

Fleming College Financial Plan 2018-2019

APPROVED: by the Board of Governors, April 25, 2018 #2

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I. Summary

The College Financial Plan for 2018/19 anticipates contributing \$5.9 million to college reserves.

Total revenues in this Financial Plan are forecasted at \$145.1 million, an increase of \$20.6 million (16.6%) from the 2017/18 Budget Update. Expenditures are planned at \$139.3 million, \$20.8 million (17.6%) higher than 2017/18 Budget Update.

Key aspects of the Financial Plan are as follows:

- Operating Revenue increases from 2017/18 are primarily due to:
 - An increase in international enrolment projections along with an increase in tuition fees and ancillary fees.
 - Added grant funding from the Province of Ontario announcement of one-time funding net of a reduction within the college base operating grant due to the provincial international student recovery policy.

- Operating Expenditure variances from 2017/18 are primarily due to the following:
 - Increase in Full Time (FT) Salary Expenditures includes collective agreement increases, as well as an investment in FT teaching faculty.
 - Part Time Salaries have been adjusted in accordance with Bill 148 implementation.
 - Increases in Non-Salary Operating Expenses include added costs for third party contracts in accordance with Bill 148 implementation and added delivery costs associated with international student enrolment projections.

- Capital Investment is budgeted at \$13.2 million with \$9.1 million projected to be funded by capital grants.

The following table provides a high level Financial Summary:

Fleming College Financial Plan Preliminary Budget 2018/2019
SUMMARY
(\$ 000's)

	Preliminary Budget 2018/2019	Budget Update 2017/2018	\$ Increase (Decrease)	% Increase (Decrease)
Revenue				
Grants & Reimbursements	\$ 49,520	\$ 47,740	\$ 1,781	3.7%
Student Tuition Fees	56,694	40,996	15,697	38.3%
Contract Training	1,006	1,170	(164)	-14.0%
Other Income	15,842	13,558	2,284	16.8%
Amortization	4,450	4,218	233	5.5%
Skills, Bursaries, Ancillary & Projects Revenue	<u>17,630</u>	<u>16,831</u>	<u>798</u>	<u>4.7%</u>
	<u>145,141</u>	<u>124,512</u>	<u>20,629</u>	<u>16.6%</u>
Operating Expenses				
Operating Expenses	111,216	90,872	20,344	22.4%
Amortization Expense	6,442	5,930	512	8.6%
Skills, Bursaries, Ancillary & Projects Expenses	<u>21,600</u>	<u>21,618</u>	<u>(18)</u>	<u>-0.1%</u>
	<u>\$ 139,259</u>	<u>\$ 118,420</u>	<u>20,838</u>	<u>17.6%</u>
Excess of Revenue over Expenditures	<u>\$ 5,883</u>	<u>\$ 6,092</u>	<u>(209)</u>	<u>-3.4%</u>

	Projected Balance Mar 31/19	Projected Balance Mar 31/18	\$ Increase (Decrease)	% Increase (Decrease)
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NET ASSETS

Invested in Capital Assets

As of April 1, 1997	\$ 2,417	\$ 2,417	\$ -	
Since April 1, 1997	18,623	20,460	\$ (1,837)	
Total Invested in Capital Assets	<u>21,040</u>	<u>22,877</u>	<u>(1,837)</u>	<u>-8.0%</u>

Unrestricted

Operating (Board Reserves)	13,426	5,716	7,710	
Accrued vacation pay, Future Benefits and Derivative & Sick Leave & PSA *	<u>(9,656)</u>	<u>(9,656)</u>	<u>-</u>	
Total Unrestricted	<u>3,770</u>	<u>(3,940)</u>	<u>7,710</u>	<u>-195.7%</u>

Internally Restricted

	<u>936</u>	<u>926</u>	<u>10</u>	
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Subtotal Net Assets

Externally restricted

	<u>6,502</u>	<u>6,502</u>	<u>-</u>	
TOTAL NET ASSETS	<u>\$ 32,249</u>	<u>\$ 26,366</u>	<u>\$ 5,883</u>	<u>22.3%</u>

II. Revenue

College revenues are budgeted at \$ 145.1 million, an increase of \$20.6 million (16.6%) from the 2017/18 Budget Update.

