

March 9, 2006

Our Ref. 56326

Dr. Richard Skinner
President and Vice-Chancellor
Royal Roads University
2005 Sooke Rd
Victoria BC V9B 5Y2

Dear Dr. Skinner:

Education and skills are critical to achieving long term economic and social success. Government has recognized this fact in its first Great Goal for the decade ahead:

“Make British Columbia the best-educated, most literate jurisdiction on the continent”.

British Columbia’s post-secondary system, working in partnership with government, will play a key role in meeting this goal.

On behalf of the Minister of Advanced Education, I am writing to provide you with information regarding government’s priorities relating to the post-secondary education system, the Ministry of Advanced Education’s (AVED) goals and objectives, and your institution’s budget and accountabilities for 2006/07-2008/09.

I. OVERVIEW

Government’s Strategic Plan clearly articulates the importance of education, and research and innovation. A complete copy of the plan is available at the following website:

<http://www.bcbudget.gov.bc.ca/2006/stplan/>

AVED’s 2006/07-2008/09 Service Plan flows from the Government Strategic Plan, and identifies Ministry goals, objectives, strategies, performance measures and targets. A copy of the Service Plan is available at:

<http://www.bcbudget.gov.bc.ca/2006/sp/ae/>

AVED remains committed to the Strategic Investment Plan – a rolling six year Plan for post-secondary education – as its primary focus. Specifically, this initiative is designed to increase participation in post-secondary education in every region of the province; to target key program areas that will support economic and social priorities of government; and to enhance under-represented learners’ access to post-secondary education.

2006/07 marks the half-way point of the initial six year Plan and is an appropriate time to take stock of the progress of the Plan and to start discussions concerning the second six year phase to ensure government can achieve its education goals by 2015/16. Attachment 1 provides an update on the three components of the Strategic Investment Plan.

Achieving the goal to “make BC the best-educated, most literate jurisdiction on the continent” requires the post-secondary education system to continue adapting and moving to a higher level of excellence.

While the Strategic Investment Plan is the fundamental building block for access, the Ministry and government are embarking on a process of change for the Ministry called Evolving AVED which involves recognizing our new mandate of research, technology and innovation, as well as opportunities for new partnerships within our post-secondary system.

We want to thank you for your input into Evolving AVED this past fall. Out of this process, the Ministry will be adopting a new cultural goal, formalizing a set of key values and adopting a new organizational structure to enhance our daily interactions both within the Ministry and with our partner institutions and students/learners. The new structure will focus on promoting a community of learners and a vibrant economy in British Columbia.

The recent Throne Speech and Budget highlighted a number of projects particularly relevant to our emerging Research and Innovation (R&I) Strategy. We will continue to work on the R&I Strategy, especially the component support for graduate students: seat funding, scholarships and internships.

We will also continue to work on other priorities including improvements to Student Financial Assistance programs, Aboriginal post-secondary education and adult literacy/life-long learning. The Ministry will also be advancing policy work in the area of private post-secondary quality assurance.

Government tuition policy to limit tuition fee increases to the rate of inflation will continue. Institutions are also encouraged to reflect the spirit of the tuition limit policy in setting mandatory fee increases. When planning the introduction of new mandatory fees, institutions are asked to consult with students, their board of governors and the Ministry.

The recent Throne Speech and Budget highlighted several one-time opportunities for the system which include the Natural Resources and Applied Sciences Research Endowment (\$50 million); Genome BC funding (\$45 million one-time); the Digital Media Education Centre (\$40.5 million - part one-time and part endowment); Alzheimer Research Funding (\$15 million); and, a Cancer Prevention Research Chair (\$4 million).

II. BUDGET ALLOCATIONS

AVED's 2006/07-2008/09 Budget

AVED's budget is \$1,981.7 million for 2006/07, \$70.2 million higher than the 2005/06 budget. By 2008/09, government will invest an additional \$186 million into the post-secondary education system.

