



Fleming College Financial Plan 2010–2011

May 2010

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I. Executive Summary

The 2010-2011 Financial Plan includes Revenues and Expenditures of \$89-million and results in a balanced budget for the year while maintaining our investment in capital assets. This has been achieved as a result of continued enrolment growth and holding the line on expenditures.

Enrolment growth for last year was phenomenal with a 14% increase in enrolment. The changes the provincial government have made to the criteria for applicants for the Second Career program are anticipated to result in a decrease to new student intakes. The current economy and other initiatives we are continuing to implement are factors that will offset these anticipated reductions in Second Career students.

We are ending 2009-2010 with positive Board reserves of \$7.6-million. This allows us to take some risks in budget assumptions. We are continuing to make investments in support of our strategic priorities including investment in new programs and research projects that will contribute to the future growth of the college and strength of our communities.

The Strategic Plan is an important component of our Financial Plan. The College recently renewed our Strategic Plan. This Plan clearly articulates our direction and identifies the six areas of focus and strategies within each area that will guide us to successfully achieve this direction. As well, our Strategic Plan identifies how we will measure success.

Overall Budget Development Strategies

The fundamental issue underlying our financial situation is that our costs continue to rise faster than our revenues.

The projected decline in Second Career funding has been offset to a certain extent by additional risk in budgeting for year end grants.

Tuition fees will be increased as allowed by Ministry policies. Other revenues have increased due to increased activities in School College Work Initiatives and will continue to be developed.

Non-salary expenditure budgets have provided minimal inflation changes.

Issues

1. Funding

The interim funding methodology introduced four years ago in 2006-2007 resulted in Fleming receiving less than in the previous formula by about \$1-million. Fleming's grant allocation since this change has been flat.

We believe that the costs related to small programs and multiple campuses of the mid-sized colleges are not appropriately recognized in the funding.

2. Capital and Major Facilities Maintenance

We have received significant Strategic Capital Infrastructure Program (SCIP) funds, totally \$11.3-million over two years, of which just over \$7-million has been included in this budget. Major projects from this funding include the Pathology Lab at the Frost Campus and the main entrance at the Sutherland-Brealey Campus. As well, numerous smaller projects including energy efficiency, safety and security and deferred maintenance projects, and a new building at the Haliburton Campus have been included in this Financial Plan.

Risks

1. A shortfall in enrolment from plan of 2% would result in approximately \$350,000 in lost tuition and fees in-year, with only minimal opportunity to reduce delivery costs.
2. The Plan assumes that there is no impact in the 2010-2011 fiscal year as a result of part-time unionization. Total part-time salaries and benefits, excluding partial load, are \$5.8-million.
3. The Financial Plan assumes there will be additional, to be announced, grants of \$500,000.
4. Continued hold the line on non-salary expenses provides no cushion for major unexpected expenditures.

II. Full-Time Postsecondary Enrolment Plan 2010-2011

Fleming's Enrolment Plan for 2010-2011 includes a 2% decrease in overall enrolment from the 2009-2010 actual. This reflects an anticipated decline in Second Career students as a result of the more restrictive eligibility criteria and flat-line funded enrolment.

The Plan includes the launch of several new programs including Sustainable Agriculture, Digital Imaging Design, Web Design Fundamentals, Sustainable Renovations, and Instrumentation Control Engineering Technician.

This forecasted decline is in response to a number of contextual factors. Fleming is moving forward from an unprecedented 18% increase in fall intake and 14% overall enrolment increase, this past year. We were also a system leader in Second Career enrolment and expect this source of growth to diminish significantly this year. Given these factors, we believe it is prudent to be somewhat cautious with our enrolment forecasts and anticipate it will be a significant challenge to achieve enrolment results within the range of those achieved this past year.

Recent government announcements have placed high expectations on colleges for enrolment growth. Included in these announcements are 9,000 additional funded spaces in 2010-2011 for colleges and 30,000 new Second Career spaces for public and private Ontario colleges over the next two years. Without changes to the criteria associated with the Second Career program, we do not anticipate an influx of Second Career students.

Applications for the Fall are currently up 5% compared to the previous year and confirmation levels are 7% greater than the same time last year. Confirmation levels are currently ahead of the system average. However, we anticipate continued fluctuations will occur in the days ahead as we approach a time when our comparator year had significant enrolment activity the previous year.

Retention rates are anticipated to remain stable. The Plan has capacity built in for growth, positioning us well for opportunities that may arise in the event that applications remain strong and Second Career criteria become less restrictive.

III. Complement

Total full-time complement at the College will continue to be managed judiciously, using retirements and normal attrition. This will give us as much flexibility as possible to address revenue challenges, while ensuring we have adequate resources to successfully achieve our yearly objectives.