	Preliminary Budget 2018-2019	Budget Update 2017-2018	Budget Change	%
Revenue				
Grants and Reimbursements	(49,520,380.00)	(47,739,821.00)	(1,780,559.00)	3.7%
Student Tuition Fees	(56,693,743.00)	(40,996,313.00)	(15,697,430.00)	38.3%
Contract Training	(1,005,753.00)	(1,169,648.00)	163,895.00	-14.0%
Other Income				
Other Income	(10,170,498.00)	(8,687,742.00)	(1,482,756.00)	17.1%
Ancillary Fees	(5,671,340.00)	(4,869,941.00)	(801,399.00)	16.5%
Total Other Income	(15,841,838.00)	(13,557,683.00)	(2,284,155.00)	16.8%
Amortization of Deferred Capital Contributions	(4,450,000.00)	(4,217,500.00)	(232,500.00)	5.5%
Total Operating Revenues	(127,511,714.00)	(107,680,965.00)	(19,830,749.00)	18.4%
Investments				
Skills Programs	(3,650,253.00)	(3,374,814.00)	(275,439.00)	8.2%
Tuition Holdback Bursaries	(3,050,000.00)	(2,900,000.00)	(150,000.00)	5.2%
Ministry Bursaries	(282,300.00)	(702,300.00)	420,000.00	-59.8%
Special Projects	(4,139,536.00)	(3,340,297.00)	(799,239.00)	23.9%
Facilities Renewal and Renovation Projects	(809,700.00)	(952,231.00)	142,531.00	-15.0%
Ancillary Operations	(5,697,895.00)	(5,561,594.00)	(136,301.00)	2.5%
Total Revenue	\$ (145,141,398.00)	\$ (124,512,201.00)	(20,629,197.00)	16.6%

Highlights of significant budget assumptions and budget changes on revenue are summarized as follows:

1. Grants and Reimbursements

Grants are budgeted to increase by \$1.780 million from the 2017/18 Budget Update as follows: (\$ 000's)

	Preliminary <u>2018/19</u>	Update <u>2017/18</u>	<u>Change</u>
Basic Operating Grant	\$32,807	\$34,015	
Performance Funding Grant	1,795	1,795	
College Funding Formula	\$34,602	\$35,810	(1,208)
One-time College Operations Grant	5,260	-	5,260
BScN Grant	4,141	3,999	142
Small Northern & Rural Grant	2,229	4,541	(2,312)
Second Career Grant	700	830	(130)
Apprentice Grant	814	727	87
Special Needs & Interpreter Grant	611	611	-
Municipal Tax Credit	406	422	(16)
CO-OP Diploma Apprentice Grant	-	43	(43)
Rental Grants	250	250	-
Medical & Clinical Grant	380	380	-
Misc. Recoveries	127	127	-
Grants and Reimbursements	\$49,520	\$47,740	\$1,780

Many of the grant forecasts are driven by enrolment projections and thus are subject to increases or decreases as enrolment changes.

The overall reduction in grant under the College Funding Formula funding is primarily due to the College's increase in international student enrolment, for which the province's International Student Recovery policy requires a direct reduction of the operating grant.

For 2018/19 the Ministry has announced \$125 million in a one-time funding grant to support colleges in promoting student excellence and fair working conditions. This addition to the 2018/19 preliminary budget will facilitate additions to investment projects for both enhancements to the student experience (providing additional teaching capacity and student supports) and additional physical resource improvements.

The Small Northern & Rural Grant is projected at the college's base level provided within this grant although it is expected additional funding may be provided during the year as was the case in 2017/18. The budget will be updated should additional funding be received.

2. Student Tuition Fees

Tuition fee revenue is expected to be \$56.7 million, up \$15.7 million (38.3%) from the 2017/18 Budget Update.