The following chart and table show the breakdown of the Ministry's and the Educational Institutions and Organizations' (EIO) budgets and full-time student equivalent (FTE) allocations for 2006/07.



EIO Budget	\$Ms	FTEs*
Universities – Operating Grants	830.9	84,999
Colleges, University Colleges and Institutes Operating Grants	596.7	84,998
Sub-total Operating Grants	1,427.6	169,997
Annual Capital Allowance	65.8	
Targeted and Other	53.4	
Total EIO Budget	1,529.8	169,997

*

Reflects enrolment reporting method.

Preliminary AVED budgets for 2007/08 (\$2,057.2 million) and 2008/09 (\$2,097.5 million) are provided for planning purposes and are subject to change given that funding is voted by the Legislature on an annual basis.

Your institution's specific transfers and FTE allocations over the next three fiscal years are provided in Attachment 2. Additional details regarding operating transfers and other funding allocations affecting your institution are provided in Attachment 3.

Targets for 2007/08 and 2008/09 are provided for planning purposes. I am pleased to confirm that the Ministry will be making changes to enhance the responsiveness of the budget process. In support of the 2007/08 budget process, the Ministry will embark on a new process that supports early planning (May-June), further consultation (September-October) and decisions (February-March). We are working with the relevant coordinating groups to develop a process that works for all of us.

III. ACCOUNTABILITY FRAMEWORK

The Accountability Framework identifies the performance measures for the public post-secondary system. The performance measures were developed in consultation with institutional representatives, in particular the Accountability Framework Advisory Committee and the Performance Measures Working Group. The non-FTE targets were also developed with input from the Performance Measures Working Group. Institutional performance measures and targets for 2006/07-2008/09 are provided in Attachment 4.

Performance is planned and reported through institutional service plans and reports. Institutional Service Plans for the period 2006/07-2008/09 should be submitted to the Minister via the Ministry, and available on your website, by May 19, 2006. The core content remains virtually the same as last year, with a few performance measure changes. To assist in developing the Institutional Service Plan for 2006/07-2008/09, support material (core content; list of performance measures; Guidelines and Templates; and the Standards Manual) will be sent to your Service Plan Contact, and are also available at:

<http://www.aved.gov.bc.ca/accountability/>

The results from last year's Institutional Service Plan (2005/06-2007/08) are to be reported in your 2005/06 Institutional Service Plan Report. These are to be submitted to the Minister via the Ministry, and available on your website, by July 14, 2006 (except for institutions in transition that may be advised otherwise). To assist in developing your Institutional Service Plan Report, support material for this document will also be sent to your Service Plan Contact.

IV. REPORTING REQUIREMENTS

Attachment 5 summarizes the reports that institutions are asked to submit in accordance with the Budget and Accountability letter. If unanticipated issues arise, please be advised that the Ministry may require supplemental reports from your institution.

V. SUMMARY

Budget 2006/07 represents a significant step forward in the evolution of the post-secondary system. Continuing the course of supporting access through the Strategic Investment Plan, bold new approaches for research and innovation, and the upcoming post-secondary system review, will help the post-secondary education system ensure that British Columbia is in fact the best-educated, most literate jurisdiction on the continent.

Thank you for your continuing cooperation in working with the Ministry and other system partners in providing students with an accessible, affordable, high quality and relevant post-secondary education.

Sincerely,

Original signed by

Moura Quayle
Deputy Minister

Attachment 1 – Strategic Investment Plan Update
Attachment 2 – Institutional 2006/07-2008/09 Operating Transfers
Attachment 3 – Additional Information
Attachment 4 – 2006/07 – 2008/09 Performance Targets
Attachment 5 – 2006/07 Reporting Requirements

pc: Mr. Robert Skene, Chair, Board of Governors
Royal Roads University

Mr. Dan Tulip, Vice-President, Finance and Corporate Services
Royal Roads University

Mr. Don Avison, President
The University Presidents' Council of British Columbia

ATTACHMENT 1

Strategic Investment Plan Update

Information regarding the three components of the Strategic Investment Plan (SIP) are provided below.

