

Fleming College

Fleming College Financial Plan 2020-2021

APPROVED: By the Board of Governors, September 30, 2020; #9

Table of Contents

I. Summary 3
II. Revenue..... 5
III. Expenditures..... 8
IV. Capital..... 11

I. Summary

The College Financial Plan for 2020-2021 anticipates a deficit of \$12.4 million which will reduce College reserves/unrestricted net assets.

Total revenues in this Financial Plan are forecasted at \$127.7 million, a decrease of \$11.6 million (8.0%) from the 2019-2020 year-end actual results. This is somewhat misleading as tuition revenues are down by almost \$20 million because of reduced enrolment forecasts however the new \$16 million revenue for the Ontario System Service Manager (SSM) contract has also been included in the budget. Most of this contract is transfer payment funding to employment service providers including Fleming Employment Services.

With the addition of SSM, expenditures are planned at \$140.1 million which is \$3.0 million (2.2%) greater than the 2019-2020 year-end actual results. Operating expenses however have declined by \$15.1 million over the 2019-2020 actual results in relation to anticipated enrolment reductions.

Capital Investment is budgeted at \$7.8 million with \$5.9 million projected to be funded by capital grants for a final Net Assets projection of \$29.8 million.

**Fleming College Financial Plan
Preliminary Budget 2020/2021**

(\$ 000's)

	Preliminary Budget 2020/2021	Year End Actual 2019/2020	\$ Increase (Decrease)	% Increase (Decrease)
Revenue				
Grants & Reimbursements	\$ 46,712	\$ 45,528	\$ 1,184	2.6%
Student Tuition Fees	35,662	55,417	(19,755)	(35.6%)
Contract Training	543	1,207	(664)	(55.0%)
Other Income	10,168	16,642	(6,473)	(38.9%)
Amortization	4,318	4,499	(181)	(4.0%)
Skills, Bursaries, Ancillary & Projects Revenue	<u>30,338</u>	<u>16,009</u>	<u>14,329</u>	<u>89.5%</u>
	<u>127,741</u>	<u>139,301</u>	<u>(11,560)</u>	<u>(8.3%)</u>
Operating Expenses				
Operating Expenses	98,018	113,134	(15,116)	(13.4%)
Amortization Expense	7,450	6,937	513	7.4%
Skills, Bursaries, Ancillary & Projects Expenses	<u>34,665</u>	<u>17,046</u>	<u>17,618</u>	<u>103.4%</u>
	<u>\$ 140,133</u>	<u>\$ 137,117</u>	<u>3,015</u>	<u>2.2%</u>
Excess of Revenue over Expenditures	<u>\$ (12,391)</u>	<u>\$ 2,184</u>	<u>(14,575)</u>	<u>(667.4%)</u>
	Projected Balance Mar 31/21	Year End Balance Mar 31/20	\$ Increase (Decrease)	% Increase (Decrease)
NET ASSETS				
Invested in Capital Assets				
As of April 1, 1997	\$ 2,417	\$ 2,417	\$ -	
Since April 1, 1997	<u>20,647</u>	<u>21,264</u>	<u>\$ (617)</u>	
Total Invested in Capital Assets	<u>23,064</u>	<u>23,681</u>	<u>(617)</u>	<u>(2.6%)</u>
Unrestricted				
Operating (Board Reserves)	9,242	19,946	(10,704)	
Accrued vacation pay, Future Benefits and Derivative & Sick Leave & PSA *	<u>(9,112)</u>	<u>(9,112)</u>	<u>-</u>	
Total Unrestricted	<u>130</u>	<u>10,834</u>	<u>(10,704)</u>	<u>(98.8%)</u>
Internally Restricted				
	-	1,070	(1,070)	
Subtotal Net Assets	<u>23,194</u>	<u>35,585</u>	<u>(12,391)</u>	<u>(34.8%)</u>
Externally restricted				
	6,712	6,712	-	
Accumulated remeasurement gain	<u>(89)</u>	<u>(89)</u>	<u>-</u>	
TOTAL NET ASSETS	<u>\$ 29,817</u>	<u>\$ 42,208</u>	<u>\$ (12,391)</u>	<u>(29.4%)</u>

II. Revenue

College revenues are forecasted at \$127.7 million, a decrease of \$11.6 million (8%) from the 2019-2020 year-end actual results.

