

Loyalist College Business Plan and Capital and Project Plan 2016/2017

Approved April 14, 2016
Board of Governors



BUSINESS PLAN

EXECUTIVE SUMMARY

Loyalist is pleased to present its 2016-17 Business Plan and Budget which is balanced in-year. The Business Plan and Budget is the result of the continued efforts and commitment of all budget managers and their teams throughout the College.

Context

As one of Ontario's smaller public colleges, serving a primary region with challenges in terms of many indicators, Loyalist has nevertheless achieved outstanding performance results. Key Performance Indicator Survey results released in April 2016 found that 95 per cent of graduates would recommend the College to someone else; 87.4 per cent of grads were working within six months of graduating – the top result in Eastern Ontario.

The College and Board are aware of the critically important role the College plays as an economic and social driver for our communities. In August 2015 the Board approved “Loyalist 2020” -- our Strategic Plan to guide the College over the coming five years. Our new Academic Plan is being finalized. We are committed to ensuring that we are able to continue to provide enhanced access to excellent programs and services that connect students to the workplace during their programs, and when they graduate.

2015-16 Financial Results

The 2015-16 Business Plan and Budget called for a balanced in-year position. Actual results for the year ended March 31, 2016 are an in-year surplus of \$1.4 million.

Many of the variances that contributed to this positive position were not readily predictable. Perhaps even more significantly, many of these items represent higher than normal levels of activity from some revenue sources or result from revenues that are internally restricted by virtue of the fact that they are subject to Ministry Directives surrounding the use of Student Ancillary fees.

It is also important to note that while the in-year surplus is a very positive result it does not eliminate the accumulated deficit as per Ministry definition. This amount is Net Assets without Endowments. As at March 31, 2016, this amount was \$(2.4 million) (2015 - \$(3.9 million)).

2016-17 Budget

The development of Loyalist's 2016-17 Budget resulted from a new planning process. An internal Budget Committee, co-chaired by the Senior Vice President Corporate Services and CFO, and the Senior Vice President Academic and Student Services, was created, consisting of members of the College Executive Team, and all deans and directors. The committee met twice a week throughout the month of February. Committee members shared their budget proposals

with one another and worked together to achieve a balanced budget, using strategic budget parameters approved by the Board of Governors. As a result of the Committee's intensive and collaborative work, individual committee members achieved a clearer understanding of the College's overall budget and how resource allocation is linked to the Strategic Plan.

Revenues have been estimated based on 2015-16 projected results, with limited/prudent increases forecast. A coordinated College-wide Strategic Enrolment Management Plan, including targeted and specific initiatives to optimize enrolment and retention, continues, and is proving productive. Growth in International student enrolment on-campus is another strong focus, including new partnerships with other Ontario Colleges and international partners which are very promising. Regular post-secondary tuition will increase by 3 per cent in keeping with the provincial tuition cap. Ancillary fees for specific purposes will increase on an average of 5.7% or \$64 per full-time student, as reviewed with, and approved by, Loyalist Student Government.

Gross Salary and Benefit expenditures, although subject to continuing cost increases and inflationary factors including implementation of collective agreements and terms and conditions, have been reduced significantly from 2014-15 actual levels. 2015-16 initiatives have generated savings in 2016-17 and beyond. The College offered another retirement incentive plan in late 2015-16 which will generate savings in 2016-17 and beyond.

The College is planning to offer a new one-year Chemical, Biological, Radiological and Nuclear certificate program effective September 2016 and is currently seeking funding approval from the province.

The 2016-17 budget also reflects two programming decisions that were made, informed by the College's Business Intelligence model. As indicated last year, a decision was made in 2015-16 to suspend the two-year Advertising and Marketing diploma program, which will take full effect this year as the final group of students graduate. Second year students will complete their program in 2015-16. In addition, the one year post-graduate Sports Journalism program is being suspended effective fall of 2016. Any applicants to this program will be counselled and redirected to other programs wherever possible. Any impact to staffing will be managed through the terms of the Collective Agreement.

The College has identified the key risks associated with the 2016-17 budget. A chart is included in this package identifying key risks, their potential impact, estimated likelihood of occurrence and risk management strategies.

The Business Plan allows for continued strengthening of the College's exceptional Student Care focus and approach. The northern part of our service area will continue to be served through responsive and vibrant programs and services offered through our Bancroft Campus. The College is confident that the approach and measures taken as a result of this year's planning process are essential to supporting the future sustainability, growth, and continuing success of Loyalist College.

Deficit Management Process

The surplus for the year ended March 31, 2016 has reduced the College's accumulated deficit to \$2.48 million (without Endowments) (\$3.9 million as at March 31, 2015).

It is important to note that more than \$5.7 million of the College's accumulated deficit results from funds that are required to be available and set aside to deal with future employee benefits that must be accrued for accounting purposes. These accrued liabilities, including vacation and sick leave entitlements, are unlikely to ever have to be paid out, given that the College operates as a going concern. If it were not for these amounts, Loyalist would actually be in an accumulated surplus position of \$3.2 million.

These circumstances led to the College working with the Ministry to address the accumulated deficit. Senior Management has been in regular contact with provincial officials and will continue to work with Ministry colleagues to confirm the College's ongoing plans to continue to reduce the accumulated deficit.

