2017/18
Planning and Forecasting Guidelines
Okanagan Campus
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Introduction

The University prepares the annual budget for submission to the Executive Committee, Board of Governors and Provincial Government. In this guideline, the 2017/18 budget will be referred to as the **Plan** and the 2016/17 projection as the **Forecast**; please see the glossary at the end of this document for definitions.

The primary goals of the **Plan** are:

1. To provide a unit level operations' financial plan for the upcoming fiscal year;
2. To provide the Executive and Board with a consolidated view of the University's operations for the upcoming fiscal year

**Budget Review Committee**

Consistent with the prior year a Budget Review Committee will review budget presentations and make recommendations to Executive. The Committee for this year consists of the following members:

- Dr. Cynthia Mathieson, Provost and Vice Principal Academic
- Dr. Phil Barker, Vice-Principal Research
- Rob Einarson, AVP Finance and Operations
- Ian Cull, AVP Students
- Curtis Morcom, Director, Finance Strategies
- Carri Lawrence, Director, Finance Operations

**What’s New This Year?**

Beginning in FY17, there is a new reporting requirement to present quarterly to the Board a comparison of quarterly year to date actuals against the Plan. To support this requirement, please give consideration to the timing of the amounts being planned for both revenue and expenses for FY18 Plan.

In past years the Endowment and Specific Purpose funds have been included in the Hyperion Budget Review and Faculty 5 Year Plan templates, however for FY17 these funds are no longer required to be planned. The requirement for FY18 is that only Operating funds be planned, consistent with quarterly reporting.

**Planning Process Overview**

The University’s planning software is Oracle Hyperion Planning (Hyperion). Hyperion is a centralized, web-based planning and forecasting solution that integrates financial and operational planning.

Hyperion is now open for units to start working on FY18 budget cycle. Meetings with the Budget Review Committee have been set for December 2\(^{nd}\) for Faculties, and early December for Administrative and Ancillary units. The tentative meeting schedule is attached and the final will be distributed in a separate communication once all dates have been confirmed.

**Budget Review Meetings**

The purpose of the meetings is to review the current year FY17 (2016/17) Forecast and the upcoming FY18 (2017/18) Plan. Final recommendations will be made to the Executive in February 2017 and to Board in March 2017.
**Faculty Budget Retreat**

Consistent with the prior year, there will be a one-day Academic Budget Retreat on Friday, December 2nd. At the retreat, each Faculty will present their budget to both the Budget Committee and other Faculties. This allows for an integrated approach amongst the senior leadership of the current and future financial position of the academic operations of the University. The focus of the retreat is on the strategic direction of each Faculty and the 5 Year Outlook. Allotted presentation times range from 30 minutes to 1 hour.

There will also be a Financial Highlights Review meeting on Monday, November 21st, for Finance Managers to present to Committee members the key assumptions and 5 year plans for their Faculties. Note, the full Committee will not be present at the Financial Highlights Review meeting.

Presentation templates must be submitted by Friday, November 18th, in advance of the Financial Highlights Review meeting. Any changes resulting from this meeting can be made prior to presentations being distributed to retreat participants. The assumption is that everyone will have reviewed the presentations prior the retreat; please keep the in-person presentations focused on high level strategic directions and limited to 1/3 of the allotted time to also allow time for discussion.

It should be noted that Vice Principal Research, College of Graduate Studies and AVP Students will also participate in this retreat, however a separate presentation time may be scheduled for their individual presentations. Please refer to the Budget Schedule for specific timing.

Please submit electronically to Christine Simon (christine.simon@ubc.ca) in the AVPF&O office, with a copy to Amy Hobbs (amy.hobbs@ubc.ca) by the end of day on November 18th the following documents:

1. Budget Review Presentation (PowerPoint template)
2. Budget Review Template from Hyperion (pdf)
3. Faculty 5 year plan Excel Template
4. Faculty Assumptions used to complete the 5 year plan (included as tab in Excel template).

**Administrative and Ancillary Units**

Administrative and Ancillary units will follow a similar process to prior years and present their individual budget to the Committee. Not all Administrative units will be reviewed in person (refer to the Budget Schedule); however, all units which are not subject to review are still required to submit these documents prior to the deadline, which will then be reviewed with appropriate follow-up as required.

