

**APPROVED BUDGET
2008-2009**



**A Presentation to
the Board of Governors**



April 2008

TABLE OF CONTENTS

	Page
PRESIDENT'S BUDGET OVERVIEW	i
TREASURER'S REPORT TO THE 2008/2009 BUDGET	ii
PRO FORMA SUMMARY	1
SUMMARY OF ANNUAL BUDGET	2
REVENUE SCHEDULE	3
EXPENDITURES SCHEDULE.....	4
CAPITAL PROJECTS SCHEDULE.....	5
SUMMARY OF FUNDED POSITIONS	6
2008/2009 PROJECTED ENROLMENT VS. 2007/2008	7



PRESIDENT'S BUDGET OVERVIEW

I am pleased to table with the Board of Governors the proposed budget for 2008/2009 which is balanced and enables the College to move forward with its Strategic Plan and make some essential investments in crucial areas which will help address some of the needs of both students and staff. The new budget addresses commitments made to the Ministry in our Multi-Year Accountability Agreement and as well, continues the College's focus on reputation, registration, retention and people development.

The College faces huge space challenges during the daytime and is still working with the government to find long term solutions. Space significantly constrains our ability to increase access and address the demand for the programs and services this College offers. Space limitations have also impacted the funding for this College as it can not grow as fast as other colleges who do not have the same space constraints. This restriction limits our access to the growth funding envelope which is a key part of the Ministry's funding formula. It is our hope that there will soon be positive announcements by the government which will enable the College expansion to begin and allow the College to take more students and produce more skilled graduates to help the economy grow.

The budget contains plans for new programs, services, personnel and increased enrolment as well as further expansion into areas such as corporate education and training, international recruitment and projects, increased ancillary services as well as plans for expansion of the three campuses. We continue to work with Colleges Ontario and the Ministry of Training, Colleges and Universities as plans are being developed for a new post secondary education and training strategy with a strong focus on skills development. It is our belief that this will be a year in which we transition to the new Strategic Plan, a Balanced Scorecard and a new government model. This budget positions the College well to be able to react to any proposed changes and to the constantly changing post secondary education environment.

I commend this budget to the Board of Governors and thank all of the College Community for their hard work and commitment which have led to the positive financial results this year.

Robert C. Gillett
President



TREASURER'S REPORT TO THE 2008/2009 BUDGET

The budget process this year has concluded with a positive net contribution of approximately \$1,031,000 as compared to \$1,475,000 last year.

Following fiscal year-end 2006/2007, in which the College realized a positive net contribution of approximately \$21 million, the Budget and Finance Committee began reviewing the reasons for achieving such a significant net contribution. This was necessary to determine which positive variances between the 2006/2007 actual and budgeted financial results were sustainable and could be utilized in achieving the College's objectives in 2008/2009. Most variances were determined to not be sustainable, such as the sale of the College's Rideau Campus in January 2007, which made up almost \$6 million of the College's net contribution. However, some variances were determined to be sustainable and were incorporated into the 2008/2009 budget. At this time, it is anticipated that the College will realize a very positive net contribution for fiscal year-end 2007/2008.

The budget figures reflect:

- positive government grant announcements to date of approximately \$7.8 million, including the known impact of funding announced in the March 2008 Provincial Budget;
- existing tuition fee policies;
- a 5% growth in full-time post secondary enrolment;
- reasonable provisions for inflation;
- capital spending to match announced capital grants, normal historical provisions and for the Perth expansion project; and
- a provision to contribute to the College's Internally Restricted Funds for additional capital expansion projects in the future.

ASSUMPTIONS

A number of assumptions must be made in the preparation of estimates to be included in the budget. A list of the most significant assumptions for 2008/2009 follows:

Revenues

- Grant projections are based on the assumption that the College will earn the provincial government projected system share of the General Purpose Operating Grant and the Quality Improvement Funds;

- Tuition Fees for funded programs are estimated to increase by an average of 5% in accordance with the Provincial Ministry's existing tuition fee policy;
- Enrolment Growth in full-time post secondary programs is projected to increase by 5% over 2007/2008 enrolment levels due to growth in existing programs and the launch of 13 new programs; and
- College Ancillary Services and other revenues have increased according to anticipated market conditions.

Operating Expenditures

The majority of operating expenditures have been increased between 2% and 5% due to inflation, market conditions and based on collective agreements and Ministry guidelines for salaries and benefits.

