

Strategic Exercise to Restore Financial Sustainability

Financial Sustainability Roadmap

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Context Setting

Algonquin College has increased its activities and business units however many current activities do not generate sufficient revenues to cover their own costs and/or contribute to the overhead requirements of the College. The serious financial impacts of COVID-19 necessitates that business operations be re-aligned to a new strategic direction that reflects the post-COVID-19 realities in order to assure future financial sustainability.

An area of growing concern is the fixed level of government operating grants and tuition fee freeze, resulting in the need to maintain and grow the College while being funded at the same rate as previous years.

As domestic enrollment has grown over the last several years, funding by way of operating grant contributions and tuition fees have not kept pace resulting in an overall decline in the funding per student. Grant contributions have had very limited growth and there has been growing pressure to freeze or reduce tuition levels, including a government imposed 10% tuition reduction in 2019-2020 and frozen tuition levels for 2020-2021 and beyond. At the same time, College expenses continue to rise, either due to inflation and cost of living increases or to meet the requirements of a growing student population.

The Algonquin College Revised 2020-2021 Business Plan provides a restated goal 12.2:



Lead a strategic exercise to mitigate the financial impacts of COVID-19 by March 31, 2021 to strategically position the College on a path to restore financial sustainability.¹

A commitment was made to achieve this goal through the introduction of a financial strategy that is integrated with the College strategic and business planning processes and the recognition of financial sustainability as a strategic goal. The Strategic Exercise to Restore Financial Sustainability (SERFS) Project was chartered in September 2020 to respond to this commitment.

This document outlines at a high level the capabilities, management systems and resources that would need to be put in place to realize our vision of a financially sustainable College. A detailed implementation plan will follow in late 2021 and unfold over the next several years.

¹ Algonquin College Business Plan, 2020-2021 (REVISED). July 13, 2020

Developing the Strategy

Over the course of six months, a Working Group developed the vision, goals and objectives for 8 key themes, financial sustainability measures, and strategic financial conditions necessary to achieve long term financial sustainability.



THE RESEARCH AND ANALYSIS PHASE

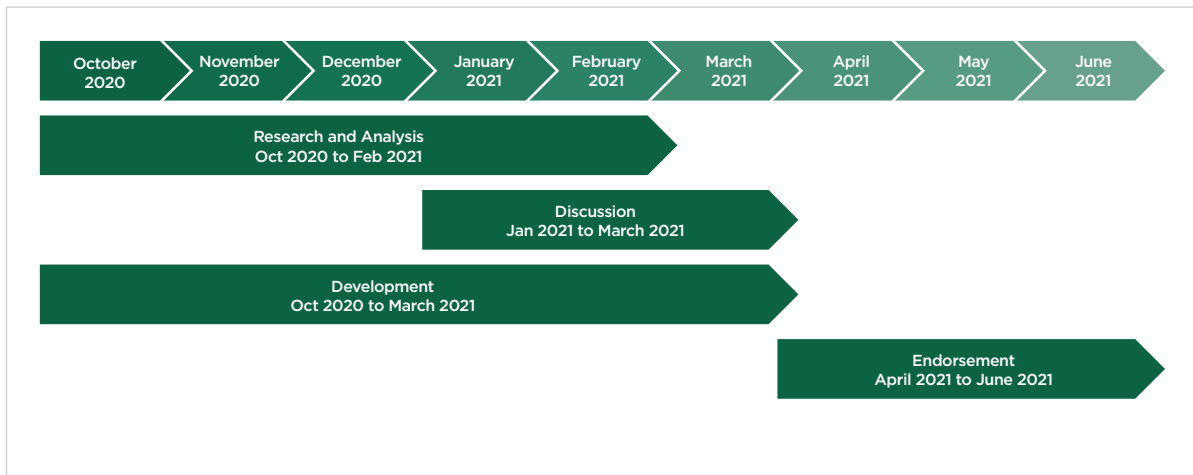
This planning stage was carried out from October 2020 to February 2021. The Working Group including representatives from the College community, and led by the Vice President, Finance and Administration, held a series of meetings to draft the vision for a future state of financial sustainability. At various stages in its development, the Working Group met with senior College administrators and the Board of Governors to vet and approve the proposed vision.