As noted earlier, this is the first year for the provincial System Service Manager (SSM) revenue of \$16 million which skews the comparative results. Without this SSM revenue, budgeted operating revenues would have dropped by almost \$26 million year over year.

SIR SANDFORD FLEMING COLLEGE

Statement of Revenue and Expenditures

Preliminary Budget - 2020/2021

	Preliminary Budget 2020-2021	Prior Year Actual March 31, 2020	Change from Prior Year Actual \$	Change from Prior Year Actual %
Revenue				
Grants and Reimbursements	\$ 46,712,090	\$ 45,527,902	\$ 1,184,188	3%
Full-time Tuition	\$ 33,627,984	\$ 51,838,932	\$ (18,210,948)	(35%)
Part-time Tuition	\$ 2,033,595	\$ 3,577,908	\$ (1,544,313)	(43%)
Student Tuition Fees	\$ 35,661,579	\$ 55,416,840	\$ (19,755,261)	(36%)
Contract Training	\$ 543,000	\$ 1,207,398	\$ (664,398)	(55%)
Total Other Income	\$ 10,168,265	\$ 16,641,595	\$ (6,473,330)	(39%)
Amortization of Deferred Capital Contributions	\$ 4,318,137	\$ 4,498,764	\$ (180,627)	(4%)
Total Operating Revenues	\$ 97,403,071	\$ 123,292,499	\$ (25,889,428)	(21%)
Service System Manager	\$ 15,708,165	\$ 156,183	\$ 15,551,982	n/a
Skills Programs	\$ 3,340,323	\$ 3,354,028	\$ (13,705)	(0%)
Tuition Holdback Bursaries	\$ 1,903,909	\$ 2,359,768	\$ (455,859)	(19%)
Ministry Bursaries	\$ 780,000	\$ 466,966	\$ 313,034	67%
Special Projects	\$ 5,703,910	\$ 3,933,741	\$ 1,770,169	45%
Facilities/Equipment Renewal and Renovation	\$ 1,224,975	\$ 98,302	\$ 1,126,673	1146%
Ancillary Operations	\$ 1,676,784	\$ 5,639,651	\$ (3,962,867)	(70%)
Total Revenue	\$ 127,741,137	\$ 139,301,140	\$ (11,560,003)	(8%)

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

1. Grants and Reimbursements

Grants are budgeted to increase by \$1.184 million from 2019-2020 as follows (\$ 000's):

	2020-2021	2019-2020	Change from prior year
Basic Operating Grant	\$24,259	\$32,067	
Performance Funding Grant	10,728	1,795	
College Funding Formula	\$34,987	\$33,862	\$ 1,125
BScN Grant	4,248	4,014	234
Small Northern & Rural Grant	3,969	3,969	-
Second Career Grant	400	388	12
Apprentice Grants	1461	1486	(25)
Special Needs Grants	671	721	(50)
Municipal Tax Credit	237	362	(125)
Rental Grants	230	218	12
Medical & Clinical Grant	376	380	(4)
Misc. Recoveries	133	128	5
Grants and Reimbursements	\$46,712	\$45,528	\$1,184

Significant changes to note include an overall grant increase under the College Funding Formula due to a reduction in amounts that are paid back to the province as a 'head tax' for international student enrolments.

2. Student Tuition Fees

Tuition fee revenue is forecasted to be \$35.7 million, down \$19.8 million (36%) from the 2019-2020 year-end actual results.

Full-time tuition is based on a College enrolment plan that is detailed at the program level using approved tuition rates that vary by program. Overall, the enrolment plan is projecting a decline as a result of the COVID-19 pandemic impacts.

3. Contract Training

Contract training revenue is subject to annual fluctuation dependant on client groups and specific contracts acquired. Currently the College is projecting very limited training for international clients.

4. Other Income

Other income is projected to decrease by \$6.5 million (39%) from the 2019-2020 year-end actual results. Other income derives from a variety of sources, including provincially funded projects/programs, administrative fees, bookstore and food services commissions, as well as recovery from students for student supply fees, academic fees for field placements, and international student health fees.

Most sources of these revenues are projected to decrease for 2020-2021 in relation to lower anticipated enrolments and student activity.

