

**Loyalist College
Business Plan, Budget
and
Capital and Project Plan
2017/2018**



Approved June 15, 2017
Board of Governors

LOYALIST COLLEGE

BUSINESS PLAN

EXECUTIVE SUMMARY

Loyalist is pleased to present its 2017-18 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.

2016-17 Financial Results

The 2016-17 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 \$2.4 million. This is the second year in a row that Loyalist has achieved an in-year surplus. These results have allowed the College to reduce its accumulated deficit to \$276,000. This represents significant progress over a three-year period and puts Loyalist on a solid financial footing as we move forward with a new President and a new Strategic Mandate Agreement with the Province of Ontario. In 2017-18 the College expects to erase the cumulative deficit. Loyalist is doing the heavy lifting to eliminate the deficit, but additional funding through the Small Northern & Rural grant is absolutely essential for the College's financial sustainability.

2017-18 Budget

Loyalist's 2017-18 Budget was developed using the planning process that was established for the 2016-17 Budget. An internal Budget Committee, co-chaired by the Senior Vice President Corporate Services and CFO, and the Senior Vice President Academic and Chief Learning Officer, was created, consisting of members of the College Executive Team, and all deans and directors. The committee met regularly 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 work, individual committee members achieved a clearer understanding of the College's overall budget and how resource allocation is linked to the Strategic Plan.

While the 2017-18 Budget was originally created using the existing Strategic Plan 2015-2020, the College is engaged in the development of a new Strategic Mandate Agreement (SMA) which will shape a new Strategic Plan in the fall of 2017. Some elements that support the new SMA have been incorporated into the 2017-18 budget, including new planning resources, increased support for student mental health and wellness, and international recruitment and student support.

Tuition revenue estimates were calculated using a three-year enrollment plan developed collaboratively by academic leadership. This plan used the September 2016 enrolment and January 2017 intake numbers as its starting place. While the plan calls for some decreases in domestic enrolment in 2017-18, anticipated increases in international students result in "flat" enrolment

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from a head count perspective but improved revenue due to the differential between domestic and international tuition rates. 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 3% or \$36 per full-time student, as reviewed with, and approved by, Loyalist Student Government.

The increase in international students on Loyalist's campus has produced positive tuition revenue effects but requires investment in the 2017-18 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. One effect is that the College is anticipating the closure of one residence building for 2017-18. The 2017-18 Capital Budget includes planning dollars to renew and redevelop this building to better suit current and future student populations.

The 2017-18 Budget includes several new programs. They are: Community Integration through Cooperative Education (CICE), Radiation Safety, Project Management and Computer Networking and Technical Support. Costs net of tuition have been included in the Budget. It is worth noting that the provincial funding model does not provide any support for new programs in their initial years. 2017-18 domestic enrolment (weighted funding units WFUs) will form part of the three-year average that will drive the midpoint calculation in the new corridor funding model, starting in 2019-20. This model provides for stable funding as long as the College stays with +3% and -7% of the midpoint enrolment calculation.

In the spring 2017 Provincial Budget, increased funding was announced for the Small, Northern & Rural grant. Consultations surrounding the allocation of this funding will take place over the summer of 2017. Loyalist is hopeful that this will result in a significant increase in funding. When this amount is known and decisions about its allocation to the College's budget are made, a revised budget will be presented to the Board of Governors.

The College has identified the key risks associated with the 2017-18 budget. A chart is included in this package identifying key risks, their potential impact, estimated likelihood of occurrence and risk management strategies.

2017-18 Revised Capital and Project Plan

The 2017-18 Revised Capital and Project Plan is attached.