This stream also gathered information from other Ontario Colleges and a professional services consulting firm² to understand how peer institutions approach financial sustainability, including benchmarking against several key financial metrics.

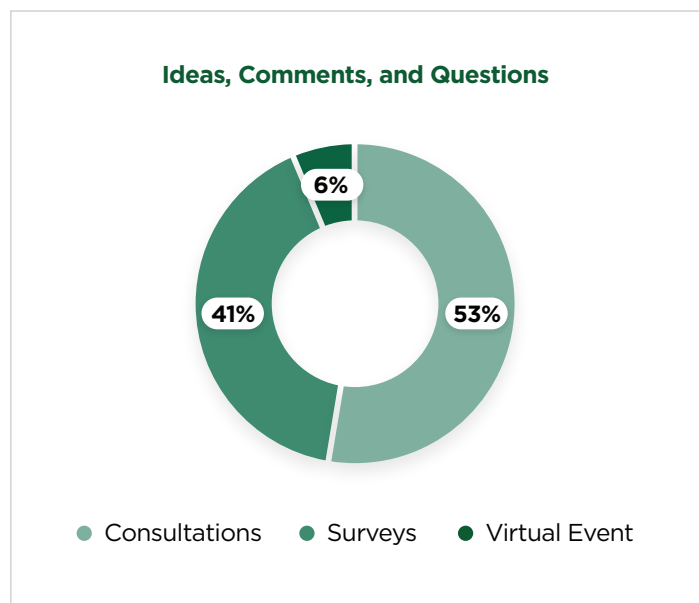
² Deloitte LLP and affiliated entities. Algonquin College Fiscal Sustainability Presentation. January 11, 2021

THE DISCUSSION PHASE

This is the first stage of the engagement process. It commenced in January 2021 and ended in March 2021. It included a variety of knowledge-sharing and dialogue streams to provide students, employees and other stakeholders with opportunities to propose and discuss issues and possible goals for the financial strategy roadmap.



Broad input from across the College informed the proposed actions in this strategy. Algonquin College (AC) students, employees and external stakeholders submitted more than 320 comments and questions through online surveys, a virtual engagement session, and other consultations — a strong indicator of interest in the financial future of the College.



Input collected Fall and Winter 2020-21

Engagement with shared content was evidenced by more than 1,400 visits to the project webpage, 1,980 views of articles and blog posts and video and social media engagement.

DEVELOPMENT PHASE

Phase Three of the process took place between October 2020 and March 2021 and resulted in the creation of this report.

This phase included meetings with the Algonquin College Leadership Team (ACLT) and the Algonquin College Executive Team (ACET) to update them on progress and seek their input. On January 14, 2021 a generative discussion was held with the Board of Governors to solicit their contributions to the vision for Algonquin College's long term financial sustainability. Responses to these contributions from the Working Group are included in Appendix F: Board of Governors' Contributions and Responses.

Humber College has been able to maintain a solid financial footing over many years, and members of the Algonquin College Executive Team reached out to their colleagues to understand how their structures, policies, and processes have enabled them to remain financially strong. (See Appendix G for a summary of the questions and responses).

Throughout the Development Phase, guidance was provided by two Advisory Groups: the College Budget Committee (CBC) and the Integrated College Development Planning (ICDP) group.

ENDORSEMENT PHASE

The fourth and final stage which takes place from April to June 2021, is the endorsement of the financial sustainability roadmap by the Algonquin College Executive Team. The financial sustainability roadmap will then become the foundation for planning and implementation of specific initiatives to advance the financial sustainability goals of Algonquin College.

The Financial Future

The Organization for Economic Co-operation and Development (OECD) presents the following definition of Financial Sustainability in Higher Education Institutions:



An institution is being managed on a financially sustainable basis if it is recovering its full economic costs and is investing in its infrastructure (physical, human, and intellectual) at a rate adequate to maintain the future productive capacity needed to deliver its strategic plan, and to serve its students and other customers.³

For Algonquin College, financial sustainability means using resources and funds wisely and economically to ensure an optimal learning environment for our learners and working environment for our employees, now and in the future. We must be able to generate and steward our resources effectively while offering a mix of programming and services that meet community needs.

