

***Loyalist College Business
Plan, Budget and Capital
Budget
2018/2019***



Approved June 20, 2018
Board of Governors

LOYALIST COLLEGE

BUSINESS PLAN

EXECUTIVE SUMMARY

Loyalist is pleased to present its 2018-19 Business Plan and Budget. This year, in order to create a provision to deal with funding uncertainties related to the change in Provincial Government, the College is planning an in-year surplus of \$2.15 Million. The Business Plan and Budget is the result of the continued efforts and commitment of all budget managers and their teams throughout the College.

2017-18 Financial Results

The 2017-18 Business Plan and Budget called for a balanced in-year position. We are pleased that our audited financial statements show an in-year surplus of \$4.2 million. This is the third year in a row that Loyalist has achieved an in-year surplus. These results have allowed the College to create an accumulated surplus of \$3.8 million. This represents significant progress over a four-year period and puts Loyalist on a solid financial footing as we move forward with a new Strategic Mandate Agreement with the Province of Ontario.

2018-19 Budget

Loyalist's 2018-19 Budget was developed in two stages this year. While Colleges were waiting for this year's provincial funding announcements, budget managers were asked to prepare "status quo" budgets that reflected on-going operations, contractual obligations (including collective agreement impacts and estimates of Bill 148 costs), positions that were approved in the 2017-18 budget, enrolment estimates (both domestic and international), and new programs that have been approved for September 2018. The finance team met with each of these managers and his/her College Executive Team member and Dean/Director to review these submissions.

In late March 2018, the Provincial announced \$125 million of funding to support colleges "in delivering quality programming that supports excellent outcomes for students while ensuring fair working conditions for staff". This one-time funding requires reporting from each College in January 2019 to demonstrate measures to meet the objective of improving student outcomes and program quality, progress in implementing provisions of Bill 148 (Fair Workplaces Better Jobs Act) and a breakdown of Bill 148 costs for 2018-19. Loyalist's share of this funding is \$5.85 million.

In addition, in May 2018, the Province announced the allocation of additional funding for the Small Northern & Rural Grant for 2018-19. An additional \$16.5 million was available to eligible colleges. The one-time allocation to Loyalist College is \$2.4 million. (It is important to note that the 2017-18 budget also included one-time financial sustainability funding in the amount of \$2.64 million.)

LOYALIST COLLEGE

Once the amounts of the new funding allocations were known, CET members worked with their Deans/Directors to identify requests for funding. Each member was asked to identify the nature of the request (one-time or on-going) and to provide a justification using the following Strategic Categories derived from the Strategic Mandate agreement:

- Destination College
- Graduate Attributes
- Differentiation and Multi-Disciplinary Clusters
- Key Performance Indicator Metrics
- Health & Wellness
- Financial & Other Sustainability Issues

In anticipation of uncertainty surrounding government funding and policy subsequent to the recent election, CET then worked together to develop a list of requests that were separated into two groups – Plan A (to be implemented as soon as possible) and Plan B (approved but won't be implemented until post-election effects are clearer). In addition, CET agreed to create a planned surplus for 2018-19 in the amount of \$2.15 million to allow the College to make strategic choices in the event of funding challenges in-year. Management was also concerned that without the one-time funding, status quo costs (in particular those related to Bill 148) may result in stress on future year budgets. The planned surplus, along with the accumulated surplus as of March 31, 2018, will help create flexibility and space to make strategic decisions as we move forward.

Tuition revenue estimates were calculated using a three-year enrollment plan developed collaboratively by academic leadership. This plan used the September 2017 enrolment and January 2018 intake numbers as its starting place. The enrolment plan estimates continued growth in International students but may be somewhat conservative based on applications to date. Domestic enrolment is projected to be relatively flat. Domestic post-secondary tuition rate will increase by 3 per cent in keeping with the provincial tuition cap. Ancillary fees for specific purposes will increase on an average of 5.9% or \$72 per full-time student, as reviewed with, and approved by, Loyalist Student Government. This includes a new Athletics Capital & Health & Wellness Complex fee of \$125 which replaces the \$40 Athletics Capital fee.