5. Non-Operating Revenues

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

A new provincial contract for the College as the Muskoka & Kawartha region System Service Manager (SSM) has added \$16 million in new grant funding for the purpose of transforming employment services throughout the region. This will serve over 9,600 clients a year through a network of local service providers, with specialized support for persons with disabilities and individuals with complex needs. Most of these funds are flow through transfer payments to the employment service providers including Fleming Employment Services.

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

Tuition Holdback and Ministry Bursaries represent the standard annual bursaries that are disbursed. As tuition will be reduced this year the holdback for disbursement will also be reduced, however the College is planning added supports to students through Ministry grant and donated funds.

Special Projects include newly negotiated funding agreements, primarily for projects managed through the Office of Applied Research.

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. While grants are relatively stable, the mix between capital asset and expense will change from year to year depending on the nature and value of these items. For this year, additional grant has also been allocated to the College which will be used to fund IT items in support of College online delivery requirements.

Ancillary Operations revenues are associated with the College residence and parking operations. Reductions are again expected to occur with significant reduction in student enrolment and on-campus activity during the year.

III. Expenditures

College expenditures are budgeted at just over \$140.1 million, an increase of \$3.0 million (2.2%) from the 2019-2020 year-end actual results. As noted earlier, \$16 million of this years' expenditures are new and relate to the Provincial System Service Manager (SSM) contract.

	Preliminary Budget 2020-2021	Prior Year Actual March 31, 2020	Change from Prior Year Actual \$	Change from Prior Year Actual %
Expenditures				
Salaries and Benefits				
Salaries, Full Time	\$ 47,529,049	\$ 47,947,632	\$ (418,583)	(1%)
Salaries, Part Time	\$ 12,020,252	\$ 18,495,528	\$ (6,475,276)	(35%)
Total Salaries	\$ 59,549,301	\$ 66,443,160	\$ (6,893,859)	(10%)
Benefits	\$ 13,414,854	\$ 13,851,769	\$ (436,915)	(3%)
Total Salaries and Benefits	\$ 72,964,155	\$ 80,294,929	\$ (7,330,774)	(9%)
Non-Salary Expenses				
Academic Delivery	\$ 1,719,135	\$ 2,388,465	\$ (669,330)	(28%)
Academic Supports	\$ 3,516,499	\$ 3,600,825	\$ (84,326)	(2%)
Staffing Development	\$ 607,691	\$ 552,632	\$ 55,059	10%
Business Travel, Accommodation & Hospitality	\$ 567,823	\$ 1,279,889	\$ (712,066)	(56%)
Advertising	\$ 1,016,383	\$ 1,392,913	\$ (376,530)	(27%)
Telephone, Audit, Legal & Insurance	\$ 1,313,168	\$ 1,247,737	\$ 65,431	5%
Equipment Maintenance	\$ 544,760	\$ 569,912	\$ (25,152)	(4%)
Plant and Security Contracts	\$ 3,042,958	\$ 3,599,258	\$ (556,300)	(15%)
Rentals and Taxes	\$ 723,640	\$ 848,104	\$ (124,464)	(15%)
Utilities	\$ 2,506,931	\$ 2,888,110	\$ (381,179)	(13%)
Contract Services Trent	\$ 2,683,186	\$ 2,640,092	\$ 43,094	2%
International Payments	\$ 3,064,541	\$ 6,447,531	\$ (3,382,990)	(52%)
Finance and Banking	\$ (1,091,017)	\$ (514,285)	\$ (576,732)	112%
Other Service Fees	\$ 4,675,621	\$ 5,775,991	\$ (1,100,370)	(19%)
Long Term Debt Interest	\$ 162,500	\$ 121,794	\$ 40,706	33%
Amortization of Capital Assets	\$ 7,450,052	\$ 6,937,159	\$ 512,893	7%
Total Non-Salary Expenses	\$ 32,503,871	\$ 39,776,127	\$ (7,272,256)	(18%)
Total Operating Expenditures	\$ 105,468,026	\$ 120,071,056	\$ (14,603,030)	(12%)
Investments	\$ 2,789,917	\$ 1,433,070	\$ 1,356,847	95%
Service System Management	\$ 15,708,165	\$ 156,183	\$ 15,551,982	n/a
Skills Programs	\$ 3,340,323	\$ 3,354,028	\$ (13,705)	(0%)
Tuition Holdback Bursaries	\$ 1,903,909	\$ 2,359,768	\$ (455,858)	(19%)
Ministry Bursaries	\$ 780,000	\$ 466,966	\$ 313,034	67%
Special Projects	\$ 5,703,910	\$ 3,924,829	\$ 1,779,081	45%
Ancillary Operations	\$ 4,438,325	\$ 5,447,578	\$ (1,009,253)	(19%)
Net Asset Adjustment	\$	\$ (96,182)	\$ 96,182	(100%)
Total Expenditures	\$ 140,132,575	\$ 137,120,190	\$ 3,012,385	2%
Net	\$ (12,391,438)	\$ 2,180,950	\$ (14,572,388)	n/a