For Administrative and Ancillary units, please see the Budget Review Schedule for your meeting date and time. Please submit electronically to Christine Simon (christine.simon@ubc.ca) in the AVPF&O office, with a copy to Amy Hobbs (amy.hobbs@ubc.ca) by end of day on November 25th (Administrative Units, including Athletics) or December 5th, 2016 (Ancillary units) the following documents:

1. Budget Review Presentation (PowerPoint template)
2. Budget Review Template from Hyperion (pdf)
3. 5 Year Plan Excel Template (for all Ancillaries and pre-determined Admin units)

**System Wide Units**

System Wide units’ presentations are still being coordinated with Vancouver. Dates for presentation are still being confirmed and will be forwarded once finalized. Please submit the following documentation.
electronically to Christine Simon (christine.simon@ubc.ca) in the AVPF&O office, with a copy to Amy Hobbs (amy.hobbs@ubc.ca):

1. Budget Review Presentation (PowerPoint template)
2. Budget Review Template from Hyperion (pdf)
3. 5 Year Plan (for pre-determined units)

For all units, the Budget Review Template (see Appendix A) is generated from planning data in Hyperion, therefore it is expected that all FY17 Forecast and FY18 Plan data is entered in Hyperion before the Budget Review meetings. Units should aim to run their template at least one week prior to submission to allow time for their own review. 5 Year Plans are mandatory for Ancillary Units and are only necessary for pre-determined Administrative Units (ask your Finance Manager for clarification).

**Planning Activities Overview**


Please work with your Finance Manager to update the current year forecast (Forecast Working) as well as develop a plan for FY18 operations (Plan Working). Administrative Units should be presenting a balanced budget at the Portfolio level, excluding any new funding requests being made to the Budget Committee for the upcoming year. If new funding or carry forward funds are being requested (administrative units only), please summarize these “Asks” at the bottom of the Budget Review Template (see Appendix A). Units should not reflect a deficit position unless approved by the Budget Review Committee, or carry forward is available to cover the deficit. Once the Forecast Working and Plan Working are final, your Finance Manager will create a copy of each, and they will become Forecast Annual and Plan Annual, respectively, and will be ready for the Budget Review Template. Also included on the Budget Review Template is Plan Recurring, which reflects the annual financial impact of ongoing operations. This column must be populated manually; the data cannot be pulled from Hyperion.

Consistent with the prior year, Faculties are required to present a 5 year plan to the Budget Review Committee. Excel templates, which include the tuition allocation model (TAM), as well as key assumptions have been provided to your Finance Manager by the Budget Office. Please ensure planned uses of carry forward are included and are consistent with your unit’s strategic plan and not used to support recurring operations. The 5 year plans presented are required to include initiatives to support a balanced budget. Any new programs presented in the Plan have to be self-sustaining based on tuition revenue (i.e no government grant). In addition, the 5 year plan must only reflect domestic seat changes that have been formally approved through Strategic Enrolment Management (SEM).

An updated Faculty Composite Report is expected to be ready for distribution by the end of October.

Below is a high level overview of activities throughout the 2017/18 planning process:

<table>
<thead>
<tr>
<th>October &amp; November</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Units update FY17 <strong>Forecast Working</strong> and prepare FY18 <strong>Plan Working</strong></td>
<td></td>
</tr>
<tr>
<td>• Faculties prepare a 5 year plan, using the Excel Template provided to Finance Managers</td>
<td></td>
</tr>
</tbody>
</table>
Planning Guidelines

As a general guideline, plan for all revenue and expense accounts anticipated for FY18, based on best estimates.

**Funding**
Units are expected to plan for the General Purpose Operating Fund (ALOGPO), which will appear as revenue on the Budget Review Template.

Units can use account ALOPLAN for one-time funding transfers that are currently uncertain. Please note no actual funding is moved by using ALOPLAN, the real GPO funding transfers will need to be processed in the relevant year. ALOPLAN will be reflected as funding on the Budget Review Template and will be reflected as such in Board Approved funding allocations. All ALOPLAN transfers will have to balance to $0 at the consolidated level. ALOPLAN entries will be done centrally; transfer forms must be submitted to amy.hobbs@ubc.ca.

Faculty and Administrative units should use the account ALOSAL for estimated funding allocations expected from Central to cover GWIs, under the government’s Economic Stability Mandate (ESM). Please see Appendix B for timing of these approved increases. Finance Managers can input data directly into this account; transfer forms are not required. Similar to ALOPLN, no actual funding is moved by using ALOSAL, the real GPO funding transfer will need to be processed in the relevant year. It is the Faculty and Administrative units’ responsibility to monitor, and reverse (remove) the ALOSAL data once the actual transfer has been processed, to avoid double counting the funding in the forecast. ALOSAL
should not be used to transfer funds between departments, or in lieu of any other funding arrangements. Please see discussion below regarding planning of GWI expense.