- 1. Increasing Opportunities** – the original six year SIP was to add 25,000 spaces by 2009/10. In 2005/06, government announced an additional 3,000 spaces in 2010/11. The Ministry remains committed to this plan which includes operating funds, capital funds and student financial assistance funding.

a. Operating Funding: Seat Allocation

Based on softening enrolment in some areas of the province due primarily to improved economic conditions, and higher than anticipated demand in other areas, some minor reallocations have been made for 2006/07 to better meet current demand. Additional reallocations will be considered for 2007/08 based on continued monitoring of enrolment trends. The Ministry will also undertake a consultative process to determine whether the post-secondary education system should continue to expand beyond 2010/11 and what measures could be taken to enhance participation in regions with relatively low participation rates.

The Ministry continues to encourage institutions to share information and experiences in addressing common challenges (e.g., student attrition, space/faculty shortages, practicum placement shortages, satellite initiatives or consortiums, and on-line learning). By working together, institutions can support operational efficiencies and common goals.

The Ministry also encourages institutions to continue to allocate spaces to programs supporting occupations facing labour shortages in the immediate and long term.

b. Capital Funding

As a component of each institution's operating transfer, the Annual Capital Allowance (ACA) for maintenance, renovation and upgrade projects is intended to be in addition to, not a replacement of, existing levels of operating expenditures on site and buildings.

Your institution's 2006/07 ACA allocation is included in Attachment 2.

Treasury Board requires that the Ministry be able to demonstrate accountability with regard to ACA expenditures. Within the parameters outlined above, ACA spending is generally at the discretion of institutions. However, the use of capital reserves, based on multi-year ACA plans, is encouraged. In addition, projects that have an impact on facility capacity should be discussed with Ministry staff prior to the commitment of funds. ACA funds should not be used for expansion projects that add to an institution's space inventory, or for replacement projects. Projects of this nature should be included in an institution's debt service capital submission to the Ministry.

The debt service and amortization cost of new capital construction must be managed within the Ministry's approved operating budget. Therefore, capital investment will remain constrained and will in large part be targeted to institutions receiving significant levels of full-time equivalent growth.

Please be aware that regardless of the nature of the funding or accounting treatment, capital project procurement should follow Provincial guidelines set out in the *Capital Asset Management Framework*, located on the internet at:

http://www.fin.gov.bc.ca/tbs/camf_guidelines.pdf

c. Student Financial Assistance

Affordability is a key component to the access intent of the Strategic Investment Plan. The Ministry and the Federal Government continue their efforts to make progress in this area by addressing unmet student need through increased lending limits and addressing excess graduating debt through targeted grants and loan reduction and loan forgiveness programs. Over the next 3 years the Ministry is committed to investing \$487.2 million in student financial assistance programs and has increased the BC Student Loan Program's transaction budget to over \$300 million a year. To protect the integrity of this investment made by taxpayers Institutions must continue to comply with the legislative and policy requirements of the BC Student Assistance Program. Further, Institutions in British Columbia have played an important role in ensuring that family finances do not prevent eligible students from pursuing a post-secondary education. It is critical that this support be maintained and, where possible, enhanced. The Ministry continues to monitor this investment through the student outcomes, accountability framework and institution financial statements because equality of opportunity remains an important principle guiding its post-secondary education policies. A related initiative, the monitoring of repayment rates for government student loans of students of public and private post-secondary institutions, is being implemented Canada-wide as an additional indicator of institutional investment in administrative, academic and financial assistance to high needs students.

- 2. Targeting Investment** – institutions, working closely with community partners, are best positioned to determine program mix. The SIP will, however, continue to allocate a portion of new growth to key provincial priorities including health programs and on-line learning. Community and provincial partnerships are critical to address the needs of existing and emerging skills shortages to support economic and social priorities. This discussion will be part of the 2007/08 Budget Process and Consultation between the Ministry and the post-secondary system.

