

Fleming College

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Fleming College Financial Plan 2019-2020

APPROVED: by the Board of Governors, April 24, 2019 #3

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I. Summary

The College Financial Plan for 2019-2020 anticipates contributing \$2.1 million to College reserves.

Total revenues in this Financial Plan are forecasted at \$140.0 million, a decrease of \$10.4 million (6.9%) from the 2018-2019 Budget Update. Expenditures are planned at \$137.9 million, \$3.8 million (2.6%) less than 2018-2019 Budget Update.

Capital Investment is budgeted at \$6.7 million with \$3.2 million projected to be funded by capital grants.

The following table provides a high level Financial Summary:

Fleming College Financial Plan Preliminary Budget 2019/2020

SUMMARY

(\$ 000's)

	Preliminary Budget 2019/2020	Budget Update 2018/2019	\$ Increase (Decrease)	% Increase (Decrease)
Revenue				
Grants & Reimbursements	\$ 45,636	\$ 51,333	\$ (5,697)	-11.1%
Student Tuition Fees	56,147	59,834	(3,688)	-6.2%
Contract Training	1,015	934	81	8.7%
Other Income	16,237	15,482	756	4.9%
Amortization	4,487	4,393	95	2.2%
Skills, Bursaries, Ancillary & Projects	16,520	18,437	(1,916)	-10.4%
Revenue	140,044	150,413	(10,369)	-6.9%
Operating Expenses	113,939	111,144	2,795	2.5%
Amortization Expense	7,046	6,604	441	6.7%
Skills, Bursaries, Ancillary & Projects	16,917	23,905	(6,988)	-29.2%
Expenses	\$ 137,902	\$ 141,653	(3,751)	-2.6%
Excess of Revenue over Expenditures	\$ 2,142	\$ 8,759	(6,618)	-75.6%

	Projected Balance Mar 31/20	Projected Balance Mar 31/19	\$ Increase (Decrease)	% Increase (Decrease)

NET ASSETS

Invested in Capital Assets

As of April 1, 1997	\$ 2,417	\$ 2,417	\$ -	
Since April 1, 1997	25,938	24,235	\$ 1,703	
Total Invested in Capital Assets	28,355	26,652	1,703	6.4%

Unrestricted

Operating (Board Reserves)	19,290	17,149	439	
Accrued vacation pay, Future Benefits and Derivative & Sick Leave & PSA *	(9,242)	(9,242)	-	
Total Unrestricted	10,048	7,907	439	5.5%

Internally Restricted

	1,168	1,168	-	
Subtotal Net Assets	39,571	35,727	2,142	6.0%

Externally restricted

	6,628	6,628	-	
TOTAL NET ASSETS	\$ 46,199	\$ 42,355	\$ 2,142	5.1%

II. Revenue

College revenues are budgeted at \$ 140.0 million, a decrease of \$10.4 million (6.9%) from the 2018-2019 Budget Update.

	Preliminary Budget 2019-2020	Budget Update 2018-2019	Change	%
Revenue				
Grants and Reimbursements	(45,636,458)	(51,333,224)	5,696,766	-11.1%
Student Tuition Fees	(56,146,846)	(59,834,437)	3,687,591	-6.2%
Contracted Educational Services	(1,015,405)	(934,366)	(81,039)	8.7%
Other Income				
Other Income	(10,308,030)	(9,810,428)	(497,602)	5.1%
Ancillary Fees	(5,929,463)	(5,671,340)	(258,123)	4.6%
Total Other Income	(16,237,493)	(15,481,768)	(755,725)	4.9%
Amortization of Deferred Capital Contributions	(4,487,000)	(4,392,500)	(94,500)	2.2%
Total Operating Revenues	(123,523,202)	(131,976,295)	8,453,093	-6.4%
Skills Programs	(3,278,133)	(3,650,253)	372,120	-10.2%
Tuition Holdback Bursaries	(3,380,000)	(3,050,000)	(330,000)	10.8%
Ministry Bursaries	(280,800)	(582,300)	301,500	-51.8%
Special Projects	(2,688,321)	(4,470,615)	1,782,294	-39.9%
Facilities Renewal and Renovation Projects	(526,792)	(676,325)	149,533	-22.1%
Ancillary Operations	(6,366,401)	(6,007,025)	(359,376)	6.0%
Total Revenue	(140,043,649)	(150,412,813)	10,369,164	-6.9%

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

1. Grants and Reimbursements

Grants are budgeted to decrease by \$5.697 million from the 2019-2020 Preliminary Budget as follows: (\$ 000's)

	Preliminary 2019-2020	Update 2018-2019	Change
Basic Operating Grant	\$32,264	\$32,807	
Performance Funding Grant	1,795	1,795	
College Funding Formula	\$34,059	\$34,602	(543)
One-time College Operations Grant	-	5,260	(5,260)
BScN Grant	4,183	4,141	42
Small Northern & Rural Grant	3,969	3,969	-
Second Career Grant	450	700	(250)
Apprentice Grants	1,257	857	400
Special Needs & Interpreter Grants	671	641	30
Municipal Tax Credit	363	406	(16)
Rental Grants	230	250	(10)
Medical & Clinical Grant	380	380	-
Misc. Recoveries	74	127	(54)
Grants and Reimbursements	\$45,636	\$51,333	(\$5,697)

Many of the grant forecasts are driven by enrolment projections and thus are subject to increases or decreases as enrolment changes. Significant changes to our grants include the following:

- the overall reduction in grant under the College Funding Formula is due to the new corridor model which has adjusted our grant based on average of our domestic enrolments over the past 3 years which has been declining,
- the one-time grant provided from the provincial budget has been removed and
- College application for new pre-apprentice programs has been accepted

2. Student Tuition Fees

Tuition fee revenue is expected to be \$56.1 million, down \$3.7 million (6.2%) from the 2018-2019 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

growth in our domestic enrolments with a decline planned in international enrolments taking into account a large expected flow through from the 2017/2018 winter term.

