009/10 Non-salary inflation	2009/10 Budget Shifts	2009/10 Changes	Proposed 2009/10 Budget
Office of the VP, Academic & Provost	841,600	50,000			(160,300)		731,300
Associate VP, Academic	457,000	20,000					477,000
Faculty of Design & Communications	3,555,400		11,000				3,566,400
Faculty of Business	11,477,100	540,300	25,300				12,042,700
Faculty of Community & Health Studies	7,569,300	85,500	18,100				7,672,900
Faculty of Humanities	8,157,800						8,157,800
Faculty of Qualifying Studies	7,200,300	47,300					7,247,600
Faculty of Science and Horticulture	8,522,600	57,700	7,000				8,587,300
Faculty of Social Sciences	9,096,600	219,000					9,315,600
Faculty of Trades & Technology	4,634,800	257,900					4,892,700
Institute for Sustainable Horticulture	0	184,500			178,000		362,500
Centre for Academic Growth	245,100						245,100
Co-op Education & Career Services	0				495,200		495,200
Educational Transitions	993,800	48,900					1,042,700
Library Resources	4,352,700				(495,200)		3,857,500
Research and Scholarship	846,000	30,000			(118,000)		758,000
Student Services	6,019,200	272,100					6,291,300
Office of the VP, Finance & Administration	358,700	50,000			(60,000)		348,700
Athletics & Recreation	367,200	61,500					428,700
Business Development	135,500						135,500
Financial Services	2,095,300				(114,400)		1,980,900
Facilities	7,205,900	100,000		108,800			7,414,700
Information & Educational Technology	4,668,500			79,400			4,747,900
Institutional Analysis & Planning	478,200						478,200
International Education	1,549,000				(209,000)		1,340,000
Materials Management	1,181,100						1,181,100
Organizational Risk Assessment	0				114,400		114,400
Office of the VP, Human Resources	1,758,500	25,000					1,783,500
University Administration	789,300				(234,100)		555,200
Development & Alumni	513,000						513,000
Marketing & Communications	1,506,300						1,506,300
University External Relations	0	141,100			209,000		350,100
University Secretariat	0	87,000			394,400		481,400
Non-Divisional Expenditures	1,494,700	(200,000)					1,294,700
Professional Development & Education Leave	1,409,400						1,409,400
Revenue Generating	1,700,000	(425,000)					1,275,000
Office of the VP, Administration & Student, CFO	282,400	(282,400)					0
University-Wide Increments, Benefits, and Mandated Salary Increases	0					3,200,000	3,200,000
Total	101,462,300	1,370,400	61,400	188,200	0	3,200,000	106,282,300

Kwantlen Polytechnic University
Projected Revenues and Expenditures
(Consolidated Budget)
2009/2010 to 2011/2012

Kwantlen Polytechnic University
Projected Revenues and Expenditures (Consolidated Budget) - 2009/10 to 2011/12

	Operating	Ancillary	SPF	Capital	Consolidated 2009/10
Revenue Source					
Ministry grant	\$ 70,422,900		\$ 856,000	\$ 4,032,000	\$ 75,310,900
Tuition fees:					
- Domestic	28,988,700				28,988,700
- International	6,184,900				6,184,900
	35,173,600				35,173,600
Revenue generating activities	1,500,000				1,500,000
Application & other fees	2,975,000				2,975,000
Other revenues, interest, recoveries, charges and transfers	1,525,000	7,532,000	1,113,000	1,158,000	11,328,000
Transfer from contingency fund	-				-
Total revenues	\$ 111,596,500	\$ 7,532,000	\$ 1,969,000	\$ 5,190,000	\$ 126,287,500
Expenditure Plan					
Expenditure plan (operations) - prior year	\$ 102,512,300	\$ 6,305,000	\$ 1,061,000	\$ 445,000	\$ 110,323,300
Removal of prior year one year only budget increases	(1,050,000)			8,117,000	(1,050,000)
Capital asset amortization expense	101,462,300	6,305,000	1,061,000	8,562,000	117,390,300
Increase for University Transition costs			1,596,000		1,596,000
Increase for Langley renovations				1,000,000	1,000,000
Increase for other OTO expenses			75,000		75,000
Increase for non-salaried inflation	188,000				188,000
	188,000		1,671,000	1,000,000	2,859,000
Add:					
Increments, benefit rate increases, mandated salary increases	3,200,000				3,200,000
Budget increases - instruction	1,238,000				1,238,000
Budget increases - instruction services	724,000				724,000
Budget increases - support services	316,000				316,000
Budget reallocations	(482,000)				(482,000)
Budget increases - one year only budget	61,000				61,000
Revenue generation activities (85% of revenues)	(425,000)				(425,000)
Budget reductions					
Operation allocation	106,282,300	6,305,000	2,732,000	9,562,000	124,881,300
Other Allocations					
Contingency Reserve	1,000,000				1,000,000
Foundation - endowment matching funds	200,000				200,000
Foundation - student financial aid	400,000				400,000
Capital - library materials	500,000			(500,000)	-
Capital - furniture, fixtures & equipment	2,000,000			(2,000,000)	-
Capital - renovations & facility renewal	1,826,400			(1,826,400)	-
Capital - major capital	2,000,000			(2,000,000)	-
University Transition Funding	1,596,000		(1,596,000)		-
Other allocations	9,522,400		(1,596,000)	(6,326,400)	1,600,000
Total allocations	\$ 115,804,700	\$ 6,305,000	\$ 1,136,000	\$ 3,235,600	\$ 126,481,300
Difference based on status quo plus ministry growth	\$ (4,208,200)	\$ 1,227,000	\$ 833,000	\$ 1,954,400	\$ (193,800)

