



REPORT TO LONG-TERM PLAN AND BUDGET STANDING COMMITTEE

MEETING DATE: OCTOBER 8TH, 2014

Item:	<i>Budget Update</i>
Presenter:	<i>Andrew Lalka, Vice President Finance</i>
Purpose of Report:	<i>For Information</i>
Item #:	<i>5 d</i>

Recommendation:

That the Long-Term Plan and Budget Standing Committee recommend this report and its appendices for inclusion on the Council agenda as an item for information to the Governance and Agendas Standing Committee of Council. Further recommend to Council that no further action is required.

Background:

Under the Standing Committee Terms of Reference the Long-Term Plan and Budget Standing Committee of Council is responsible for reviewing and recommending the Annual Budget to Council.

*USC 2014/15, Council Meeting #3
September 24, 2014*

Motion #3 – Initiation of Strategic Planning Process

7.00 Long-Term Plan and Budget Committee

7.01 Mandate

5. *Review the Board of Directors recommended Annual Budget and recommend it to Council for approval;*
 - i. *The LPB Committee shall ensure that the Annual Budget is consistent with the USC's Long-Term Strategic Plan.*

This year the LTPB will be reviewing an Annual Budget as well as a rolling 3-Year Budget. The stated objective of the Board of Directors is to use the 3-Year Budget as a guiding tactical plan to operationalize the USC's Long-Term Strategic Plan.

Report:

The annual budget for the 2015/16 academic year has the following major objectives:

- *Organizing the USC Fee Structure*
- *Defining the Fees and their uses*
- *Re-Evaluate Fees that the USC Collects*
- *Define a “true cost” of inflation*
- *Advance the timeline of the Budget to bring information to the LTPB sooner*
- *Increase the amount of information made available to the LTPB*
- *Manage overall student fees*

The current UCS fee schedule dictates 15 separate fees plus two for collectively negotiated contracts with external parties. Of the 15 USC fees the two largest are the Base Fee (approximately \$80) and the UCC Fee (approximately \$60). These fees have a long and storied history and their uses arguably no longer reflect their first principles. Today they are both effectively base fees as they are not specifically dedicated to any particular aspect of the corporation’s operations. One of the priorities of the 2015/16 budget will be to organize, define, and clarify the fees collected on the USC’s behalf.

The USC also collects a series of fees for external organizations within the Western community. The upcoming budget will review whether or not we wish to continue collecting these fees or if they would be more appropriately overseen by another party. The Executive has made this review an advocacy priority in collaboration with the University Administration.

Inflation, for the purposes of USC budgeting, is currently defined by the Consumer Price Index (CPI) as set out by the Bank of Canada. It is determined by comparing, over time, the cost of a fixed basket of goods and services purchased by typical private consumers. Increasingly, Canadian businesses and government departments have been using special aggregates of CPI or individually defined baskets to define more accurate inflationary metrics. The 2015/16 USC Budget will consider alternative metrics and indexes to define an appropriate base inflation rate.

There seems to be a common perception among Councillors that they are not given enough time or enough information to make truly informed decisions regarding Council’s budget. The aim of the new approach will bring more information to Councillors sooner and facilitate a more informed decision making process. Additionally, the new process will strive to equip Councillors the resources to support the budget and feedback process in new and more robust ways.

Finally, our highest priority in the coming budget will be getting students a better deal. A significant portion of the USC’s revenues are generated from student fees. In respecting the spirit and trust that students place in the USC we will continue to manage overall organizational costs and keep the principle of fiscal responsibility at the forefront of all of our budgetary recommendations to the LTPB.

The 3-year budget for the fiscal years of 2016-2018 has the following major priorities:

- *Adhere to the USC's Long-Term Strategic Plan*
- *Serve as a tactical plan to operationalize the USC Long-Term Strategic Plan*
- *Outline a plan to support the financial sustainability of the corporation*
- *Include enough structural flexibility to allow future Councils, Executives, and Boards to manage the organization effectively*

A 3-year rolling budget provides us with the opportunity to align institutional resources with strategic priorities outlined in the Long-Term Strategic Plan. It will also be used as an opportunity to outline a 3-year plan for financial sustainability. Current financial projections point to a significant and growing deficit over the next three years. Addressing and managing this trend will be a main priority in the 3-year budget. While the aim is to outline a plan for financial sustainability, it is also our goal to enable future Councils to enact change and remain flexible within the scope of the plan.

The Long-Term Plan and Budget Standing Committee will provide further updates to Council as they arise.

Appendices:

- *None*

Legislative History:

- [USC By-Law #1](#)
- [USC Standing Committees Terms of Reference \(March 2013\)](#)

Action Required:

- *None*

Sign-Offs:

<i>Council Review:</i>	<i>Jack Litchfield, LTPB Chair</i>	
<i>Executive Review:</i>	<i>Matt Helfand, President</i> <i>and</i> <i>Andrew Lalka, Vice President Finance</i>	
<i>USC General Manager Review:</i>	<i>Cathy Clarke, General Manager</i>	
<i>USC Human Resources Review:</i>	<i>Karla Pacheco, Human Resources Manager</i>	
<i>Financial Review:</i>	<i>Carrie Passi, Managing Director Corporate and Financial Resources</i>	
<i>Legislative Review:</i>	<i>Scott Courtice, Managing Director Government Services</i>	