While 2016-17 initiatives will yield significant further savings in 2017-18, it will be important to continue to work diligently to identify ways to achieve further savings or increased revenue to eliminate the accumulated deficit in coming years. The following are a number of the strategies that will be used:

- Continued use of the Business Intelligence tools to examine programs and services with an eye to becoming as effective and efficient as possible
- Continued focus on Strategic Enrolment Initiatives to optimize recruitment and retention, including College efforts and partnerships with respect to enrolment of International Students, and other international partnerships
- Any in-year surplus that is generated during the deficit management period will be dedicated to deficit reduction
- Continuing rigorous vacancy management and strategic review of staffing needs, as well as restructuring to streamline wherever appropriate.
- Consideration of future opportunities for employees to access Early Retirement Incentive initiatives.
- Grow entrepreneurial and ancillary net revenues through innovative models
- Continue to participate in cost-saving consortia for purchasing of all goods and services where possible, and continue to explore programming and service collaboration/partnership opportunities with other Ontario public colleges.

2016-17 Capital and Project Plan

The 2016-17 Capital and Project Plan was approved by the Board at the May 2016 meeting. A schedule is included that identifies a limited number of essential planned capital expenditures and the funding sources to support them.

LOYALIST COLLEGE OF APPLIED ARTS & TECHNOLOGY
REVENUE AND EXPENDITURE SUMMARY
CONSOLIDATED VERSION

	Actuals 2014/2015	Actuals 2015/2016	Budget 2016/2017
Revenue			
MTCU Grants and other government grants	\$ 32,721,073	\$ 31,678,978	\$ 31,143,761
Amortization of deferred capital contributions	1,907,362	1,764,709	1,720,000
Tuition fees	14,850,487	15,515,412	15,442,571
Other student fees	3,347,075	3,451,616	3,015,723
Ancillary	3,826,233	3,745,811	3,804,081
Other revenue	5,057,645	3,489,797	1,514,943
Total Revenue	61,709,875	59,646,323	56,641,079
Expenditures			
Salaries and benefits	44,415,556	39,663,369	39,567,167
Transportation and communication	1,117,245	918,997	1,147,703
Services	4,479,209	3,761,685	3,896,474
Maintenance, utilities and rentals	3,568,293	2,959,779	3,868,024
Supplies and minor equipment	2,556,463	2,271,034	2,212,495
Amortization Expense	3,309,525	2,980,427	2,870,000
Interest and insurance	709,276	734,907	807,620
Other expenditures	5,153,289	4,944,028	2,271,596
Total Expenditures	65,308,856	58,234,226	56,641,079
Net Operating Surplus (Deficit) for the year	\$ (3,598,981)	\$ 1,412,097	\$ -

2016-17 BUDGET RISK CHART

RISK IDENTIFICATION	IMPACT IN 2016-17	LIKELIHOOD IN 2016-17	RISK MANAGEMENT STRATEGIES
Full time enrolment lower than budgeted resulting in lower than planned-for tuition revenue	Moderate	Possible	<ul style="list-style-type: none"> • Strategic Enrolment Management Plan • Student Success initiatives and model focused on retention • New management reporting has resulted in early variance identification; better opportunities to address • Continued emphasis on international enrolments
Continuing Education enrolment declined in 2015-16, effect on 2016-17 net revenue is uncertain	Moderate	Possible	<ul style="list-style-type: none"> • Significant work is being done to review & optimize the CE operation, including registration processes and financial reporting
Other revenues less than budgeted (including Second Career, Ancillary and Enveloped)	Moderate	Possible	<ul style="list-style-type: none"> • New management reporting has resulted in early identification of problems to allow for solution development
Maintenance/facility and equipment budget constraints could result in unbudgeted repairs	Minor	Possible	<ul style="list-style-type: none"> • Continued improvements to maintenance process • May have to find resources from other parts of the budget • Some increases in 2016-17 budget to support emergency capital needs
Details re savings re staffing changes (RIPs, other vacancies) still to be finalized	Moderate	Possible	<ul style="list-style-type: none"> • Potential savings are likely understated • Forecasts will be adjusted as details emerge
Continued constraints on professional development and travel budgets have potential impact on staff and faculty currency and effectiveness	Minor	Possible	<ul style="list-style-type: none"> • Continuing commitment to credential support program • Use of internal/in-service resources such as Wellspring & low-cost regional training initiatives

Loyalist College 2016/2017 Capital Plan

Source of Funds

		(\$,000)
College Equipment Renewal Fund Grant (CERF) – MTCU Funding		170.0
Apprenticeship Enhancement Fund Grant (AEF) – MTCU Funding		173.6
Facilities Renewals Program (FRP) – MTCU Funding SIF Support Year 1 portion		68.8
Facilities Renewals Program (FRP) remaining		250.0
Federal Funding SIF (2016/17 portion)		267.5
Capital Campaign – Skills Program		220.0
City of Belleville		25.0
Student Government (Facilities Enhancement Fee & reserves)		199.3
Student Government (Athletics Capital Fee)		114.0
College Funded – Ancillary		575.0
College Funded - Amortization		490.6
Total Source of Funds		\$2,553.8

Expenditures

	Funding Source	(\$,000)
Academic and other equipment	CERF and Capital Campaign	390.0
Apprenticeship Enhancement equipment & solar panels	AEF	90.5
Ancillary Projects (residence renovations and parking lot upgrade)	College Funded - Ancillary	575.0
Student funded projects (Pioneer Café & study space, scoreboard, other athletics projects)	Student Government	242.3
Academic capital	College Funded - Amortization	250.0
Non-academic capital	College Funded - Amortization	125.0
Renewal 3 rd Floor Northumberland wing (2016/17 portion only)	SIF project – federal, FRP, College Funded Amortization	275.0
Solar project – Skills Centre	SIF project – Federal, FRP, AEF, College Funded Amortization	260.0

Facilities Renovation Projects (may be operating)	FRP	250.0
Bus Shelter	Student Government & City of Belleville	96.0
Total Expenditures		\$2,553.8