Faculties should plan for additional funding related to tuition rate increases and FTE growth by using the account PLNTUIT. PLNTUIT is created for planning purpose only; it is not available in FMS. Planning using this alpha account will be done centrally; the request form must be submitted to amy.hobbs@ubc.ca.

To acknowledge the growing resource constraints of administrative units from staff salary increases, for FY18 the following increases will be funded on a recurring basis (based on average rates). Funding will be loaded with an ALOPLAN transfer by the Budget Office by the end of October.

- AAPS:
  - Progression to midpoint (4%)
  - Merit (2%)
- BCGEU:
  - Step increase (3.5%)

Units are expected to present a balanced budget, and absorb all other salary increases as well as inflationary expenses through efficiencies, program reviews or the identification of new revenues. Units will be expected to provide details on how these costs are being absorbed. Please see “Guidance on Cost Saving Measures” below for further discussion of this topic.

**Operating Revenue**

FY18 operating revenue should be based on best estimates. Units can use FY17 Forecast as reference.

**Salary Costs**

The government has advised that it will fully fund the cost of General Wage Increases (GWIs), as long as collective agreement settlements fall within the parameters established by the government’s Economic Stability Mandate (ESM).


The Faculty Association collective agreement (2014-2016) includes salary increases which exceed the ESM. Amounts within the ESM will be funded, however all remaining amounts will need to be covered within the Faculty existing budgets. Please note, the Faculty Association bargaining process has yet to begin for fiscal years 2016-17 onward.

The approved increases in accordance with the ESM are shown in Appendix B. Due to different effective dates, it may be complex to budget increases at a detailed level. Units may choose to make assumption on timing of increases in order to simplify the calculation.

Progression Through the Ranks (PTR) is assumed to average 2.7% overall, however Finance Managers will be provided the percentage by faculty by the Budget Office. As a reminder, these increases are not funded centrally, they are to be supported within your projected allocation.
Information about collective agreements that have been negotiated to date is located at: [http://www.hr.ubc.ca/faculty-staff-resources/collective-agreements/](http://www.hr.ubc.ca/faculty-staff-resources/collective-agreements/).

Current salary scales are located at: [http://www.hr.ubc.ca/compensation/salary-administration/salary-scales/](http://www.hr.ubc.ca/compensation/salary-administration/salary-scales/)

Units should review their existing positions in Workforce to ensure data has been accurately captured from Position Management. For detailed information on how the data flows from Position Management to Workforce, please refer to Position Management website: [http://www.hr.ubc.ca/administrators/erecruit/position-management/](http://www.hr.ubc.ca/administrators/erecruit/position-management/). Units are encouraged to make all changes within Position Management as there is no direct link from Hyperion back to Position Management.

Within the Plan, the numeric accounts for salary costs will reconcile to Position Management data and these fields will be read-only. Users can make high level adjustments to their future salary costs by using the alpha planning accounts (i.e. SALFAC).

**Benefits**

Benefit percentages are defined within the Position Management system. These will be automatically reflected in Hyperion for existing positions. Benefits should be considered when planning for new positions and salary increases. Units can make high level adjustments to their future benefit costs by using the alpha planning account (BENEFT).

**Non-Salary Expenses**

Plan should be based on best estimates for FY18. Units should plan their non-salary expenses to align with their unit objectives for the fiscal year, reallocating current resources and identifying cost saving opportunities where possible.

**Interfund Transfers**

Units can initiate Interfund Transfers in FundPlan for planning purposes. The actual Interfund Transfer will need to be made in FMS in FY18. Units can initiate Transfers Out only, and need to communicate with the receiving units to ensure funding transferred as expected. All Interfund transfers have to balance to $0 at the consolidated level.

**Guidance on Cost Saving Measures**

Please follow the zero-based budgeting approach when forecasting and planning expenses for FY18. While consideration can be given to prior year activities, all forecasted and planned amounts should have supporting detail to justify need.

The following measures provide a framework to assist units with reducing costs to cover unfunded expenses. These are examples only, not an exhaustive list. Please review all areas within your units to identify any opportunities for cost reduction as well as revenue generation.