The increase in international students on Loyalist's campus has produced positive tuition revenue effects but continues to require investment in the 2018-19 budget in order to support that growth and to diversify the mix of countries that students represent. In addition, the change in mix of domestic and international students has also affected the use of services and supports--reducing some while increasing others.

The 2018-19 Budget includes several new programs. They are: Occupational Therapist and Physiotherapist Assistant, Cannabis Applied Science and Global Business Management. Costs net of tuition have been included in the Budget.

LOYALIST COLLEGE

The College has identified the key risks associated with the 2018-19 budget. A chart is included in this package identifying key risks, their potential impact, estimated likelihood of occurrence and risk management strategies.

2018-19 Revised Capital and Project Plan

The 2018-19 Revised Capital and Project Plan is attached.

Loyalist College of Applied Arts & Technology
Consolidated Revenue and Expenditure Summary

	2018/19	2017/18	2016/17
	Budget	Actuals	Actuals
Revenue			
MAESD grants and other government grants	38,938,867	34,034,033	32,491,397
Amortization of deferred capital contributions	1,998,000	2,013,667	1,688,868
Tuition Fees	24,236,888	20,618,850	16,947,039
Other Student Fees	3,362,265	3,576,338	3,212,435
Ancillary	3,310,000	3,331,402	3,566,905
Other revenue	4,390,646	4,996,056	4,262,465
Total Revenue	76,236,666	68,570,345	62,169,108
Expenditures			
Salaries and benefits	49,994,855	41,604,334	39,705,651
Transportation and communication Services	1,493,667	1,459,623	1,051,854
Maintenance, utilities and rentals	7,422,134	6,685,215	5,182,480
Supplies and minor equipment	4,421,372	4,104,681	3,929,314
Amortization expense	2,964,291	3,035,289	2,985,560
Interest and insurance	3,447,750	3,250,534	2,875,655
Other Expenditures	1,008,595	985,507	813,544
Total Expenditures	74,086,265	64,344,270	59,751,598
Net Operating Surplus (Deficit)	2,150,401	4,226,074	2,417,510

2018-19 BUDGET RISK CHART

RISK IDENTIFICATION	IMPACT IN 2018-19	LIKELIHOOD IN 2018-19	RISK MANAGEMENT STRATEGIES
Change in government as a result of June 7, 2018 election has created uncertainty about policy changes that could affect the College in-year	Unknown, but could be significant	Likely	<ul style="list-style-type: none"> • College is budgeting for a surplus of \$2.15 million for the year ended March 31, 2019. Within this is about \$730k of expenditures which will not be made until policy direction becomes clearer. This creates an in-year cushion of almost \$3m that can soften any issues within the fiscal year. This will allow time for more strategic reactions to any funding cuts.
Full time domestic enrolment lower than budgeted resulting in lower than planned-for tuition revenue	Moderate	Possible	<ul style="list-style-type: none"> • 3-year Strategic Enrolment Plan and changes to recruiting approaches underway • Implementation of CRM software is underway • Recruiting strategy is robust and includes increased marketing budget for targeted areas • Continued emphasis on international enrolments
International enrolment lower than budgeted resulting in lower than planned-for-tuition	Significant	Possible	<ul style="list-style-type: none"> • New resources in budget dedicated to International recruitment & supports • Focus on diversification of international markets and retention of current international students
Other revenues less than budgeted (including Second Career, Ancillary and Enveloped)	Moderate	Possible	<ul style="list-style-type: none"> • Enrolment & revenue estimates updated throughout year as new data available • Multi-year trend analysis of revenue streams is used to evaluate estimates
2018-19 is the first year of Bill 148 legislation re compensation. Since the Bill didn't contain very many regulations, Colleges may be vulnerable on how they have chosen to interpret "equal pay" requirements. It is possible that future court	Significant (depending on # of employees affected)	Possible	<ul style="list-style-type: none"> • Loyalist's approach to these issues has been consistent with other Ontario colleges and the advice of the College Employer Council. • It is unclear how the change in government might ultimately affect Bill 148