Balanced guiding principles, policies and processes are required to ensure that each year we don't have such an arduous task of closing the gap between revenue and expenses while developing a balanced budget.



Ensuring long-term future sustainability for the College is critical to the success of our mission and strategic goals. The financial sustainability roadmap will guide our decision-making and support the future development of strategic plans, business plans and College initiatives.⁴

³ On the Edge: Securing a Sustainable Future for Higher Education (OECD 2007)

⁴ President Claude Brulé. SERFS Town Hall. February 18, 2021.

What the Future Will Look Like

Financial Sustainability at Algonquin College will be achieved through:

- Having heightened financial sustainability measures in place with processes and procedures to support their monitoring, evaluation, regular reviews, and correction.
- The ability to access timely, accurate, complete, consistent, reliable data to inform decisions.
- Effective medium and long term planning, applying safeguards and controls to accounting practices, asset management and operational effectiveness.
- Full economic cost recovery through diversified revenue generation. This includes generating sufficient revenue to fund the total cost of ownership of the College.
- Measuring and monitoring cross subsidization of activities that do not achieve full economic cost recovery and adjusting activities to what is affordable.
- Investing appropriately in our people, information technology resources, facilities, infrastructure, equipment and other assets to maintain productive capacity over the long term.
- Managing risk appropriately in relation to strategy and being prepared to deal with potential financial problems.
- Promoting sustainable economic growth of the College and long-term financial stability.
- Respecting social and environmental factors in the economic commitments and decisions we make.

Knowing where the organization wants to go is critical, but there are conditions that must be true in order to achieve that vision. The following are the primary conditions that serve as leading indicators used to guide the College's annual budget development and future financial pro forma. In addition to the primary conditions, secondary conditions will also be monitored. See Appendix C for the full set of conditions.

Net Assets

Net Assets are equal to or greater than 100% of Annual Expenditures

Funded Activity / College Operations

10% Net Contribution Margin (cash basis) after International student revenue sharing, contributions to reserves and debt servicing

Campus Services

10% Net Contribution Margin (cash basis) after College overhead, contributions to reserves and debt servicing

Contract and Other Non-Funded Activity

8% Net Contribution Margin

International Education Centre

35% Net Contribution Margin after International student revenue sharing with Funded Activity

Strategic Investment Priorities

Expenditures equal 15% to 30% of Total Annual Expenditures

Financial Health Measures

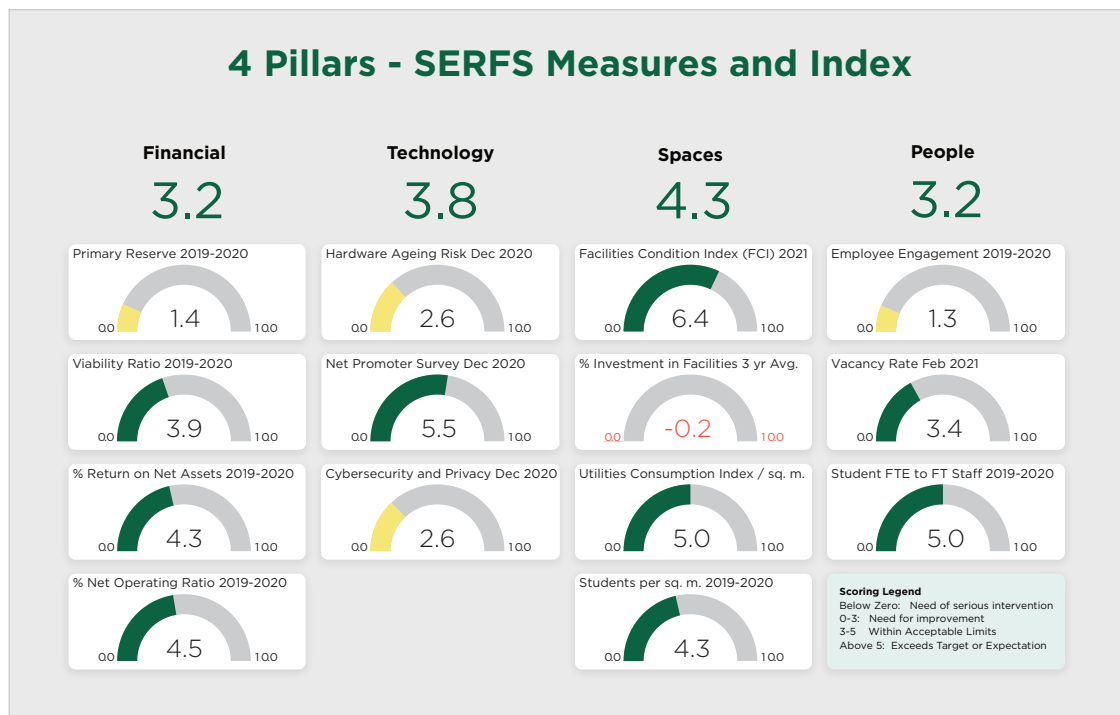
There is currently a long list of performance metrics being tracked within the College that can help gauge ongoing health. Of these, a small list of the high-level “demonstration” metrics aligned under the four Capacity Pillars of the Integrated College Development Planning Framework has been selected to be tested for data quality and impact on financial sustainability. These four main Pillars include Finance, People, Space and Technology and connect strongly to support the outcome of a quality student experience and education.