Full time tuition is based on a College enrolment plan that is detailed to the program level using approved tuition rates that vary by program. Overall, the enrolment plan is projecting domestic enrolments to remain relatively flat, while growth is anticipated in international enrolments taking into account a large expected flow through from the 2017/2108 winter term. Tuition fees have been increased by an average of three percent as of September 1, 2017, in accordance with Ministry policy.

3. Contract Training

Contract training revenue is subject to annual fluctuation dependant on client groups and specific contracts acquired. The \$0.16 million reduction in this revenue in 2018/19 is due to reduced intake projected with an international contract with Panama.

4. Other Income

Overall, Other Income has increased by \$2.3 million from the 2017/18 Budget Update. Other Income is comprised of a variety of income streams from operations, including provincially funded projects/programs, administrative fees, bookstore, and food services, as well as recovery from students for student supply fees, academic fees for field placements, and international student health fees.

While most sources of these revenues are projected to increase for 2018/19, the main increases are projected to occur in ancillary fee revenue including fees to offset international student health insurance and increases to the ancillary fee rates as approved by the Board of Governors.

5. Non-Operating Revenues

Non-operating revenues vary significantly year over year as many are based on contractual agreements negotiated annually.

Skills programs include the College contracts for Literacy Basic Skill and Employment Services (CREW).

Ministry Bursaries represent the standard annual bursaries that are disbursed. Additional bursaries become available in year and will be updated in the Budget Update to reflect additional amounts known at that time.

Special Projects include newly negotiated funding agreements, primarily for projects managed through the Office of Applied Research and the CAWT but also include the Language Introduction for New Immigrants (LINC) and special apprenticeship programs.

Facility Renewal and Renovation Projects revenue represents funding received from the federal and provincial governments for facility and other projects as well as funding received and allocated for items under \$5,000 of value, such as academic equipment and personal computers. Items over \$5,000 are deemed capital assets. The mix between capital asset and expense will change from year to year depending on the nature and value of these items.

Ancillary Operations revenues are associated with the College residence and parking operations.

III. Expenditures

College expenditures are budgeted at \$139.3 million, an increase of \$20.8 million (17.6%) over 2017/18 budget update. Expenditures have been aligned with funding projections to provide for a \$5.9 million surplus, or contribution to college reserves.

	Preliminary Budget 2018-2019	Budget Update 2017-2018	Budget Change	%
Expenditures				
Salaries and Benefits				
Salaries, Full Time	47,247,585.00	40,888,329.00	6,359,256.00	15.6%
Salaries, Part Time	19,326,021.00	12,807,312.00	6,518,709.00	50.9%
Benefits	14,335,987.00	11,740,150.00	2,595,837.00	22.1%
Total Salaries and Benefits	80,909,593.00	65,435,791.00	15,473,802.00	23.6%
	21.5%	21.2%	0.4%	
Non-Salary Expenses				
Instructional Support Costs	5,761,985.00	5,390,418.00	371,567.00	6.9%
Travel and Professional Development	1,902,474.00	1,229,190.00	673,284.00	54.8%
Advertising	1,069,396.00	1,171,055.00	(101,659.00)	-8.7%
Telephone, Audit, Legal & Insurance	3,745,746.00	2,311,754.00	1,433,992.00	62.0%
Equipment Maintenance	618,569.00	566,920.00	51,649.00	9.1%
Plant and Security	2,996,736.00	2,536,861.00	459,875.00	18.1%
Rentals and Taxes	1,052,633.00	841,259.00	211,374.00	25.1%
Utilities	2,557,366.00	3,065,435.00	(508,069.00)	-16.6%
Contract Services Trent	2,280,436.00	2,229,440.00	50,996.00	2.3%
Services & Other	8,133,998.00	6,047,390.00	2,086,608.00	34.5%
Long Term Debt Interest	187,500.00	46,716.00	140,784.00	301.4%
Amortization of Capital Assets	6,442,289.00	5,930,158.00	512,131.00	8.6%
Total Non-Salary Expenses	36,749,128.00	31,366,596.00	5,382,532.00	17.2%
Total Operating Expenditures	117,658,721.00	96,802,387.00	20,856,334.00	21.5%
Investments	2,423,663.00	3,925,807.00	(1,502,144.00)	-38.3%
Contingency for Change Initiatives	1,500,000.00	-	1,500,000.00	
Skills Programs	3,650,253.00	3,374,814.00	275,439.00	8.2%
Tuition Holdback Bursaries	3,050,000.00	2,900,000.00	150,000.00	5.2%
Ministry Bursaries	282,300.00	702,300.00	(420,000.00)	-59.8%
Special Projects	4,139,536.00	3,404,129.00	735,407.00	21.6%
Facilities Renewal and Renovation Projects	918,700.00	1,862,657.00	(943,957.00)	-50.7%
Ancillary Operations	5,635,359.00	5,448,261.00	187,098.00	3.4%
Total Expenditures	\$ 139,258,532.00	\$ 118,420,355.00	\$ 20,838,177.00	17.6%