Faculty complement, with a total of 216 positions, has seen an increase in unbudgeted vacancies over the past few years. Through Human Resource planning strategies, we have filled a total of 14 positions during the past year; however, as normal retirements are increasing, we will continue to hold a number of vacancies. A balancing of reduced partial load teaching hires and increased full-time faculty hires over the next fiscal year, within an affordable range, is planned.

Support Staff complement has increased to a total of 228 positions; when the employment stability process, as determined by the Collective Agreement, has been completed, we believe there will be a net decrease of three to five positions. We have not finalized the process as of this report. Ongoing, we will manage the Support Staff complement carefully to ensure the right people are in the right positions within our current fiscal context and overall complement is effectively managed.

One additional new Administrative position has been added to the complement for Operations Leader – School of Education, Health and Wellness in response to enrollment and program growth. No additional Administrative positions are planned for this fiscal year.

	Approved 2009/10	Additional	Proposed 2010/11	Unbudgeted Vacancies
Faculty	216	0	216	16
Support	223	5	228	0
Admin	53	1	54	0
*Undesignated Approved Positions	<u>5</u>	<u>0</u>	<u>5</u>	<u>5</u>
Total	497	6	503	21

**Note: Undesignated Approved Positions are approved for inclusion in complement but are not designated by either position (ie. particular job) or employee group. Similarly, they are not included in the budget. Inclusion of these positions in the complement allows for action by the college during the fiscal year to identify and hire into new positions as needs and funds are confirmed.*

IV. Financial

Budget Summary

Total revenues in this Financial Plan are \$89-million, up from the 2009-2010 Update Budget by \$1.3-million. Total expenses are also \$89-million, up \$2.3-million from the Update Budget. The Financial Plan provides a balanced budget for the year.

Net Assets

Invested in Capital Assets has increased by \$288,000 due to Capital from operating budgeted at \$1,023,000 offset by repayment of debt and amortization expenses.

Internally Restricted Net Assets have increased by \$162,000 due to positive Residence operations (\$270,000) offset by use of year end funds for one-time operating commitments (\$108,000).

The above changes result in a decrease of \$450,000 in Unrestricted Operating Net Assets (Board Reserves) resulting in a balance as of March 31, 2011 of \$7,162,000.

Revenue

College revenues are budgeted at \$89 million, an increase of 1.5% from revenues in the 2009-2010 Update Budget.

1. Operating Grants

The Operating Grants are budgeted to decrease by \$365,000 from the Update Budget as follows:

	<u>Preliminary</u> <u>2010/11</u>	<u>Update</u> <u>2009/10</u>	<u>Change</u>
Basic Operating Grant	\$ 31,509	\$ 31,009	\$ 500
BScN Grant	4,016	3,976	40
Northern & Rural Funding Grant	2,229	2,229	0
Second Career Grant	2,529	3,551	(1,022)
Apprentice Grant	891	880	11
Special Needs & Interpreter Grant	559	559	0
Transition Funding	594	594	0
Performance Funding Grant	506	506	0
Municipal Tax Credit	403	403	0
Fed Supported Training	363	376	(13)
CO-OP Diploma Apprentice Grant	206	87	119
Misc other grants	477	477	0
Grants and Reimbursements	\$ 44,282	\$ 44,647	(\$ 365)

An increase in basic operating grant revenue of \$500,000 has been budgeted. This amount is considerably less than the actual year-end one-time funds flowed in recent years.

We have budgeted conservatively for the intakes of new Second Career students to be 25% of last year's intake numbers resulting in a decrease in the grant of \$1,022,000. The government has recently announced renewed Second Career funding. We are well positioned to accept additional students if the criteria for qualifying for the program is changed.

The Culinary Co-Op grant increase is due to another intake of students in September 2010. The first intake will be completing their studies in this fiscal year.

2. Tuition Fees

Total tuition fee revenue is expected to be \$18-million, up \$.7-million from last year's Update Budget.

Full-time enrolment is budgeted to decrease by 2% due to the budgeted decline in Second Career Students. Part-time enrolment is budgeted to increase by 4%. Tuition fee rates have been increased as of September 1, 2010 as allowed by the Ministry. High demand and regular programs longer than one year will increase by 4%. Regular programs that are up to one year in length will increase by \$50 per semester. Part-time, tuition short and PLA will increase by 4.5%.

3. Other Income

Other income has increased by \$1,006,000 over the Update Budget. This increase is mainly due to increased educational contract services income for the School College Work Initiative (\$864,000). The remaining increase is the result of budgets reflecting actual other income achieved for 2009-2010 which was higher than the update.

4. Ancillary Fees

Ancillary fees have increased by \$217,000 from budget or \$84,000 (2.3%) from actual year end results. Of this increase, \$66,000 has been budgeted to replace computers in the Learning Commons.

