

Loyalist College Business Plan and Capital and Project Plan **2015/2016**

Approved June 11, 2015
Board of Governors

BUSINESS PLAN

EXECUTIVE SUMMARY

Loyalist's 2015-16 Business Plan and Budget has been prepared in response to a number of converging financial challenges the College has faced in recent years, and particularly in the 2014-15 year. As a result of the efforts and commitment of all budget managers and their teams throughout the College, the 2015-16 Budget represents a balanced in-year position. Revenues have been realistically predicted and numerous expenditure reduction strategies have been developed and implemented to achieve this plan. Many of these initiatives will generate additional expenditure reductions or net revenue improvements in FY 2016-17.

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 in 2015 found that 96 per cent of graduates would recommend the College to someone else; 89.3 per cent of grads were working within six months of graduating – the top result in the province.

The College and Board are aware of the critically important role the College plays as an economic and social driver for our communities. As we work toward finalizing "Loyalist 2020" -- our Strategic Plan for the coming five years -- 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.

2014-15 Financial Results

2014-15 was another challenging financial year at Loyalist. The audited financial statements reflect an in-year deficit of \$3.6 million. This represents a shortfall of \$1.1 million against the original business plan for 2014-15, but an improvement of \$990,000 compared with December 2014 revised projections.

2015-16 Budget

Revenues have been estimated based on 2014-15 actual 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 6.8% or \$72 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, and added pension costs for Other than Full-time Employees in 2014-15, have been reduced significantly from 2014-15 actual levels. This has been achieved through offering two rounds of an early retirement incentive program, adjusting other compensation and managing vacancies where possible, suspension of three low-enrolment programs without impacting current students, the closure of the Loyalist Certification Services entrepreneurial unit, and restructuring of a number of areas to ensure that we are operating more efficiently while maintaining key services for students. Regrettably, these changes have affected a number of positions in all employee groups. The College has made, and will continue to make, every effort to minimize the impact and to support affected staff. Potential impacts on service have been carefully evaluated and are deemed to be manageable within overall priorities, and this will be monitored. Many of the 2015-16 initiatives will also generate increased savings in 2016-17 and beyond. These expenditure reduction initiatives, and more, will be continued throughout 2015-16, to both achieve further savings within 2015-16 and to assist in controlling future costs. The College has also implemented operating cost reductions wherever possible. This includes restrictions on employee travel and professional development in 2015-16.

In spite of the discontinuation of targeted provincial project funding, the College will continue to develop its Business Intelligence model to support enhanced data-based decision-making within 2015-16, and for future Business Planning processes. Key pillars of that project include Strategic Enrolment Management, Program Prioritization and Service Delivery metrics, and analysis and decision-support tools.

A new approach to monthly monitoring of expenditures and revenue is being implemented to provide improved information to budget managers to provide for earlier and more accurate information on variances from budget plans, and development of in-year solutions where at all possible.

It should also be noted that the 2015-16 budget has been developed based on the same accounting principles that are required for the annual audited financial statements.

The College has identified the key risks associated with the 2015-16 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 supports the addition of exciting new programming, and 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. Although extremely challenging, 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 deficit for the year ended March 31, 2015 has resulted in an accumulated deficit of \$3.9 million (without Endowments).

It is important to note that more than \$6.2 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 \$2.3 million.

Senior Management has been in regular contact with provincial officials over the last several months and will continue to work with Ministry colleagues to confirm the College's ongoing plans to address the accumulated deficit.

While 2015-16 initiatives will yield significant further savings in 2016-17 (likely as much as \$1 million), 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
- Future opportunities for employees to access Early Retirement Incentive Plan
- 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 explore programming and service partnership opportunities with other Ontario public colleges.

2015-16 Capital and Project Plan

The 2015-16 Capital and Project Plan is included in this package and 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 2013-2014	Actuals 2014/2015	Budget 2015/2016
Revenue			
MTCU Grants and other government grants	\$ 33,686,784	\$ 32,721,073	\$ 29,551,442
Amortization of deferred capital contributions	1,912,744	1,907,362	1,751,000
Tuition fees	13,744,450	14,850,487	15,201,246
Other student fees	3,393,936	3,347,075	3,361,939
Ancillary	3,615,099	3,826,233	3,787,534
Other revenue	4,597,794	5,057,645	3,315,878
Total Revenue	60,950,807	61,709,875	56,969,039
Expenditures			
Salaries and benefits	44,530,443	44,415,556	39,509,267
Transportation and communication	1,336,116	1,117,245	1,032,359
Services	4,757,923	4,479,209	3,783,563
Maintenance, utilities and rentals	3,675,957	3,568,293	3,674,921
Supplies and minor equipment	2,648,964	2,556,463	2,727,449
Amortization Expense	3,508,730	3,309,525	3,017,000
Interest and insurance	732,048	709,276	834,155
Other expenditures	4,281,599	5,153,289	2,390,325
Total Expenditures	65,471,780	65,308,856	56,969,039
Net Operating Surplus (Deficit) for the year	\$ (4,520,973)	\$ (3,598,981)	\$ -

RISK IDENTIFICATION	IMPACT IN 2015-16	LIKELIHOOD IN 2015-16	RISK MANAGEMENT STRATEGIES
Enrolment lower than budgeted resulting in lower than planned-for tuition revenue	Moderate	Possible	<ul style="list-style-type: none"> • Strategic Enrolment Management Plan • Optimizing Continuing Education registrations • Student Success initiatives and model focused on retention • New management reporting will result in early variance identification; better opportunities to address
Staffing reduction impacts on labour relations, service effectiveness	Moderate	Possible	<ul style="list-style-type: none"> • Communications/work with OPSEU to manage processes and problem-solve as possible • Work with managers and staff to identify and address any concerns/provide support
Inability to invest in deferred maintenance/facility and equipment 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
Other revenues less than budgeted	Moderate	Possible	<ul style="list-style-type: none"> • New management reporting will result in early identification of problems to allow for solution development
Reduced professional development and travel budgets have a 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 2015/2016 Capital Plan

Source of Funds

		(\$,000)
College Equipment Renewal Fund		
Grant (CERF) – MTCU Funding		170.0
Apprenticeship Enhancement Fund		
Grant (AEF) – MTCU Funding		396.0
Capital Campaign – Skills Programs		220.0
City of Belleville		25.0
Student Government		170.0
College Funded – Ancillary		400.0
College Funded - Amortization		145.0
Total Source of Funds		1,526.0

Expenditures

	Funding Source	(\$,000)
Academic and other equipment	CERF and Capital Campaign	390.0
Apprenticeship Enhancement equipment	AEF	396.0
Ancillary Projects (residence renovations and parking lot upgrade)	College Funded - Ancillary	400.0
Bleachers and student spaces renovations	Student Government	170.0
Multiview Software	College Funded - Amortization	145.0
Bus Shelter	City of Belleville	25.0
Total Expenditures		1,526.0