Capital Expenditures

Priority setting has been based on investments that maintain or enhance quality and support employee development, academic leadership, service excellence and resource management priorities.

The announcement of the one-time Campus Renewal Program grant in the amount of \$5 million has afforded the College the means to address additional critical needs in 2008/2009. The College will be able to complete projects which provide improvements to energy efficiency, campus safety and security and renewal of existing infrastructure.

The 2008/2009 budget also includes a provision for an expansion to the Perth campus which will allow for improved services and capacity for future program growth.

Expenditures from Internally Restricted Funds

The College has consistently increased its accumulated surplus balance over the past 3 years in the Internally Restricted Fund accounts. These funds are managed in order to provide resources to fund both short-term priorities and long-term capital expansion plans. With a very positive year-end anticipated for 2007/2008, the 2008/2009 budget includes planned expenditures from the Internally Restricted Funds to address capital expenditure commitments from the previous year and investments and initiatives which allow the College to comply with the Ministry's Multi-Year Accountability Agreement.

RISKS

We believe this budget is reasonable under the circumstances. The following identifies and assesses the College's major budget risks for 2008/2009:

RISK SCHEDULE			
<u>Risk Identification</u>	<u>Impact in 2008/2009</u>	<u>Likelihood in 2008/2009</u>	<u>Risk Management</u>
Enrolment less than Projection resulting in Reduced: <ul style="list-style-type: none"> • Tuition Fees • Quality Improvement Funds 	Moderate	Moderate	<ul style="list-style-type: none"> • Program Specific Marketing • Reduce Direct Expenses • Reduce Planned Contributions to Reserves
Labour Relations	High	Low	<ul style="list-style-type: none"> • Monitor Government Actions • Advocate for additional Government Funding • Budget Provision for additional Positions • Management of the Arbitration Process and Costs
Student Access Guarantee Program	Moderate	Moderate	<ul style="list-style-type: none"> • Prudent Adjudication of Requests for Financial Aid • Contingency Accounts
Facilities Quality and Space Constraints	High	High	<ul style="list-style-type: none"> • Develop Alternative Growth Strategies • Leverage use of Technology • \$4 million budgeted in Space Adaptations and Renovations • Increase Budget for Caretaking • Perth Campus Expansion

BUDGET IMPACT

The 2008/2009 Annual Budget provides adequate resources to staff all programs and services, operate the College and fund initiatives that support the 2008 - 2013 Strategic Plan. More specifically, this budget includes provisions for the following program and service improvements:

- Expansion of the Perth campus;
- Construction of state-of-the-art biotechnology laboratory facilities;
- Enhanced academic advising and retention initiatives;
- Increased employee opportunities for professional development;
- 10 additional faculty positions, 8 additional support positions and 1 additional administrative position;
- Improved, high-quality, clean facilities; and
- \$2.1 million for new academic equipment.

Additional details of the goals and initiatives will be included in the College's annual Business Plan.

I would like to conclude by thanking all of those involved in the preparation of this budget for their hard work and ongoing commitment to the College.

The 2008/2009 Annual Budget was reviewed and approved by the Board of Governors of the Algonquin College of Applied Arts and Technology on April 14, 2008.

Robert Letourneau
Vice-President, Administration



PRO FORMA SUMMARY

(all figures in \$ 000's)

	Annual Budget 2008/2009	Pro Forma 2009/2010	Pro Forma 2010/2011
Revenue	\$ 215,225	\$ 219,717	\$ 222,988
Operating Expenditures	202,898	211,538	220,556
Capital Expenditures	11,686	10,471	8,313
NET CASH FLOW	\$ 641	\$ (2,292)	\$ (5,881)
Add:			
Capital Assets (net)	5,400	5,900	5,400
Principal Portion of Debt Payments	1,436	1,533	1,636
Less:			
Amortization (net)	(6,150)	(6,200)	(6,200)
Increase in Vacation, sick leave and post-employment benefits	(296)	(321)	(347)
NET CONTRIBUTION before Internally Restricted Fund Expenditures	\$ 1,031	\$ (1,380)	\$ (5,392)
Expenditures from Internally Restricted Funds	(13,349)	-	-
NET CONTRIBUTION as per GAAP	\$ (12,318)	\$ (1,380)	\$ (5,392)
Net Assets			
Unrestricted	1,000	500	500
Investment in Capital Assets	24,686	25,919	26,755
Vacation, sick leave and post-employment benefits	(15,365)	(15,686)	(16,033)
Internally restricted	22,600	20,808	14,927
Interest rate swaps	(9,390)	(8,921)	(8,452)
Endowments	9,044	10,044	11,044
TOTAL NET ASSETS	\$ 32,575	\$ 32,664	\$ 28,741