5. Amortization of Deferred Capital Contribution

Amortization of Deferred Capital Contribution revenues has increased by \$209,000 due to increased funded capital purchased in the prior year.

6. Skills Programs

Skills programs consist of Literacy and Basic Skills (LBS) and Job Connect and, in total, have declined \$1.3-million.

Literacy and Basic Skills revenue has increased by \$355,000 from the Update Budget as the result of greater activity.

The Job Connect program revenues have declined from the Update Budget by \$1,675,000 due to the program ending this July 31 at our Cobourg and Lindsay locations. As well, budget allocations have been adjusted at our Peterborough and Haliburton locations.

7. Tuition Holdback Bursaries

Tuition holdback bursaries revenue has increased by \$250,000 due to increased funds set aside for these bursaries. As directed by the Ministry, 10% of the increase in tuition fees from September 1 will be allocated to these bursaries. Tuition holdback bursaries expenses have increased by the same amount.

8. Facilities Renewal and Renovation Projects

Facilities renewal and renovation project revenues have decreased by \$177,000 due to a decrease in amounts classified as expense (versus capital) in this year. Expenditures have also decreased by the same amount.

Expenditures

College expenditures are budgeted at \$ 89-million, an increase of 2.7% from revenues in the 2009-2010 Update Budget.

9. Full-time Salaries

Full-time salaries have increased by \$1,165,000 (3.4%) from the 2009-2010 Update Budget.

Full-time Faculty and Support Staff salaries were budgeted based on the Collective Agreements that are currently in place. Full-time Faculty salaries will increase 2% effective September 1. Professors not at their maximum step will also receive a 3.2% range movement increase. Full-time Support Staff salaries will increase 3% effective September 1 as well as a 3% range movement for employees not at the top of their payband.

The Public Sector Compensation Restraint to Protect Public Services Act will freeze compensation in place as of March 24, 2010 for Administrators for the next two years.

10. Part-Time Salaries

Part-time salaries have increased by \$795,000 (8.6%) from the Update Budget mainly due to increased part-time and partial load academic faculty expenditures. Partial load salaries will increase 2% effective September 1. Increased expenditures have also been required for new programs and initiatives such as additional support in communications and math for students assessed as requiring this support.

The Public Sector Compensation Restraint to Protect Public Services Act will result in salaries frozen for the next two years for sessional, part-time academic and part-time support employees.

11. Benefits

Benefits are up \$516,000 (6%) from the Update Budget mainly due to the one percent of salary increase in the pension costs that occurred January 1, 2010 annualized for this fiscal year. This translates to a \$397,000 (11%) increase for pension costs.

12. Instructional Support Costs

Instructional support costs have increased \$161,000 or 4% from last year's Update Budget. This increase is mainly due to expenses to replace computers in the Learning Commons (\$66,000), computer software maintenance (\$46,000) and increased field camps (\$53,000) resulting from increased enrolments.

13. Services and Other

Services and other expenses have increased by \$261,000 from the Update Budget.

Contract teaching has increased by \$124,000 mainly due to increased Ontario Learn activity with other colleges. Contract services have also increased by \$106,000 due increased Ontario Learn expenses and other continuing education activity as well as increases in Recreation, Counselling and International Education activities.

14. Investments

Investments totaling \$200,000 have been provided for upgrading all of our Evolve systems as well as ensuring the College is Payment Card Industry (PCI) compliant.

**Fleming College Financial Plan Preliminary 2010/11
SUMMARY**

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	2010/11 Preliminary Budget	2009/10 Update Budget	Increase (Decrease)
Revenue			
Grants & Reimbursements	\$44,282	\$44,647	-\$366
Tuition & Other	27,638	25,478	2,160
Amortization	3,447	3,238	209
Skills, Bursaries, Ancillary & Projects	13,393	14,126	(733)
Revenue	\$88,759	\$87,489	1,270
Operating Expenses			
Operating Expenses	70,805	67,847	2,958
Amortization Expense	4,992	4,648	344
Skills, Bursaries, Ancillary & Projects	12,962	13,948	(986)
Expenses	88,759	86,443	2,316
Excess of expenditures over revenues	\$0	\$1,046	(\$1,046)

	Projected Balance Mar 31/11	Projected Balance Mar 31/10	
NET ASSETS			
Invested in Capital Assets			
As of April 1, 1997	\$2,417	\$2,417	-
Since April 1, 1997	3,787	3,499	288
Total Invested in Capital Assets	6,204	5,916	288
Unrestricted			
Operating (Board Reserves)	7,162	7,612	(450)
Accrued vacation pay, Future Benefits and Derivative & Sick Leave	(9,245)	(9,245)	-
Total Unrestricted	(2,083)	(1,633)	(450)
Internally Restricted Residences/Commitments	926	764	162
Subtotal Net Assets	5,047	5,047	0
Externally restricted	4,721	4,721	-
TOTAL NET ASSETS	\$ 9,768	\$ 9,768	\$ -