1. Full Time Salaries

Full time (FT) salaries are budgeted according to Collective Agreements that are currently in place, and include a planned investment in new FT faculty. FT salaries also include approved staff sabbaticals and a provision for sick leaves. Overall FT salary expenditures are projected to increase by \$6.4 million (15.6 %) over the 2017/18 Budget Update which included salary savings from the 2017/18 labour dispute.

2. Part Time Salaries

Part time (PT) salaries are expected to increase significantly by \$6.5 million (50.9%) from the 2017/18 Budget Update. This increase is primarily related to the implementation of Bill 148 (Equal pay for Equal work), however there are additional PT salaries planned to enhance college capacity to better service the increase in student enrolments and add resources for college projects

3. Non-Salary Expenditures

Overall non-salary expenditures are projected to increase in relationship to the projected enrolment increases. This includes increases in Instructional Supports Costs, Insurance due to the student health plan, Rentals and Taxes related to our per capita head tax and Services & Other which includes international agent commissions. Small inflationary increases have also been built into expenditure budgets.

4. Advertising

Advertising is planned to decrease from the 2017/18 Budget Update as 2017/2018 included a number of projects from one-time funding for the 50th anniversary of the college sector.

5. Travel and Professional Development

Travel and professional development (PD) is planned to increase in support of enhancing and promoting staff PD which has been under-funded over the past number of years.

6. Plant and Security

Plant and security are projecting increases in the third party agreements for cleaning, security and snowplowing with the implementation of Bill 148.

7. Utilities

Overall, utilities expenditures are projected to decrease as savings are being recognized through past fiscal years' energy savings projects.

8. Initiatives and Investments

Initiatives and Investments totalling \$5.0 million are being planned for this year.

Many of these investment expenditures, while capital in nature, do not qualify as additions to capital assets; they are either below capital thresholds (\$5,000 per item) such as academic equipment/tools, or are one-time investments such as professional services that are not considered assets.

The 2018/19 planned investments total \$ 2.4 million. These investments include initiatives that enhance student learning, such as the purchase of specialized technology for teaching, new lab and shop equipment and resources to modernize existing classrooms and labs. Other projects include facility repair and final requirements in moving staff back to the remodelled wings in both Sutherland and Frost campuses.

An additional \$1.5 million is earmarked as funding for College change initiatives and/or college contingency.

Additionally, \$0.6 million of one-time investment is included in expenditures related to Ancillary Operations (maintenance in student residences and parking lots).

IV. Capital

Capital spending in 2018/19 is budgeted at \$13.2 million of which \$9.1 million is funded from various grant sources. The balance of \$4.1 million is capital funded from the college.

Capital budgeted for 2018/19 is summarized below:

	College Funded	Grant Funded	Total Capital
Building Construction/Renovations	2,065,258	8,752,000	10,817,258
Network/IT Systems	1,209,295	-	1,209,295
Academic Equipment	452,415	353,556	805,971
Non Academic Equipment	175,693	13,500	189,193
Residence Capital	155,000	-	155,000
	<u>4,057,661</u>	<u>9,119,056</u>	<u>13,176,717</u>