2018-19 BUDGET RISK CHART

challenges could redefine wage rate comparators.			
Part-time support staff have certified and are negotiating their first contract, costs unknown	Moderate	Likely	<ul style="list-style-type: none"> Budget created to provide for changes related to Bill 148 may be sufficient to accommodate increase resulting from the bargaining process
Executive Compensation Plan effects unknown	Moderate	Possible	<ul style="list-style-type: none"> Budget contains provisions but actual impacts are indeterminable at this point in time
Significant staff and faculty recruiting activity may result in unfilled positions for a period of time	Moderate	Possible	<ul style="list-style-type: none"> Budget includes increased staffing for Human Resources department College Executive Team has prioritized recruiting efforts
Organizational & staffing limitations may result in planned projects & initiatives being delayed.	Minor	Possible	<ul style="list-style-type: none"> Strategic oversight in all phases of Project process – from proposal through to completion
Significant portion of 2018-19 Provincial funding is one-time.	Minimal in 2018-19, significant in 2019-20 and forward	Exists already	<ul style="list-style-type: none"> Of the new strategic asks, \$1.68 m are one-time asks and \$337.5 are for capital. College is budgeting for a surplus of \$2.15 for the year ended March 31, 2019 and has an accumulated surplus of \$3.8m

2018-19 Draft Capital Budget - Revised June 20, 2018

Project Title	Estimated Cost	Funding Source
FACILITIES & INFRASTRUCTURE		
Parking Lot P6/Circle Phase I	250,000	Parking Reserve/Amortization
Parking Lot P6/Circle Phase II	80,000	Parking Reserve/Amortization
Roof Repair Hasting	350,000	Amortization
Roof Repair Lennox	350,000	FRP Grant
Security / Fire Panel	200,000	Amortization
BackUp Generator	250,000	Amortization
Storm Water Management	900,000	Amortization
2L9 Exhaust	30,000	FRP Grant
Classroom Furniture	120,000	Amortization or one-time operating
Front Entrance	135,000	Amortization
New Gym Floor	200,000	Amortization
New Gym Dividing Wall	75,000	Amortization
LED Lighting for Upper Soccer Pitch	80,000	Amortization
3H Student Spaces	200,000	Student Reserve/amortization/Ancillary
Shark Tank Sound & Lighting System	35,000	Student Reserve/amortization/Ancillary
Student Centre Washrooms	14,000	Student Reserve/amortization/Ancillary
Student Centre Patio Stairs & Rock Garden Repairs	25,000	Student Reserve/amortization/Ancillary
Residence Commons Elevator	100,000	Amortization
Charging Station Student Centre	5,000	Amortization/Ancillary
Phase 2 Residence Commons Upgrade	147,500	Amortization
Renovation - Food Services	150,000	Amortization
Fryer - Food Services	23,000	Amortization
TOTAL FACILITIES & INFRASTRUCTURE	3,719,500	

Major Software

Infosilem Software (DCU)	10,000	Amortization or one-time operating
Human Resources Recruiting module	75,000	Amortization
Scholarship/Bursary/Student Aid	125,000	Amortization
TOTAL MAJOR SOFTWARE	210,000	

Project Title		
	Estimated Cost	Funding Source

Other

Ontario College Information Fair (OCIF) - Display	40,000	Amortization
---	--------	--------------

ACADEMIC CAPITAL

Academic Capital	281,250	Apprenticeship Enhancement Fund
Academic Capital	184,400	CERF
Academic Capital	260,000	Skills Campaign
TOTAL ACADEMIC CAPITAL	725,650	

GRAND TOTAL NEW CAPITAL 2018/19	4,695,150
Net Amortization Effect of 2018-19 Capital (worst case)	402,750

Carry forward Capital from 2017/18

	Estimate	Funding Source
Donor Wall	85,000	Capital Funded Amortization
Facilities Truck	30,000	Capital Funded Amortization
HR/Payroll Software	60,000	Capital Funded Amortization
CRM	150,000	Capital Funded Amortization
Library System	155,000	Capital Funded Amortization
Residence Study	400,000	Capital Funded Amortization
Health & Wellness	450,000	Capital Funded Amortization
Outdoor furnishings	30,000	Student Government
3N Student Spaces	300,000	Student Government

2017-18 CAPITAL CARRIED OVER	1,660,000
-------------------------------------	------------------

TOTAL 2018/19 CAPITAL BUDGET	6,355,150
-------------------------------------	------------------