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

1. Full Time Salaries

FT salary expenditures are projected to decrease by 0.4 million (1%) over the 2019-2020 year-end actuals. While an increase in full time (FT) salaries was forecast based on Faculty and Support Staff Collective Agreements, due to the COVID-19 pandemic cost cutting initiatives were required which included FT staffing. Except for operationally critical recruitment, hiring plans this fiscal year have been deferred. FT salary projections also include sick leave and severance payment provisions.

2. Part Time Salaries

Part time (PT) salaries are expected to decrease by \$6.5 million (35%) from the 2019-2020 year-end actuals as a result of cost saving initiatives.

3. Academic Delivery

Academic Delivery including a variety of costs for classroom supplies and field camps are decreasing by \$669,330 (28%) considering reduced activity and a reduction in planned student enrolments.

4. Business Travel, Accommodation & Hospitality

Overall the travel budgets are planned to decrease by \$712,066 (56%) as a result of a reduction in face to face meetings due to the pandemic and out of country and international recruitment fairs reduced.

5. Advertising

Advertising in the form of promotional events requiring travel and social gathering have been restricted. Additionally, funding for enhancements planned for marketing redesign and web advertising has been scaled back as a cost saving initiative resulting in a decrease in spending of \$376,530 (27%).

6. Plant and Security

Budget has set aside funding for scheduled maintenance and ability to address health and safety concerns; however, all discretionary project work has been put on hold for a budget savings over prior year of \$556,300 (15%)

7. Rentals and Taxes

With reduced enrolment the College municipal per diem head tax is expected to decline. Using current enrolment projections there is a projected savings of \$124,464 (15%)

8. International Payments

Funding required for international student health insurance and payment to recruiting agents are planned with a significant decrease based on projected decrease in international enrolments for a budget reduction of \$3,382,990 (52%).

9. Other Services and Fees

Prior year expenditure in services and fees included a significant number of projects engaging consultants and other professionals. Discretionary spending in this area, except required prior year completion were deferred reducing expenditures from prior year by \$1,100,370 (19%).

10. Non-Operating Expenditures

As previously described with Non-Operating Revenues, the College enters into many contractual agreements negotiated annually that can vary significantly year to year. Outside of these agreements the College also provides funding for investment into assets and/or projects that are not capital asset by nature.

The 2020-2021 planned investments of \$ 2.8 million represents a placeholder of \$1.5 million for College infrastructure and protective equipment that will be required to bring students back into the classroom, into labs and/or on field placements and staff back to campus while adhering to safety protocols. The balance of \$1.3 million includes \$1.2 million funded through facility renewal and equipment grants with \$100K in discretionary projects required to replace obsolete equipment in the classroom.

IV. Capital

Capital spending in 2020-2021 is budgeted at \$7.8 million of which \$5.9 million is funded from various grant sources. The balance of \$1.9 million is capital funded from the College for assets deemed critical for ongoing operations.

Capital budgeted for 2020-2021 is summarized below:

	College Funded	Grant Funded	Total Capital
Building Construction/Renovation	\$362,270	\$375,000	\$737,270
Network/IT Systems	\$279,797	n/a	\$279,797
Academic Equipment	\$660,422	\$472,797	\$1,133,219
Applied Research	\$573,500	\$5,042,078	\$5,615,578
Total	<u>\$1,875,989</u>	<u>\$5,889,875</u>	<u>\$7,765,864</u>