- 3. Making Connections** – collectively, we support a well-functioning system that maximizes benefits to learners. The Ministry will continue to work with institutions and partner ministries to identify specific barriers to participation – particularly in rural areas of the province – and to develop and adjust policy measures to support literacy and Aboriginal learners. The Ministry has developed a proposed strategy for Aboriginal post-secondary education and will be consulting on that strategy over the coming months. Development also continues on BCcampus, the provincial collaborative approach to on-line learning. The Ministry recognizes the importance of the transfer system which is an outstanding feature of British Columbia’s post-secondary system. We encourage institutions to continue to work collaboratively to ensure new spaces are allocated in a manner that supports and enhances the transfer system. Access to developmental programs such as adult basic education, adult special education and English language training continue to be a priority, as is support for students with disabilities to participate in our post-secondary education and training system.

Attachment 2

ROYAL ROADS UNIVERSITY 2006/07 - 2008/09 Operating Transfers and Overall Student FTE Targets

Royal Roads University Operating Transfers	2006/07		2007/08		2008/09	
	FTEs	\$	FTEs	\$	FTEs	\$
AVED FTEs/Operating Grants *	1,930	\$ 13,540,029	1,970	\$ 13,828,029	2,010	\$ 14,116,029
Change from Prior Year	40	\$ 584,524	40	\$ 288,000	40	\$ 288,000
Annual Capital Allowance (ACA) **	-----	\$ 522,815	-----	TBD	-----	TBD

Student FTE Graduate and Undergraduate Targets							
	Ministry Code	CIP Code	2006/07	2007/08	2008/09		
Undergraduate	UNGR	Multiple	315	315	315		
Graduate	GRAD	Multiple	650	650	650		
Undesignated			965	1,005	1,045		
Overall Student FTE Targets			1,930	1,970	2,010		

* The overall student FTE targets for the AVED Operating Grant include specific student FTE targets as follows.

** ACA is determined on an annual basis, so is shown as TBD in 2007/08 and 2008/09.

Specific Student FTE Targets

Royal Roads University	Ministry Code	CIP Code	2006/07		2007/08		2008/09	
			Change	Total	Change	Total	Change	Total
(A3) <i>On-line Learning</i>								
On-line Learning	ONLI	Multiple	20	80	-	80	-	80
Total Specific Student FTE Targets			20	80	-	80	-	80

(A3) = See Attachment 3 for further details on these allocations.

Attachment 3

ROYAL ROADS UNIVERSITY

Additional Information

Regarding 2006/07 – 2008/09 Operating Grants and Student FTE Targets

This attachment provides additional context and information related to your institution's operating grant and student full-time equivalent (FTE) targets outlined in Attachment 2.

TARGETING INVESTMENT

On-Line Learning

The 2006/07 institutional operating grants and student FTE targets include provision for student FTEs towards government's commitment to strengthen on-line access throughout the province. These student FTEs may be allocated only to courses or programs that are offered wholly on-line and which lead to a credential that is achievable on-line or by other distance methodologies.

MAKING CONNECTIONS

Aboriginal Special Projects Funding

Funding for Aboriginal Special Projects will be available in 2006/07, but has not been included as part of the operating grant. Details regarding this funding will be provided separately.

OTHER PROGRAMS AND INITIATIVES

Collective Agreement Settlements (Extraordinary Mandate)

In 2005, the Minister of Finance approved an Extraordinary Mandate (EM) to permit a 1.5 percent increase in compensation for employees in public post-secondary institutions who were facing four consecutive years of no salary increases. Your institution's operating grant has been increased to recognize the annualized cost of your 2005/06 collective agreement(s) settled under the EM.

Funding for collective agreements settled under the new Negotiating Framework will be held centrally by government. Funding will be released as collective agreements are ratified and costed.

Grants-in-Lieu

Funding for grants-in-lieu of property taxes will be available in 2006/07, but has not been included in your institution's operating grant. Details regarding this funding will be provided at a later date.

