

Guidelines:

Budget Planning

These guidelines offer advice and identify considerations concerning budget planning in support of the development of comprehensive proposal submissions to the ministry.

Budget planning is an essential component of the proposal development process, it guides institutions in demonstrating how they plan to finance proposed programs. Such planning follows from, and is integrated with, program of study, resourcing, and enrolment planning considerations.

In order for a proposal to move through the review process to the approval stage, institutions need to demonstrate that the budget plan for a program is viable and sustainable.

Unsustainable or non-viable budget plans expose institutions, students, and the Alberta post-secondary system to unnecessary risk.

Scope

These budget planning guidelines pertain to proposals submitted by institutions through PAPRS (Provider and Program Registry System). These proposals can be for non-credential, certificate, diploma, and degree programs in matters concerning:

- new programs;
- new specializations; and
- reactivations of suspended programs and specializations.

Guiding Principles

- Budget planning should reflect effective and efficient stewardship of resources.
- Budgets should be viable, sustainable, and transparent.
- Expenditures for new programs and specializations should be based on realistic projections.
- Student program related fees, in addition to tuition, should align with student access and affordability considerations.
- Budget planning should reflect government priorities and principles related to accessibility, affordability, quality, coordination, and accountability.

Pre-Planning Considerations

Prior to demonstrating financial viability for a new program or specialization, institutions should consider a variety of factors and questions, including (but not limited to):

- What specific information is needed about the proposed program in order to project revenues, cost, and expenditures accurately?
- What is the basis for revenue projections?
- What is the basis for expenditure projections?
- How will costs be calculated for the program?
- What budgetary risks can be identified and mitigated?

Institutions need to demonstrate that they have sufficient funds to implement and deliver a proposed program.

Institutions should provide information about how they intend to finance a new program. This information should include all applicable funding sources.

Expectations for Proposed Budget Plans

Institutions should be aware of ministry expectations when proposing new programs and specializations.

Proposed budgets should be balanced and sustainable.

Budget plans should incorporate costs of a program. In cases where a balanced budget is not forecast for Year 1 of delivery, but is achieved in later years of program implementation, the institution should explain how initial program deficits will be funded. In cases of surplus revenue or earned revenue budgets, the institution should provide a rationale for this budget approach and indicate how surplus revenue will be allocated within the institution.

It is recommended that institutions present how they plan to fund a proposed program and identify key budgetary considerations including relevant costs, expenditures, and revenue projections associated with the proposed program.

Financial impacts and considerations involving students should be provided.

Institutions should indicate proposed tuition costs (domestic and international, when applicable), how these costs were derived, and how these costs align with principles of accessibility and affordability. Institutions should compare proposed tuition costs with programs within the institution and/or elsewhere in the province. Estimates of typical student costs should include tuition, fees, books, equipment, and other supplies.

Definitions

Program Revenue: Revenue accruing to the institution as a result of delivering a program, including (but not limited to) tuition, related fees, services or products sold through delivery of the program, Campus Alberta grant funds, etc.

Costs: Expenses incurred by the institutions as a result of delivering a program.

Expenditures: One-time expenses incurred in the establishment and implementation of a new program.

Budget Planning Considerations

- Pre-Planning Considerations
- Expectations for Proposal Budget Plans
- Identifying and Mitigating Risk
- Integrating Budgetary Planning into Other Aspects of a Proposal.
- Budgetary Planning for Reactivated Programs

Identifying and Mitigating Risk

Budget forecasts and plans should include information outlining potential risks and strategies undertaken to mitigate against such risks. In particular:

- In cases where revenue projections include a significant amount of international student tuition, institutions should clarify how associated risks are mitigated (e.g., if fewer international students enroll than projected).
- Institutions should clarify what minimum number of enrolments are needed for program/specialization in order for revenue to be viable and sustainable.
- Institutions should identify any other potential budgetary/financial risks and associated mitigations strategies.

Integrating Budgetary Planning into Other Aspects of a Proposal

Funding projections and enrolment planning should be closely aligned with other parts of a new program proposal. In particular, tuition revenue forecasts should align with enrolment projections and programing costing should align with enrolment projections, and other related costs.

Budgetary Planning for Reactivated Programs

With some suspended programs, the ministry may require institutions to document financial viability and sustainability before approving the reactivation, particularly if the program was suspended due to financial considerations.

The advice and considerations offered in this guideline is applicable in such cases. (Please see also *Guidelines: Reactivations*)

Further Information and Assistance

For additional information contact:

Director, Program Design and System Innovation

Alberta Advanced Education

780-643-9472

Related Guidelines:

- Proposal Timelines
- Enrolment Planning
- Reactivations
- Learner Demand
- Labour Market Demand

Other related documents:

- Tuition and Fee Regulation
- PAPRS Templates
- Financial Information Reporting System (FIRS) Reporting Manual

To obtain a copy of other guideline documents, or to ensure that you have the most recent copy of this guideline, please send a request via email to ae.psp-paprs@gov.ab.ca.