	Preliminary Budget 2011	Update Budget 2010	Change	%	Ref
Revenue					
Grants and Reimbursements	\$44,282,222	\$44,646,873	(\$364,651)	-0.8%	1
Student Tuition Fees	18,002,338	17,253,341	748,997	4.3%	2
Contract Training	613,777	427,070	186,707	43.7%	
Other Income					
Other Income	5,418,785	4,413,120	1,005,665	22.8%	3
Ancillary Fees	3,601,738	3,384,568	217,170	6.4%	4
Total Other Income	<u>9,020,523</u>	<u>7,797,688</u>	<u>1,222,835</u>	15.7%	
Amortization of Deferred Capital Contributions	3,447,226	3,238,358	208,868	6.4%	5
Total Operating Revenues	<u>75,366,086</u>	<u>73,363,330</u>	<u>2,002,756</u>	2.7%	
Skills Programs	3,564,845	4,885,484	(1,320,639)	-27.0%	6
Tuition Holdback Bursaries	2,250,287	2,000,000	250,287	12.5%	7
Ministry Bursaries	1,126,355	893,969	232,386	26.0%	
Special Projects	1,547,175	1,323,400	223,775	16.9%	
Facilities Renewal and Renovation Projects	1,060,947	1,237,549	(176,602)	-14.3%	8
Ancillary Operations	3,843,012	3,785,189	57,823	1.5%	
Total Revenue	<u>\$88,758,707</u>	<u>\$87,488,921</u>	<u>\$1,269,786</u>	1.5%	



	Preliminary Budget 2011	Update Budget 2010	Change	%	Ref
Expenditures					
Salaries and Benefits					
Salaries, Full Time	\$35,467,507	\$34,302,811	\$1,164,696	3.4%	9
Salaries, Part Time	10,043,772	9,248,967	794,805	8.6%	10
Benefits	9,138,736	8,622,464	516,272	6.0%	11
Total Salaries and Benefits	54,650,015	52,174,242	2,475,773		
Non-Salary Expenses					
Instructional Support Costs	4,240,620	4,079,716	160,904	3.9%	12
Travel and Professional Development	1,075,491	1,052,369	23,122	2.2%	
Advertising	866,781	906,031	(39,250)	-4.3%	
Telephone, Audit, Legal & Insurance	837,309	843,904	(6,595)	-0.8%	
Equipment Maintenance	352,640	351,979	661	0.2%	
Plant and Security	1,967,251	1,885,271	81,980	4.3%	
Rentals and Taxes	718,480	706,580	11,900	1.7%	
Utilities	1,936,668	1,967,402	(30,734)	-1.6%	
Contract Services Trent	2,138,726	2,091,171	47,555	2.3%	
Services & Other	1,872,492	1,611,804	260,688	16.2%	13
Long Term Debt Interest	148,052	176,226	(28,174)	-16.0%	
Amortization of Capital Assets	4,992,435	4,648,014	344,421	7.4%	5
Total Non-Salary Expenses	21,146,945	20,320,467	826,478	4.1%	
Total Operating Expenditures	75,796,960	72,494,709	3,302,251	4.6%	
Investments	200,000	527,000	(327,000)	-62.0%	14
Skills Programs	3,150,042	4,350,373	(1,200,331)	-27.6%	6
Tuition Holdback Bursaries	2,250,287	1,999,999	250,288	12.5%	7
Ministry Bursaries	1,126,355	893,969	232,386	26.0%	
Special Projects	1,547,175	1,323,397	223,778	16.9%	
Facilities Renewal and Renovation Projects	1,060,947	1,237,549	(176,602)	-14.3%	8
Ancillary Operations	3,626,941	3,616,242	10,699	0.3%	
Total Expenditures	\$88,758,707	\$86,443,238	\$2,315,469	2.7%	
Net	\$0	\$1,045,683	(\$1,045,683)		

V. Capital

Capital spending in 2010-2011 is budgeted at \$7.8-million of which \$6.8-million is from funded sources and \$1-million is from operating. This level of capital expenditures will result in our Invested in Capital Assets being \$6.1-million.

The budgeted funded capital sources for the current year include the Strategic Capital Infrastructure Program (SCIP) funding of \$6.1-million, College Equipment and Renewal Fund (\$354,000), and Apprenticeship Equipment Funding (\$130,000).

The remaining capital includes \$1,023,000 from operating for capital which does not qualify for capital grant funding.

Capital budgeted for 2010-2011 is summarized below:

Capital	
SCIP	\$6,124,399
Academic Equipment	354,796
Apprenticeship Equipment	129,778
Frost Field House Floor	170,000
Other capital equipment	<u>1,023,559</u>
	<u>\$7,807,432</u>