To accurately evaluate overall health and long-term sustainability, metrics may need to be considered in tandem with other metrics while closely following the overall trend to determine if there is improvement over time.

Capacity Pillar Metrics are currently being presented in two different formats. The first format is under a unified scaling system (refer to the Scoring Legend below) which has the benefit of easy comparisons and allowing for the roll up into higher level Indices. Since each measure may use different scales, variables and methods, easy and meaningful comparison can be difficult unless converted. The second format is presenting the metric against a labelled and colored gauge that clearly indicates acceptable ranges and targets.

Visual management of financial sustainability measures provide focus on important trends that may require action. The College leaders that own the measures will have the detailed information that roll up into the dashboard measures below. These measures will be monitored on an ongoing basis to regularly assess the College’s progress toward financial sustainability.

In addition to metrics for each of the four pillars, it is important to maintain quality as improvements are made. Below is a metric and index for quality, benchmarked against the 9 largest Ontario Colleges 2018-19.



Guiding the Strategy

To help determine the best course for achieving a sustainable future, the Working Group reviewed the extensive input from stakeholders. This input helped members further define the possibilities, which are grouped into eight themes that reflect the varied perspectives from across the College.



The goals of each theme guide the plan for financial sustainability by identifying initiatives to achieve future vision and objectives.

Vision	We will support decision-making that ensures long-term financial health of the College, predictable infrastructure investment, responsible debt management, and delivering value for money while maintaining a high-quality learning environment.			
Objectives	Clear Direction	Innovation & Quality	Operating Sustainably	Risk Management
Results	The ability to assess future needs and risks and measure performance.	Investing at an appropriate level to maintain productive capacity and competitiveness.	Recovering costs and generating income to cover total costs of operations.	Managing risk appropriately in relation to strategy & prepared to deal with potential financial problems.

Themes	Goals
Revenue Growth	To develop a College-approved evaluation method that is used when considering revenue generation/growth proposals in order to ensure that the College prioritizes initiatives that are aligned with our academic mandate, and gives preference to initiatives that improve enrolment, retention, and competitive differentiation.
Cost Containment	Align leadership accountability to focus on responsible budget management by adhering to Algonquin College budget principles that supports core delivery and value for money while minimizing annual growth of expenditures and enhancing productivity.
Capital Asset Strategy	Implement a formal integrated college development planning process to manage assets, identify future capital investment requirements and inform annual budget development.
Human Capital Strategy	To ensure Algonquin has the right people in the right jobs at the right time and at the right cost in order to fulfill the goals of our organization. An organization driven by data and employee support, where flexibility and agility are embedded in all of our workforce planning methodologies.
Portfolio Analysis	Ongoing review and adjustment to our program mix, lines of business and service activities for revenue generating areas of the college to optimize sustainable net revenues and ensure cross-subsidization is deliberate, transparent, measured and monitored.
Continuous Improvement	Create a culture of continuous improvement that puts greater emphasis and measurement on financial sustainability through improved productivity and increased value for our learners and clients.
Policy Framework	Establish clearer roles, responsibilities and authority for financial management decisions, with appropriate safeguards and controls that support long term sustainability.
Partnerships Framework	Develop an overarching and integrated strategy for the development and management of partnerships.