3. Contracted Educational Services

Contract training revenue is subject to annual fluctuation dependant on client groups and specific contracts acquired.

4. Other Income

Overall, Other Income has increased by \$0.5 million from the 2018-2019 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 2019-2020, the main increases are projected to occur in ancillary fee revenue including a new international application fee.

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 but also include the Language Introduction for New Immigrants (LINC) and special purpose program grants.

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 \$137.9 million, a decrease of \$3.8 million (2.6%) from the 2018-2019 budget update. Expenditures have been aligned with funding projections to provide for a \$2.1 million surplus, or contribution to College reserves.

	Preliminary Budget 2019-2020	Budget Update 2018-2019	Change	%
Expenditures				
Salaries and Benefits				
Salaries, Full Time	49,365,704	46,282,848	3,082,856	6.7%
Salaries, Part Time	18,007,551	19,189,543	(1,181,992)	-6.2%
Benefits	15,002,597	14,214,046	788,551	5.5%
Total Salaries and Benefits	82,375,852	79,686,437	2,689,415	3.4%
Non-Salary Expenses				
Instructional Support Costs	6,653,822	6,291,841	361,981	5.8%
Travel and Professional Development	2,116,319	2,031,552	84,767	4.2%
Advertising	1,281,281	1,226,996	54,285	4.4%
Telephone, Audit, Legal & Insurance	2,828,352	3,453,942	(625,590)	-18.1%
Equipment Maintenance	714,860	655,218	59,642	9.1%
Plant and Security	2,859,044	2,850,118	8,926	0.3%
Rentals and Taxes	995,607	1,043,808	(48,201)	-4.6%
Utilities	2,636,129	2,557,366	78,763	3.1%
Contract Services Trent	2,355,850	2,280,436	75,414	3.3%
Services & Other	8,944,145	8,983,662	(39,517)	-0.4%
Long Term Debt Interest	178,009	82,449	95,560	115.9%
Amortization of Capital Assets	7,045,853	6,604,426	441,427	6.7%
Total Non-Salary Expenses	38,609,271	38,061,814	547,457	1.4%
Total Operating Expenditures	120,985,123	117,748,251	3,236,872	2.7%
Investments	745,154	5,632,501	(4,887,347)	-86.8%
Skills Programs	3,278,133	3,650,253	(372,120)	-10.2%
Tuition Holdback Bursaries	3,380,000	3,050,000	330,000	10.8%
Ministry Bursaries	280,800	582,300	(301,500)	-51.8%
Special Projects	2,688,321	4,470,615	(1,782,294)	-39.9%
Facilities Renewal and Renovation Projects	432,500	703,509	(271,009)	-38.5%
Ancillary Operations	6,112,118	5,816,053	296,065	5.1%
Employee Future Benefits	-	-	-	
Total Expenditures	137,902,149	141,653,482	(3,751,333)	-2.6%

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

1. Full Time Salaries

Full time (FT) salaries are budgeted according to Collective Agreements that are currently in place. FT salaries also include approved staff sabbaticals and a provision for sick leaves. Overall FT salary expenditures are projected to increase by \$3.0 million (6.7%) over the 2018-2019 Budget Update, accounting for a full year salary for a significant number of new FT faculty hired late in the 2018-2019 year. Additional hiring plans this fiscal year include adding supports in ensuring quality for students and staff.

2. Part Time Salaries

Part time (PT) salaries are expected to decrease by \$1.2 million (6.2%) from the 2018-2019 Budget Update. This decrease is primarily related to reduced PT teaching required as a result of added FT faculty.

3. Instructional Support Costs

Instructional support costs including a variety of costs for classroom supplies, field camps, computer software and software maintenance licenses are increasing by \$361,981 (5.8%). The main increase is related to added academic software supports.

4. Travel and Professional Development

Overall the travel and professional development (PD) is planned to increase by \$84,767 (4.2%) in support of enhancing and promoting staff PD. A larger increase has been planned for onsite PD (up to an additional \$300,000), however that is offset by a decrease in travel costs and hospitality events.

5. Telephone Audit Legal & Insurance

Overall, international health insurance expenditures are projected to decrease along with planned decline in international enrolment.

6. Investments

The 2019-2020 planned investments of \$ 0.7 million represents annual College infrastructure projects that do not qualify as capital assets. These projects include planned facility repair/renovation and required replacement of IT infrastructure across all campuses. Funding over the past couple of years has been supplemented through special purpose grants and capital project grants that are not available or have not yet been announced for this year.

IV. Capital

Capital spending in 2019-2020 is budgeted at \$6.7 million of which \$3.1 million is funded from various grant sources. The balance of \$3.5 million is capital funded from the College.

Capital budgeted for 2019-2020 is summarized below:

	College Funded	Grant Funded	Total Capital
Building Construction/Renovations	782,871	662,500	1,445,371
Network/IT Systems	1,060,000	-	1,060,000
Academic Equipment	1,327,282	531,708	1,858,990
Applied Research	236,867	1,970,777	2,207,644
Residence	105,000	-	105,000
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	3,512,020	3,164,985	6,677,005