SUMMARY OF ANNUAL BUDGET

(all figures in \$ 000's)

	<u>College Operations</u>	<u>College Ancillary Services</u>	<u>International Education Centre</u>	<u>Annual Budget 2008/2009</u>	<u>Annual Budget 2007/2008</u>	<u>Annual Budget 2006/2007</u>
Revenue						
Government Grants	\$ 96,061	\$ -	\$ -	\$ 96,061	\$ 94,656	\$ 87,635
Tuition Fees	50,529	-	-	50,529	46,395	44,058
College Ancillary Services	-	34,645	-	34,645	33,030	32,167
International Education Centre	-	-	6,891	6,891	6,806	6,711
Other Revenues	<u>27,099</u>	<u>-</u>	<u>-</u>	27,099	25,114	22,464
TOTAL REVENUE	173,689	34,645	6,891	215,225	206,001	193,035
Expenditures						
Full-Time Salaries & Benefits	95,428	-	-	95,428	88,336	81,808
Other Staff Salaries & Benefits	23,415	-	-	23,415	22,094	20,633
College Ancillary Services	-	31,866	-	31,866	30,587	29,914
International Education Centre	-	-	2,846	2,846	2,709	2,809
Other Operating	49,343	-	-	49,343	44,152	45,063
Capital Projects	<u>11,686</u>	<u>-</u>	<u>-</u>	11,686	16,250	11,555
TOTAL EXPENDITURES	179,872	31,866	2,846	214,584	204,128	191,782
NET CASH FLOW	(6,183)	2,779	4,045	641	1,873	1,253
GAAP Adjustments						
Add: Capital Assets (net)	-	-	-	5,400	4,585	5,200
Less: Amortization (net)	-	-	-	(6,150)	(6,150)	(6,647)
Add: Principal Portion	-	-	-	1,436	1,612	1,663
Less: Increase in vacation, sick leave and post-employment benefits	<u>-</u>	<u>-</u>	<u>-</u>	(296)	(445)	(515)
NET CONTRIBUTION before Internally Restricted Fund Expenditures	\$ (6,183)	\$ 2,779	\$ 4,045	\$ 1,031	\$ 1,475	\$ 954



REVENUE SCHEDULE

(all figures in \$ 000's)

	<u>College Operations</u>	<u>College Ancillary Services</u>	<u>International Education Centre</u>	<u>Annual Budget 2008/2009</u>	<u>Annual Budget 2007/2008</u>	<u>Annual Budget 2006/2007</u>
Provincial Grants						
Post Secondary Activity Grants	\$ 91,702	\$ -	\$ -	\$ 91,702	\$ 90,548	\$ 83,625
Apprentice	4,359	-	-	4,359	4,108	4,010
TOTAL PROVINCIAL GRANTS	96,061	-	-	96,061	94,656	87,635
Student Tuition Fees						
Full-Time Post Secondary	35,620	-	-	35,620	32,383	30,682
Full-Time Fast Track	1,167	-	-	1,167	1,189	793
Part-Time	9,714	-	-	9,714	8,809	8,825
Adult Training	1,783	-	-	1,783	1,745	1,666
Student IT and Mobile Computing Fees	2,245	-	-	2,245	2,269	2,092
TOTAL STUDENT TUITION FEES	50,529	-	-	50,529	46,395	44,058
Contract Educational Services						
Provincially Financed Programs	5,565	-	-	5,565	6,055	6,810
Corporate and Other Programs	11,174	-	-	11,174	7,598	6,308
TOTAL CONTRACT EDUCATIONAL SERVICES	16,739	-	-	16,739	13,653	13,118
Other						
Early Learning Centre	875	-	-	875	834	785
Student Ancillary Fees	4,458	-	-	4,458	4,281	3,448
Student Services Grant	100	-	-	100	1,616	1,300
Investment Income	1,761	-	-	1,761	1,442	548
Miscellaneous	3,166	-	-	3,166	3,288	3,265
TOTAL OTHER	10,360	-	-	10,360	11,461	9,346
COLLEGE ANCILLARY SERVICES	-	34,645	-	34,645	33,030	32,167
INTERNATIONAL EDUCATION CENTRE	-	-	6,891	6,891	6,806	6,711
TOTAL OPERATING REVENUE	\$ 173,689	\$ 34,645	\$ 6,891	\$ 215,225	\$ 206,001	\$ 193,035