In addition to the goal, each theme recommends a set of initiatives that, should they meet their objectives, will ensure we reach our future vision. The goal statements and priority initiatives for each theme is presented below. (See Appendix A for additional information on theme initiatives and objectives).

Revenue Growth

To develop a College-approved evaluation method that is used when considering revenue generation/growth proposals in order to ensure that the College prioritizes initiatives that are aligned with our academic mandate, and gives preference to initiatives that improve enrolment, retention, and competitive differentiation

- Institute a College fiscal schedule and approved methodologies for identifying and evaluating new strategic initiatives.
- Develop a common and transparent evaluation methodology that includes structured evaluation, development support, and ongoing review.
- Identify a group of College leaders that initiate and maintain a strategy for sharing College best practices for assessing the attributes, potential outcomes, and constraints of initiatives.

Cost Containment

Align leadership accountability to focus on responsible budget management by adhering to Algonquin College budget principles that supports core delivery and value for money while minimizing annual growth of expenditures and enhancing productivity.

- Create process to ensure budgets are right sized, focused on core activities and demonstrate value with benchmarks and measures.
- Pilot a benchmarking exercise to ensure value for money with peer institutions.
- Create an enhanced shared service approach for cost containment, focused on value & satisfaction.

Capital Asset Strategy

Implement a formal integrated college development planning process to manage assets, identify future capital investment requirements and inform annual budget development.

- Asset Management System
- Process Improvements
- Flexible Spaces Projects

Human Capital Strategy

To ensure Algonquin has the right people in the right jobs at the right time and at the right cost in order to fulfill the goals of our organization. An organization driven by data and employee support, where flexibility and agility are embedded in all of our workforce planning methodologies.

- Revise and update the People Plan & ensure it is an integrated element of the next strategic plan.
- Integrated financial and Human Resources systems.
- Multi-year Workforce Planning Framework, processes, tools and training.

Portfolio Analysis

Ongoing review and adjustment to our program mix, lines of business and service activities for revenue generating areas of the college to optimize sustainable net revenues and ensure cross-subsidization is deliberate, transparent, measured and monitored.

- Design a portfolio review process and system for program mix and lines of business that includes portfolio definition and assessment with clear ownership and accountabilities.

Continuous Improvement

Create a culture of continuous improvement that puts greater emphasis and measurement on financial sustainability through improved productivity and increased value for our learners and clients.

- Establish a program that equips leaders and employees with AC Way competencies.
- Identify and map the key value streams of the College.
- Align performance appraisal processes with AC Way behaviour, skills and mindsets.

Financial Management Policy Framework

Establish clearer roles, responsibilities and authority for financial management decisions, with appropriate safeguards and controls that support long term sustainability.

- Review the Financial Policies of other post-secondary institutions with a focus on establishing financial frameworks and introduce new policies as required.
- Provide standard understanding of common financial measures and terms, such as net contribution margin and better defined budgeting process and cycles with enhanced training opportunities.
- With the intention of soliciting excellent opportunities for revenue growth, cost containment, revenue generation, and student success, all committees (Integrated College Development Planning Committee, College Budget Committee, Algonquin College Leadership Team, Strategic Enrolment Steering Committee, and Algonquin College Executive Team) make available their decision-making evaluation methods, decision making processes, and fiscal agenda.

Partnership Strategy

Develop an overarching and integrated strategy for the development and management of partnerships.

- Complete the implementation of the Partnership Development Framework by July 15, 2021.
- External Partner Engagement and Needs Assessment Survey launched by October 15, 2021
- Define value from a College perspective and external partner perspective, informed by primary and secondary research.
- Identify four strategic industry partners by March 31, 2022.

Making it Real

A detailed implementation plan will be developed following endorsement of this financial sustainability roadmap. A visual management system will be part of that plan and will help the College monitor progress toward financial sustainability.