Attachment 4
Royal Roads University
Accountability Framework 2006/07 - 2008/09 Performance Targets

Performance Measure	Baseline Data for 2006/07 Service Plan	Performance Targets		
		2006/07	2007/08	2008/09
Student spaces in public institutions	Data from 2004/05 Fiscal Year:			
<i>Total Student Spaces</i>	1,958 (2004/05 Actual)	1,930	1,970	2,010
	1,890 (2005/06 Target)			
Total credentials awarded	1,369 (2004/05 3-yr avg.)	2,071	2,388	2,593
Number and percent of public post-secondary students that are Aboriginal	Data from 2004/05 Academic Year:			
<i>Total number (#)</i>	17	Maintain or increase	Maintain or increase	Maintain or increase
<i>Percent (%)</i>	0.8%			
Skill development	2004 Survey Data:			
<i>Skill development (avg. %)</i>	89.5%	Meet or exceed benchmark (85%)		
<i>Written Communication</i>	88.4%	Individual skills should contribute toward meeting skill development average benchmark target of 85%		
<i>Oral Communication</i>	90.9%			
<i>Group Collaboration</i>	96.8%			
<i>Critical Analysis</i>	90.4%			
<i>Problem Resolution</i>	89.5%			
<i>Reading and Comprehension</i>	80.2%			
<i>Learn on your own</i>	90.2%			
Student assessment of quality of education	99.2% (2004 survey)	Meet or exceed benchmark (90%)		
Student assessment of quality of instruction	99.2% (2004 survey)	Meet or exceed benchmark (90%)		
Student assessment of usefulness of knowledge and skills in performing job	95.7% (2004 survey)	Meet or exceed benchmark (90%)		
Student outcomes – unemployment rate	1.7% (2004 survey)	Maintain unemployment rate of former RRU students below rate for persons with high school credentials or less		
Research Capacity	Data from 2003/04 Fiscal Year :			
<i>Sponsored research funding from all sources (Total \$)</i>	\$514,000	Maintain or increase	Maintain or increase	Maintain or increase
Percent of annual education activity occurring between May and August	50.9% (2004/05 FY)	Contribute toward achievement of system level target of 21%		

Attachment 5

2006/07 Reporting Requirements

Report	Description and Purpose	Ministry Contact	Due Date(s)
Service Planning			
Annual Three-Year Institutional Service Plans	Each year, institutions are required to produce and make public a three-year Institutional Service Plan. The plan should be consistent with each institution's Budget and Accountability letter, should set out particular goals and objectives developed by each institution, and link the performance measures via the key criteria.	Janice Nakamura (250) 952-6567 Janice.Nakamura@gov.bc.ca	May 19, 2006
Annual Institutional Service Plan Reports	Each year, institutions are required to produce and make public annual Institutional Service Plan Reports. The content will include reporting out on performance measures.	Janice Nakamura (250) 952-6567 Janice.Nakamura@gov.bc.ca	July 14, 2006
Student Data			
Central Data Warehouse	Twice per year, colleges, university colleges and institutes are required to submit their student level data to the Central Data Warehouse.	Jacqui Stewart (250) 387-5029 Jacqui.Stewart@gov.bc.ca	May 31 and October 31, 2006
University Administrative Data	Each year, universities provide data regarding performance measures, in accordance with the Standards Manual specifications. The data includes: aboriginal students, degree completion rates, number of licenses, patents and start-up companies; and highly qualified personnel. In addition, if it will not be available on the TUPC website by Dec 8, 2006, universities provide data on headcount, admissions GPA cut-offs, and credentials.	Janice Nakamura (250) 952-6567 Janice.Nakamura@gov.bc.ca	December 8, 2006
FTE Reports	Audited FTE Enrolment Reports are used as the final measure for student FTE utilization rates and Service Plan reporting. Interim FTE Enrolment Reports are used to identify any challenges or issues, in the current year, for overall and targeted student FTE delivery.	Randy Brown (250) 387-2640 Randy.Brown@gov.bc.ca	Audited Student FTE Enrolments - May 15, 2006 Interim FTE Enrolment Reports Fall – October 27, 2006 Winter – February 16, 2007