EXPENDITURES SCHEDULE

(all figures in \$ 000's)

	<u>College Operations</u>	<u>College Ancillary Services</u>	<u>International Education Centre</u>	<u>Annual Budget 2008/2009</u>	<u>Annual Budget 2007/2008</u>	<u>Annual Budget 2006/2007</u>
Full-Time Salaries & Benefits						
Full-Time Salaries & Benefits - Academic	\$ 52,828	\$ -	\$ -	\$ 52,828	\$ 49,436	\$ 46,291
Full-Time Salaries & Benefits - Administration	15,423	-	-	15,423	14,631	12,732
Full-Time Salaries & Benefits - Support	<u>27,177</u>	<u>-</u>	<u>-</u>	<u>27,177</u>	<u>24,269</u>	<u>22,785</u>
Total Full-Time Salaries & Benefits	<u>95,428</u>	<u>-</u>	<u>-</u>	<u>95,428</u>	<u>88,336</u>	<u>81,808</u>
Other Staff Salaries & Benefits						
Other Staff Salaries & Benefits - Academic	17,252	-	-	17,252	15,742	14,455
Other Staff Salaries & Benefits - Administration	1,502	-	-	1,502	1,567	1,318
Other Staff Salaries & Benefits - Support	<u>4,661</u>	<u>-</u>	<u>-</u>	<u>4,661</u>	<u>4,785</u>	<u>4,860</u>
Total Other Staff Salaries & Benefits	<u>23,415</u>	<u>-</u>	<u>-</u>	<u>23,415</u>	<u>22,094</u>	<u>20,633</u>
TOTAL SALARY & BENEFITS COSTS	118,843	-	-	118,843	110,430	102,441
Other Operating Costs						
Mandated Student Aid	3,344	-	-	3,344	3,624	3,822
Contingencies	4,464	-	-	4,464	3,399	4,199
Utilities	3,894	-	-	3,894	3,526	3,408
Debt Servicing	920	-	-	920	1,007	1,162
Other costs	<u>36,721</u>	<u>-</u>	<u>-</u>	<u>36,721</u>	<u>32,596</u>	<u>32,472</u>
TOTAL OTHER OPERATING COSTS	<u>49,343</u>	<u>-</u>	<u>-</u>	<u>49,343</u>	<u>44,152</u>	<u>45,063</u>
CAPITAL PROJECTS	11,686	-	-	11,686	16,250	11,555
COLLEGE ANCILLARY SERVICES	-	31,866	-	31,866	30,587	29,914
INTERNATIONAL EDUCATION CENTRE	-	-	2,846	2,846	2,709	2,809
TOTAL EXPENDITURES	\$ 179,872	\$ 31,866	\$ 2,846	\$ 214,584	\$ 204,128	\$ 191,782



CAPITAL PROJECTS SCHEDULE

(all figures in \$ 000's)

	Annual Budget 2008/2009	Annual Budget 2007/2008	Annual Budget 2006/2007
Revenue			
Central Facilities Renewal	\$ 5,472	\$ 9,100	\$ 900
College Equipment Renewal Fund	800	-	700
Quality Improvement Grants	-	-	3,555
Apprenticeship Enhancement Grants	-	-	900
TOTAL REVENUE	6,272	9,100	6,055
Expenditures			
Projects in Consultation with Students	100	1,485	1,300
College Technologies Committee	2,503	2,000	2,000
College Space & Infrastructure Committee	3,000	10,200	2,000
New Program Initiatives	306	625	625
Other Equipment	1,600	1,500	1,500
Perth Expansion	2,000	-	-
Animal Care Facility	-	-	1,600
Business Plan Priorities	2,177	440	930
Other IT Projects	-	-	700
Apprenticeship Enhancement Projects	-	-	900
TOTAL EXPENDITURES	11,686	16,250	11,555
NET CONTRIBUTION - CAPITAL PROJECTS	\$ (5,414)	\$ (7,150)	\$ (5,500)