By adopting this strategy, Algonquin College has the opportunity to stand out among Ontario colleges through a personalized College experience. The end goal — to strategically position the College on a path to restore financial sustainability— aligns with the S-E-E model of sustainability which reflects that social, economic and environmental needs are interconnected and must succeed over time, and that Algonquin College will weigh these three pillars in all its decisions.



An example of the interconnectedness of the pillars is the 2017 S-E-E initiative to decrease paper use with new multi-function printers (MFPs) and software. This initiative resulted in savings in trees and carbon emissions that result from employees printing less. In addition to the savings of 60% in paper during the first academic year following implementation (i.e. 2017-2018), the new MFP's are energy-efficient and use less electricity on an annual basis.

Not only are there a number of initiatives to promote social, economic, and environmental sustainability, the College offers an online course “Introduction to Sustainability”, available to employees and students, which guides learners through the basics, introduces how the concept applies to the learning and working environment at Algonquin College, and sparks thinking on how the individual contributes to a Sustainable Algonquin.

The Financial Sustainability Roadmap also takes into consideration other College-wide plans, for example the People Plan, Integrated College Development Planning Framework | Imagine 2030, the People Plan, the Learner Driven Plan, the Advancement Plan, the International Strategic Plan, and the Campus Services Strategic Plan. The intent is that all College plans will cumulatively work in a coherent, complementary and seamless delivery of the College's overall Strategic Plan.

Next Steps

Through the College Budget Committee, the financial sustainability metrics will be monitored on an ongoing basis to track the College's progress towards financial sustainability. The leaders that own the metric will bring forward a plan to address root causes and provide countermeasures for any indicator experiencing a trend deviating from tolerance levels.

The priority initiatives will be assessed for strategic value, learner value, and financial value along with delivery risk and business risk. The Revenue Growth Theme has drafted a tool for performing this assessment and it is currently being piloted by the Revenue Growth Task Force.

A recommended set of initiatives with accompanying details will be brought forward to the Algonquin College Executive Team in late 2021 for endorsement. The Finance and Administration Area will be responsible for monitoring progress against the initiative objectives and will provide regular updates to Algonquin College Executive Team along with requests for support when corrective measures are required.

Making this vision a reality will require concerted and collaborative effort within a culture that recognizes and values long term, strategic change. These efforts will drive lower costs and the ability to identify sustainable, revenue generating options.

Following the Algonquin College Executive Team endorsement of the Financial Sustainability Roadmap, the Finance and Administration Area will undertake the following activities to further develop the strategic initiatives, implementation timelines and identify resource requirements to support the objective of ongoing financial sustainability. Ongoing consultation with the Algonquin College Leadership Team and endorsement by the Algonquin College Executive Team will be conducted for each activity.

Activity	Objective	Responsibility	Deadline
Consult with the Algonquin College Leadership Team and identify ownership of each priority initiative to establish accountability for detailed implementation planning.	Accountability is understood and accepted for each strategic initiative and initiative owners are empowered to take and maintain responsibility for their plans.	Vice President, Finance and Administration	Jun 2021
Confirm the initiative objectives and future state vision.	Ensure the initiative will achieve the expected benefits.	Initiative Owners	Sep 2021
Prioritize the initiatives with a draft timeline for implementation	Consider capacity and resource availability and constraints to establish a prioritized schedule for implementation	College Budget Committee	Oct 2021
Guide initiative owners in the development or refinement of the initiative plans.	Initiative plans provide sufficient operational detail to support decision making, including: <ul style="list-style-type: none"> Resource requirements Timeframe and key milestones Objectives and anticipated return on investment Lifecycle costs Assumptions and risks 	Initiative Owners, Subject Matter Experts, Department Leadership	Nov 2021
Create, monitor, and report on overall delivery plan.	Provide regular review and presentation of progress and proposed corrective measures.	Vice President, Finance and Administration	Ongoing
Identify ownership of Financial Conditions and Capacity Metrics Pillars.	Accountability is understood and accepted, and training needs are identified.	Vice President, Finance and Administration	Sep 2021
Assist College Budget Committee to establish Conditions and Health Metrics monitoring plan.	To support the College Budget Committee in governance activities.	Finance and Administrative Services Department	Nov 2021
Conduct communication and engagement activities to continue sharing progress and gathering input and feedback from the College community.	Continued transparency on progress and activities to support the College Community as changes are introduced.	Finance and Administrative Services Department, Communications Team	Ongoing