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

	2017/18	2016/17	2015/16
	Budget	Actuals	Actuals
Revenue			
MAESD grants and other government grants	31,740,861	32,491,397	31,678,978
Amortization of deferred capital contributions	1,790,000	1,688,868	1,764,709
Tuition Fees	17,979,748	16,947,039	15,515,412
Other Student Fees	3,131,755	3,212,435	3,451,616
Ancillary	3,486,958	3,566,905	3,745,811
Other revenue	2,856,399	4,262,465	3,489,797
Total Revenue	60,985,722	62,169,108	59,646,323
Expenditures			
Salaries and benefits	41,735,785	39,705,651	39,663,369
Transportation and communication	1,330,932	1,051,854	918,997
Services	5,799,307	5,182,480	3,761,685
Maintenance, utilities and rentals	3,799,604	3,929,314	2,959,779
Supplies and minor equipment	1,948,403	2,985,560	2,271,034
Amortization expense	3,081,750	2,875,655	2,980,427
Interest and insurance	793,297	813,544	734,907
Other Expenditures	2,496,644	3,207,539	4,944,028
Total Expenditures	60,985,722	59,751,598	58,234,226
Net Operating Surplus (Deficit)	(0)	2,417,510	1,412,097

2017-18 BUDGET RISK CHART

RISK IDENTIFICATION	IMPACT IN 2017-18	LIKELIHOOD IN 2017-18	RISK MANAGEMENT STRATEGIES
Full time domestic enrolment lower than budgeted resulting in lower than planned-for tuition revenue, also affects future grant (establishment of midpoint for corridor model)	Moderate	Possible	<ul style="list-style-type: none"> • 3-year Strategic Enrolment Plan and changes to recruiting approaches underway • Capital budget includes \$ to acquire CRM (Customer Relationship Management) software • Student Success initiatives focused on retention • 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 • Capital Budget includes planning \$s to renew & revitalize Residence facilities to improve occupancy rate
Faculty Collective Agreement expires September 30, 2017 Executive Compensation Plan effects also unknown	Significant	Possible	<ul style="list-style-type: none"> • Budget contains provisions for settlements but actual impacts (including possible labour disruption) 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

Loyalist College 2017/18 Draft Capital Plan

(as of June 15, 2017)

Source of Funds

		(\$,000)
Colleges 50 th Anniversary Funding – MAESD Funding		\$1,400.00
College Equipment Renewal Fund Grant (CERF) – MAESD Funding		184.4
Apprenticeship Enhancement Fund Grant (AEF) – MAESD Funding		173.6
Capital Campaign – Skills Program		220.0
Student Government		153.0
Student Government (Athletics Capital Fee)		115.0
Student Government Support for 3 rd Floor Northumberland renewal		500.0
Federal funding SIF project		1,600.0
Provincial funding SIF project		800.0
College Funded – Ancillary		590.0
College Funded - Amortization		1740.0
Total Source of Funds		\$7,476.0

Expenditures

	Funding Source	(\$,000)
Academic and other equipment	CERF and Capital Campaign – not determined	404.4
Apprenticeship Enhancement equipment	AEF	173.6
Ancillary Projects (Residence renovations and Parking lot upgrade)	College Funded - Ancillary	590.0
Student funded projects (Outdoor furnishings, Digital monitors, Scoreboard, Sports Field Irrigation & other improvements, Multi-faith room furnishings)	Student Government	268.0
Renewal 3 rd Floor Northumberland Wing (SIF project) including student government funded portion	Federal, Provincial, Student Government, College Funded - Amortization	3,700.0
Renewal 3 rd Floor Northumberland Wing –Furniture & Equipment	Provincial 50 th Anniversary Funding	450.0
Applied Research Equipment Biosciences, including CO2 lab	Provincial 50 th Anniversary Funding	950.0

Capital Planning (Programming & Architectural) including Health & Wellness Centre concept	College Funded- Amortization	450.0
Academic/Non Academic capital – Academic - New Programs Trade Show Booth, Donor Wall Enrolment Services – Van Facilities – Truck, Software –CRM, Library System, HR/Payroll Upgrade	College Funded - Amortization	490.0
Total Expenditures		\$7,476.0