**Salary and Benefits**

Review position vacancies against current operational needs:
• Term, i.e. hiring a term replacement position for medical or maternity leaves
• Ongoing, i.e. rehiring for retirements and ensuring ongoing positions are aligned with current operational needs
• Consider opportunities to share resources with other units to create efficiencies

**Operating Costs**

• Travel - ensure all travel is required and planned efficiently. Look for opportunities to use teleconferencing and virtual meetings when possible.
• Capital expenditure - all capital expenditures should be well documented to demonstrate contribution to long-term strategic needs
• Other - operating expenditures should be reviewed for effectiveness and alignment with core commitments of transformative learning, research excellence and community engagement.

**Presentations**

• The budget committee will have read the materials prior to the presentations, therefore, speak only to the most important points you want to highlight.
• Please allow one third your unit’s allotted time for a high level review and question period with the budget committee.
• Questions to consider for your planning and presentations:
  o What processes are slow and cumbersome?
  o What improvements can be made?
  o What investments can be made?

**Contacts**

Should you have any questions regarding the preparation of your forecast and plan, please call/email Amy Hobbs (7-8103/amy.hobbs@ubc.ca), Joseph Ferguson (7-9615/joseph.ferguson@ubc.ca), or your specific Finance Manager below:

**Faculty:**
- Fiona Stirling - Arts and Sciences
- Chris Brunet - Creative and Critical Studies, Health and Social Development
- Valerie Nichol - Management, Engineering
- Carri Lawrence - College of Graduate Studies, Graduate Student Financial Aid
- Curtis Morcom - Education

**Administrative units/portfolios:**
- Lori Bali/Lisa Wilson (returning from maternity leave end of October) - AVP Students Portfolio, Enrolment Services, International Student Initiative, Student Financial Aid (Undergraduate and International), Business Operations
- Chris Brunet - Provost and Vice Principal Academic Portfolio, Library, Equity Office
- Gerald Levac - Vice Principal Research Portfolio
- Valerie Nichol - Campus Operations and Risk Management, IT
- Curtis Morcom - DVC Office, AVP Finance and Operations Office
- Ray Fahrun - Campus Planning and Development Portfolio, Human Resources, University Relations and Ceremonies, Development and Alumni
### Glossary

**Plan Annual**

The unit’s best estimate of their operations for the upcoming fiscal year. The Plan Annual is a copy of the Plan Working after the unit is satisfied with all estimates and projections; it is the Plan that is approved by the Budget Review Committee. This Plan is then locked until final Board Approval prior to the beginning of the fiscal year.

**Plan Working**

The unit’s preliminary working version on their operations for the upcoming fiscal year. Once units are satisfied with their estimates, this version will be copied to Plan Annual. This Plan will remain open until the end of the current fiscal year.

**Plan Recurring**

The unit’s best estimate of their ongoing operations, beyond FY18. For example, this Plan includes the 12 month impact of salary increases.

**Forecast Annual**

The unit’s best estimate of their operation for the current fiscal year. The Forecast Annual is a copy of the Forecast Working after the unit is satisfied with all estimates and projections; it is the Forecast that is presented to the Budget Review Committee. This Forecast remains static and does not get updates from Position Management and FMS.

**Forecast Working**

An updated estimate of the unit’s operations for the current fiscal year. It continues to be updated by actual data from FMS after month end close. Theoretically, on the first day of the year the Forecast is equal to the Plan and on the last day of the year the Forecast is equal to the Actuals;

**FY17**

Fiscal year 2016/17 - the current fiscal year

**FY18**

Fiscal year 2017/18 - the upcoming fiscal year

**GPO Funding Allocation**

This represents the Unit’s share of the University’s GPO revenue.

**Carry Forward**

This is a surplus or deficit remaining from prior fiscal year. All carry forward surpluses require Board approval.

**Forecasted Carry Forward**

This represents the available surplus or the deficit projected for the end of the current fiscal year.

**Operating Fund**

It includes General Purpose Operating Fund, Fee for Service Fund, and Continuing Studies Fund.

**Entity**

An entity is an academic or operational unit that has defined planning responsibility. In Hyperion Planning system, an entity has a prefix with a “D”, e.g. D632300.

**Position Management**

A Human Resources system which captures all employee data by position.