SUMMARY OF FUNDED POSITIONS

	<u>Total 2007/2008</u>	<u>Current Budget Proposal</u>	<u>Total 2008/2009</u>	<u>Admin</u>	<u>Support</u>	<u>Academic</u>
Advancement						
College Marketing	16	-	16	4	12	-
Public Relations	6	-	6	3	3	-
TOTAL ADVANCEMENT	22	-	22	7	15	-
Administration						
Office of the Vice-President	2	-	2	2	-	-
Ancillary Services	80	1	81	18	63	-
Finance and Administrative Services	35	-	35	6	29	-
Information Technology Services	71	2	73	7	66	-
Physical Resources	53	1	54	14	40	-
Human Resources	15	-	15	15	-	-
TOTAL ADMINISTRATION	256	4	260	62	198	-
Strategy and Business Development						
Strategy and Business Development	2	-	2	2	-	-
Office of the Vice-President	3	-	3	3	-	-
Foundation/Fundraising	3	-	3	2	1	-
Financial Aid	11	-	11	2	9	-
Student Services	42	-	42	6	20	16
Registrar	50	1	51	8	43	-
Institutional Research and Planning	2	-	2	2	-	-
International Education Centre	8	1	9	4	5	-
Corporate and Business Development	3	1	4	2	2	-
TOTAL STRATEGY AND BUSINESS DEVELOPMENT	124	3	127	31	80	16
Academic Services						
Faculty of Arts, Media and Design	127	1	128	5	28	95
Faculty of Business and Hospitality	131	(1)	130	7	17	106
Faculty of Technology and Trades	186	2	188	8	34	146
Faculty of Health, Public Safety and C.S.	150	1	151	8	32	111
School of Part-time Studies	47	-	47	8	25	14
Algonquin College in the Ottawa Valley	51	-	51	5	24	22
Learning and Teaching Services	36	(2)	34	4	24	6
Vice-President Academic	15	11	26	13	3	10
TOTAL ACADEMIC SERVICES	743	12	755	58	187	510
President and Board of Governors						
President and Board of Governors	3	-	3	3	-	-
TOTAL PRESIDENT AND BOARD OF GOVERNORS	3	-	3	3	-	-
COLLEGE TOTAL	1,148	19	1,167	161	480	526

The complement report represents the total number of positions for each of the College's major areas assuming the proposed budget is accepted. Not all positions are 100% funded in the Budget as some positions are vacant at the start of the year and other positions have a start date projected for other than April 1st.



2008/2009 PROJECTED ENROLMENT VS. 2007/2008

FACULTY/SCHOOL	Post Secondary/ Post Diploma			Applied Degree			Coop/ Apprentice/ Post Diploma			
	Projected 2008/2009	Enrolment (unaudited) 2007/2008		Projected 2008/2009	Enrolment (unaudited) 2007/2008		Projected 2008/2009	Enrolment (unaudited) 2007/2008		
Arts, Media & Design										
Level 1	2,002	1,982	20	35	38	(3)	-	-		
Returning	3,234	3,002	232	256	293	(37)	-	-		
TOTAL	5,236	4,984	252	291	331	(40)	-	-		
Business & Hospitality										
Level 1	2,585	2,472	113	33	31	2	-	-		
Returning	5,522	5,428	94	181	166	15	-	-		
TOTAL	8,107	7,900	207	214	197	17	-	-		
Technology & Trades										
Level 1	1,788	1,735	53	18	15	3	24	-	24	
Returning	3,770	3,452	318	61	63	(2)	24	30	(6)	
TOTAL	5,558	5,187	371	79	78	1	48	30	18	
Health, Public Safety & Community Studies										
Level 1	1,927	1,853	74	-	-		-	-		
Returning	4,674	4,411	263	-	-		-	-		
TOTAL	6,601	6,264	337	-	-		-	-		
Part Time Studies										
Level 1	28	26	2	-	-		-	-		
Returning	27	27	-	-	-		-	-		
TOTAL	55	53	2	-	-		-	-		
Algonquin College in the Ottawa Valley										
Level 1	436	366	70	-	-		1	-		
Returning	742	703	39	-	-		2	-		
TOTAL	1,178	1,069	109	-	-		3	-		
TOTAL Level 1	8,766	8,434	332	86	84	2	25	-	25	4.00%
TOTAL Returning	17,969	17,023	946	498	522	(24)	26	30	(4)	5.39%
TOTAL	26,735	25,457	1,278	584	606	(22)	51	30	21	4.79%

In addition to this data presented, the budget supports: 1,681 semestered enrolments in the Collaborative Programs; 826 semestered enrolments in FT Non-Funded Programs; 65,896 training days in the Adult Training Programs; and 2,379 Seat Purchases in the Apprentice Programs.