

College of New Caledonia



NEWS RELEASE

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College facing \$1.8 million budget shortfall in 2011/12

The College of New Caledonia is facing a projected budget shortfall of approximately \$1.85 million next year, board members heard during their meeting on Friday in Prince George.

According to a budget assumption report from CNC's vice-president of finance, expenses continue to climb at the college, while funding from the province is not expected to increase in 2011/12.

"While it is still early in the budget development process, and there are many details to be evaluated and finalized over the next few months, the current draft budget would result in an operating fund deficit of approximately \$1.8 million -- if nothing were changed," Penny Fahlman told the board. "Like every year, the college will experience a variety of unavoidable higher costs and spending pressures including: administrative and faculty employee salary step increments; utility cost escalations; health and pension cost increases; new and higher software licensing and maintenance fees; as well as the annualized cost of new initiatives begun part way through the previous fiscal year"

In an effort to deal with the projected shortfall, the college is planning to make a limited number of one-time early retirement incentives and voluntary severance payments available to full-time regular employees, who will not be replaced in the following year by a new regular or full-time employee. "A variety of other strategies to reduce expenditures will also need to be considered," Fahlman said.

Aside from the expected increases in expenses, the college is also losing some of the funding it counted on in the past such as \$400,000 in Aboriginal Services Plan funding, which is being discontinued; a possible reduction in Industry Training Authority Training Plan funding, which may be reduced across the province; and a continued reduction in Annual Capital Allowance funding, which is expected to remain at the 2010/11 level of \$374,697, which was more than \$1 million less than the province provided in 2008-09.

At the board's next meeting on February 25, CNC President John Bowman will present preliminary options and recommendations to the Board for addressing the projected shortfall. "These options will include a combination of reduced expenditures, reallocations of unused budgets, and inclusion of deferred and other revenues in the budget," Bowman said. "There are

too many factors at this point to know if layoffs will be required. Obviously, we would like to avoid those if possible.”

If layoff notices must be given out, that decision will be made at the February 25 in-camera College Board meeting. Layoff notices must be issued by March 31, 2011 as outlined in the college’s collective agreement with the faculty union.

Any changes that may result to the programs and services the College provides will not be communicated publically until after March 11, allowing time for current students and employees who may be affected to be informed first.

CNC expects to receive confirmation regarding its 2011/12 provincial grant funding by the end of March. The College’s overall budget development timetable calls for a final budget to be approved by the College Board of Governors on April 29.

Colleges are required by provincial legislation to plan for a balanced budget every year.

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