Projected Revenues and Expenditures (Consolidated Budget) - 2009/10 to 2011/12

	Operating	Ancillary	SPF	Capital	Consolidated 2010/11
Revenue Source					
Ministry grant	\$ 70,541,000		\$ 656,000	\$ 4,515,000	\$ 75,712,000
Tuition fees:					
- Domestic	29,218,600				29,218,600
- International	6,184,900				6,184,900
	35,403,500				35,403,500
Revenue generating activities	1,500,000				1,500,000
Application & other fees	2,975,000				2,975,000
Other revenues, interest, recoveries, charges and transfers		7,789,000	1,137,000	1,160,000	11,586,000
Transfer from contingency fund	1,500,000				-
Total revenues	\$ 111,919,500	\$ 7,789,000	\$ 1,793,000	\$ 5,675,000	\$ 127,176,500
Expenditure Plan					
Expenditure plan (operations) - prior year	\$ 106,282,300	\$ 6,305,000	\$ 2,732,000	\$ 445,000	\$ 115,764,300
Removal of prior year one year only budget increases	(61,000)		(1,671,000)		(1,732,000)
Capital asset amortization expense	106,221,300	6,305,000	1,061,000	9,275,000	122,862,300
Increase for University Transition costs					2,000,000
Increase for Langley renovations			2,000,000		-
Increase for other OTO expenses					-
Increase for non-salaried inflation					550,000
	550,000		2,000,000		2,550,000
Add: Increments, benefit rate increases, mandated salary increases	118,100				118,100
Budget increases - instruction					-
Budget increases - instruction services					-
Budget increases - support services					-
Budget reallocations					-
Budget increases - one year only budget					-
Revenue generation activities (85% of revenues)					-
Budget reductions					-
Operation allocation	106,889,400	6,305,000	3,061,000	9,275,000	125,530,400
Other Allocations					
Contingency Reserve	1,000,000				1,000,000
Foundation - endowment matching funds	200,000				200,000
Foundation - student financial aid	400,000				400,000
Capital - library materials	500,000			(500,000)	-
Capital - furniture, fixtures & equipment	2,500,000			(2,500,000)	-
Capital - renovations & facility renewal	1,826,400			(1,826,400)	-
Capital - major capital	2,000,000			(2,000,000)	-
University Transition Funding	2,000,000		(2,000,000)		-
Other allocations	10,426,400		(2,000,000)	(6,826,400)	1,600,000
Total allocations	\$ 117,315,800	\$ 6,305,000	\$ 1,061,000	\$ 2,448,600	\$ 127,130,400
Difference based on status quo plus ministry growth	\$ (5,396,300)	\$ 1,484,000	\$ 732,000	\$ 3,226,400	\$ 46,100

Kwantlen Polytechnic University
Projected Revenues and Expenditures (Consolidated Budget) - 2009/10 to 2011/12

	Operating	Ancillary	SPF	Capital	Consolidated 2011/12
Revenue Source					
Ministry grant	\$ 70,920,400		\$ 656,000	\$ 4,515,000	\$ 76,091,400
Tuition fees:					
- Domestic	29,803,000				29,803,000
- International	6,184,900				6,184,900
	35,987,900				35,987,900
Revenue generating activities	1,500,000				1,500,000
Application & other fees	2,975,000				2,975,000
Other revenues, interest, recoveries, charges and transfers		7,789,000	1,137,000	1,160,000	11,586,000
Transfer from contingency fund					-
Total revenues	\$ 112,883,300	\$ 7,789,000	\$ 1,793,000	\$ 5,675,000	\$ 128,140,300
Expenditure Plan					
Expenditure plan (operations) - prior year	\$ 106,889,400	\$ 6,305,000	\$ 3,061,000	\$ 445,000	\$ 116,700,400
Removal of prior year one year only budget increases			(2,000,000)		(2,000,000)
Capital asset amortization expense				8,830,000	8,830,000
	106,889,400	6,305,000	1,061,000	9,275,000	123,530,400
Increase for University Transition costs					-
Increase for Langley renovations					-
Increase for other OTO expenses					-
Increase for non-salaried inflation					-
Add: Increments, benefit rate increases, mandated salary increases	118,100				118,100
Budget increases - instruction					-
Budget increases - instruction services					-
Budget increases - support services					-
Budget reallocations					-
Budget increases - one year only budget					-
Revenue generation activities (85% of revenues)					-
Budget reductions					-
Operation allocation	107,557,500	6,305,000	1,061,000	9,275,000	124,198,500
Other Allocations					
Contingency Reserve	1,000,000				1,000,000
Foundation - endowment matching funds	200,000				200,000
Foundation - student financial aid	400,000				400,000
Capital - library materials	500,000			(500,000)	-
Capital - furniture, fixtures & equipment	2,500,000			(2,500,000)	-
Capital - renovations & facility renewal	1,826,400			(1,826,400)	-
Capital - major capital	2,000,000			(2,000,000)	-
University Transition Funding					-
Other allocations	8,426,400			(6,826,400)	1,600,000
Total allocations	\$ 115,983,900	\$ 6,305,000	\$ 1,061,000	\$ 2,448,600	\$ 125,798,500
Difference based on status quo plus ministry growth	\$ (3,100,600)	\$ 1,484,000	\$ 732,000	\$ 3,226,400	\$ 2,341,800