Report	Description and Purpose	Ministry Contact	Due Date(s)
Program Information			
ABE and ESL Articulation Committee updates	<p>AVED receives annual updates from the Adult Basic Education articulation committee and the English as a Second Language articulation committee. AVED enters the changes in each respective handbook and posts on the Ministry website.</p> <p>Updates include course additions, deletions or changes in these program areas at each college and university college.</p>	Cheryl Bell (250) 356-7700 Cheryl.Bell@gov.bc.ca	<p>ESL Updates – Before January 1, 2007</p> <p>ABE Updates - June 1, 2006</p>
Financial Data			
GRE Quarterly Reports	<ul style="list-style-type: none"> Information required for inclusion of post-secondary institutions into the government reporting entity. Supports production of the Quarterly Reports. 	Colin Fowler (250) 387-1950 Colin.Fowler@gov.bc.ca	<p>1st Quarter YTD - July 21, 2006</p> <p>2nd Quarter YTD - October 20, 2006</p> <p>3rd Quarter YTD - January 10, 2007</p>
GRE Forecast Reports	<ul style="list-style-type: none"> Information required for inclusion of post-secondary institutions into the government reporting entity. Supports production of the Quarterly Reports. 	Colin Fowler (250) 387-1950 Colin.Fowler@gov.bc.ca	<p>1st Quarter - August 4, 2006</p> <p>2nd Quarter - October 25, 2006</p> <p>3rd Quarter - January 12, 2007</p>
Draft Financial Statements and Appendix C	Supports production of the Public Accounts.	Colin Fowler (250) 387-1950 Colin.Fowler@gov.bc.ca	April 24, 2006
Audited Financial Statements	Supports production of Public Accounts and meets the requirements of the post-secondary Acts governing the preparation of annual reports.	Colin Fowler (250) 387-1950 Colin.Fowler@gov.bc.ca	May 25, 2006 (1 copy to OCG, 2 copies to AVED).
Summary Schedule of Revenues and Expenditures	The Summary Schedule of Revenues and Expenditures is based on financial statement information and provides key comparative data for the public post-secondary system.	Colin Fowler (250) 387-1950 Colin.Fowler@gov.bc.ca	June 9, 2006

Report	Description and Purpose	Ministry Contact	Due Date(s)
<p><i>Financial Information Act</i> Report</p>	<p>The Ministry of Advanced Education is responsible for collecting and reviewing the financial information required under the <i>Financial Information Act</i>.</p> <p>Link for reference material: http://www.fin.gov.bc.ca/ocg/fmb/FIA/fia.htm</p>	<p>Bruce Smith (250) 356-9818 Bruce.Smith@gov.bc.ca</p>	<p><u>June 30, 2006</u></p> <ol style="list-style-type: none"> 1) Audited Financial Statements <p><u>September 29, 2006</u></p> <ol style="list-style-type: none"> 1) Schedule of Debts 2) Schedule of Guarantee and indemnity agreements 3) Schedule of Remuneration and Expenses 4) Schedule of Payments for the Provision of Goods and Services 5) Management Responsibility for Financial Reporting
<p>Federal/Provincial Agreement Report Form</p>	<p>Under the terms of the Labour Market Agreement for Persons with Disabilities (LMAPD), institutions are required to report to the Ministry, expenditures made and the total number of students with disabilities who were provided with support services through the Adult Special Education, Interpretive Services and Disability Services Grants programs. Shareable expenditures are cost-shared with the Federal government. A revised format for this report is being developed with the institutions and will be communicated under separate cover.</p>	<p>Marissa Thola (250) 387-6174 Marissa.Thola@gov.bc.ca</p>	<p>September 29, 2006</p>