**Workforce Planning**

A series of forms in Hyperion specifically designed for the planning of salary and benefit expenses.
## Appendix A

### Sample Administrative Unit Budget Review Template:

<table>
<thead>
<tr>
<th></th>
<th>2015/16 Actuals</th>
<th>2016/17 Forecast</th>
<th>2017/18 Plan</th>
<th>2017/18 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approved Fiscal</td>
<td>Annual Fiscal</td>
<td>Recurring</td>
<td></td>
</tr>
</tbody>
</table>

### Operating Revenue

#### Funding Allocations

- Operating Funding Allocation (ALOGPO)

#### Departmental Revenue

- Student Fees
- Other Revenue

### Total Operating Revenue

### Operating Expenses

#### Salaries

- Faculty
- Other

#### Total Salaries

- Benefits
- Cost of Goods Sold
- Scholarships, Fellowships and Bursaries
- Travel
- Professional Fees
- Grants to Other Agencies
- Other Operating Expenses
- Debt Service - Interest
- Debt Service - Principal
- Capital Expenditures
- Interfund Transfers (net)

### Total Operating Expenses

### Surplus / (Deficit)

- Operating Carryforward - Opening
- Operating Carryforward - Closing

### Planned Uses of Carry-Forward:

### Reductions to Existing Programs:

### New Funding Asks:
# Appendix B

## Summary of Salary Increases for Planning

<table>
<thead>
<tr>
<th>Employee Group</th>
<th>Effective Date</th>
<th>Increase Type*</th>
<th>Increase %</th>
<th>Funding %</th>
<th>Funding Source</th>
<th>FY17 Forecast</th>
<th>FY18 Plan</th>
<th>FY19 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty/Sessionals</td>
<td>July 1, 2015</td>
<td>GWI</td>
<td>2.00%</td>
<td>1.00%</td>
<td>ESM</td>
<td>1% to ALOPLAN</td>
<td>1% to ALOPLAN</td>
<td>1% to ALOPLAN</td>
</tr>
<tr>
<td>AAPS/BCGEU/Exec Admin</td>
<td>July 1, 2015</td>
<td>GWI</td>
<td>1.00%</td>
<td>1.00%</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>Faculty only</td>
<td>July 1, 2015</td>
<td>PTR</td>
<td>2.70%</td>
<td>0.00%</td>
<td>N/A</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>AAPS/BCGEU/Exec Admin</td>
<td>May 1, 2016</td>
<td>ESD</td>
<td>0.45%</td>
<td>0.45%</td>
<td>ESM</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>Faculty/Sessionals</td>
<td>June 30, 2016</td>
<td>Lump Sum</td>
<td>1.00%</td>
<td>0.00%</td>
<td>N/A</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>AAPS/BCGEU/Exec Admin</td>
<td>July 1, 2016</td>
<td>GWI</td>
<td>0.50%</td>
<td>0.50%</td>
<td>ESM</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>Faculty only</td>
<td>July 1, 2016</td>
<td>PTR</td>
<td>2.70%</td>
<td>0.00%</td>
<td>N/A</td>
<td>9 mths fiscal</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>Faculty/Sessionals</td>
<td>June 30, 2017</td>
<td>Lump Sum</td>
<td>1.00%</td>
<td>0.00%</td>
<td>N/A</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>AAPS/BCGEU/Exec Admin</td>
<td>May 1, 2017</td>
<td>GWI</td>
<td>1.00%</td>
<td>1.00%</td>
<td>N/A</td>
<td>11 mths fiscal impact</td>
<td>1% to ALOSL</td>
<td>11 mths fiscal impact</td>
</tr>
<tr>
<td>AAPS/BCGEU/Exec Admin</td>
<td>July 1, 2017</td>
<td>GWI</td>
<td>0.50%</td>
<td>0.50%</td>
<td>N/A</td>
<td>9 mths fiscal impact</td>
<td>0.5% to ALOSL</td>
<td>9 mths fiscal impact</td>
</tr>
<tr>
<td>Faculty only</td>
<td>July 1, 2017</td>
<td>PTR</td>
<td>2.70%</td>
<td>0.00%</td>
<td>N/A</td>
<td>9 mths fiscal</td>
<td>N/A - Processed</td>
<td>N/A - Processed</td>
</tr>
<tr>
<td>AAPS/BCGEU/Exec Admin</td>
<td>July 1, 2017</td>
<td>Progression, Merit, Step increase</td>
<td>**</td>
<td>4%</td>
<td>Central</td>
<td>9 mths fiscal impact Funded by Central to ALOPLAN</td>
<td>9 mths recurring Funded by Central to ALOPLAN</td>
<td></td>
</tr>
</tbody>
</table>

* PTR and GWI are both based on June 30 salaries, increases are not cumulative
** Salary increases to be based on standard planning rates

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**Based on existing collective agreements**  
**Estimated based on historical agreements**  
**Budget Office**