

***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.

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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**

|  | <b>2018/19</b>    | <b>2017/18</b>    | <b>2016/17</b>    |
|--|-------------------|-------------------|-------------------|
|  | <b>Budget</b>     | <b>Actuals</b>    | <b>Actuals</b>    |
| <b>Revenue</b>                                 |                   |                   |                   |
| 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         |
| <b>Total Revenue</b>                           | <b>76,236,666</b> | <b>68,570,345</b> | <b>62,169,108</b> |
| <b>Expenditures</b>                            |                   |                   |                   |
| Salaries and benefits                          | 49,994,855        | 41,604,334        | 39,705,651        |
| Transportation and communication               | 1,493,667         | 1,459,623         | 1,051,854         |
| Services                                       | 7,422,134         | 6,685,215         | 5,182,480         |
| Maintenance, utilities and rentals             | 4,421,372         | 4,104,681         | 3,929,314         |
| Supplies and minor equipment                   | 2,964,291         | 3,035,289         | 2,985,560         |
| Amortization expense                           | 3,447,750         | 3,250,534         | 2,875,655         |
| Interest and insurance                         | 1,008,595         | 985,507           | 813,544           |
| Other Expenditures                             | 3,333,601         | 3,219,088         | 3,207,539         |
| <b>Total Expenditures</b>                      | <b>74,086,265</b> | <b>64,344,270</b> | <b>59,751,598</b> |
|  |                   |                   |                   |
| <b>Net Operating Surplus (Deficit)</b>         | <b>2,150,401</b>  | <b>4,226,074</b>  | <b>2,417,510</b>  |

## 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"> <li>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.</li> </ul> |
| Full time domestic enrolment lower than budgeted resulting in lower than planned-for tuition revenue   | Moderate   | Possible              | <ul style="list-style-type: none"> <li>3-year Strategic Enrolment Plan and changes to recruiting approaches underway</li> <li>Implementation of CRM software is underway</li> <li>Recruiting strategy is robust and includes increased marketing budget for targeted areas</li> <li>Continued emphasis on international enrolments</li> </ul>   |
| International enrolment lower than budgeted resulting in lower than planned-for-tuition  | Significant  | Possible              | <ul style="list-style-type: none"> <li>New resources in budget dedicated to International recruitment &amp; supports</li> <li>Focus on diversification of international markets and retention of current international students</li> </ul>  |
| Other revenues less than budgeted (including Second Career, Ancillary and Enveloped)   | Moderate   | Possible              | <ul style="list-style-type: none"> <li>Enrolment &amp; revenue estimates updated throughout year as new data available</li> <li>Multi-year trend analysis of revenue streams is used to evaluate estimates</li> </ul>   |
| 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"> <li>Loyalist's approach to these issues has been consistent with other Ontario colleges and the advice of the College Employer Council.</li> <li>It is unclear how the change in government might ultimately affect Bill 148</li> </ul>  |

## 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"> <li>Budget created to provide for changes related to Bill 148 may be sufficient to accommodate increase resulting from the bargaining process</li> </ul>   |
| Executive Compensation Plan effects unknown   | Moderate   | Possible       | <ul style="list-style-type: none"> <li>Budget contains provisions but actual impacts are indeterminable at this point in time</li> </ul>  |
| Significant staff and faculty recruiting activity may result in unfilled positions for a period of time | Moderate   | Possible       | <ul style="list-style-type: none"> <li>Budget includes increased staffing for Human Resources department</li> <li>College Executive Team has prioritized recruiting efforts</li> </ul>  |
| Organizational & staffing limitations may result in planned projects & initiatives being delayed.       | Minor  | Possible       | <ul style="list-style-type: none"> <li>Strategic oversight in all phases of Project process – from proposal through to completion</li> </ul>  |
| 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"> <li>Of the new strategic asks, \$1.68 m are one-time asks and \$337.5 are for capital.</li> <li>College is budgeting for a surplus of \$2.15 for the year ended March 31, 2019 and has an accumulated surplus of \$3.8m</li> </ul> |

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

| Project Title                                     |                  |  |
|---|------------------|--|
|   | Estimated Cost   | Funding Source                         |
| <b>FACILITIES &amp; INFRASTRUCTURE</b>            |                  |  |
| 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                           |
| <b>TOTAL FACILITIES &amp; INFRASTRUCTURE</b>      | <b>3,719,500</b> |  |

### 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                       |
| <b>TOTAL MAJOR SOFTWARE</b>       | <b>210,000</b> |                                    |



| 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                 |
| <b>TOTAL ACADEMIC CAPITAL</b> | <b>725,650</b> |                                 |

**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**