Appendix A: Theme Details

Revenue Growth

Overarching Strategic Goal: To develop a College approved evaluation method that is used when considering revenue generation/growth proposals in order to ensure that the College prioritizes initiatives that are aligned with our academic mandate, give preference to improve enrolment, retention, and competitive differentiation.

#	Vision / End Goal	Objectives	Current State	Key Initiatives	Performance Measures
RG1	Ideas are generated on a scheduled basis, evaluated by leaders, and either approved and actioned, rejected, or retained for future consideration.	Create a culture of innovation across the College	Idea generation has been largely reactive to external funding and business opportunities	Institute a schedule and approved methodologies for identifying and evaluating new strategic initiatives	# of new ideas brought forward and evaluated
RG2	A regular call for new strategic initiatives with prioritized ideas evaluated and reviewed.	Engage the Algonquin College Leadership Team to undertake rapid decision making and attribute evaluation to help select initiatives that are likely to deliver upon the College's key development priorities	Lack of a standard method of evaluating revenue generation and growth initiatives and as a result, there is little clarity why some ideas move quickly while others languish.	Develop a common and transparent evaluation methodology that includes structured evaluation, development support, and ongoing review.	# of new ideas rejected/approved to move forward into operations.
RG3	An evaluation method is utilized that scales according to the size and scope of the initiative (the needs of small initiatives are different than large ones).	Institute a decision making system for the Algonquin College Leadership Team to promote data-driven and innovative business initiatives	The College's entrepreneurial areas already have methods for assessing the attributes, potential outcomes, and constraints of new and existing initiatives.	Identify a group of College leaders that initiate and maintain a strategy for sharing College best practices for assessing the attributes, potential outcomes, and constraints of initiatives.	# of College community members implementing shared best practices

Cost Containment

Overarching Strategic Goal: Align leadership accountability to focus on responsible budget management by adhering to Algonquin College budget principles that supports core delivery and value for money while minimizing annual growth of expenditures and enhancing productivity.

#	Vision / End Goal	Objectives	Current State	Key Initiatives	Performance Measures
CC1	Right sized budgets, focused on core activities, value & determined benchmarks/measures. Strong guidance on what is core and non-core. Common understanding exists of margin calculation (what expenses must be included). A Strategic Initiative Proposal (SIP) request process that is more flexible to allow for SIP requests to be submitted as needs arise, as well as allow for more accurate budgeting for each initiative.	<p>Budgets reflect allocation of resources that support core activities/ focus on value.</p> <p>Greater awareness and transparency of departmental performance to budget and forecast</p>	Roll over of budget allocation from year to year.	Create process to ensure budgets are right sized, focused on core activities and demonstrate value with benchmarks and measures.	<p>1) Measures for activities (non-revenue generating) and define how to measure impact/value</p> <p>2) College net contribution returns to x by x date.</p> <p>3) Monthly budget review for all budget holders.</p> <p>4) Training required for anyone who directly impacts a budget.</p> <p>5) % of overall SIP budget spent -% of individual SIP budget spent.</p> <p>6) Departmental forecast accuracy +/- 3% variance expectation.</p>
CC2	Objective, consistent approach to benchmarking to ensure comparable metrics/benchmarks that supports cost containment measures, budgetary management and ensuring value, across College departments.	Identify what data might need to be collected to support desired metrics/ benchmarks.	There isn't currently a clearly defined, consistent benchmarking approach for the College with similar peers (for example, for services), or other industries.	Pilot a benchmarking exercise to ensure value for money with peer institutions.	Targets/Measures/ Benchmarks to be defined. Service Level Agreements
CC3	Enhanced shared service approach for cost containment, focused on value & satisfaction.	Enhance value to learners/clients & satisfaction with services, improved efficiency.	Shared Services - some currently exist, but could be opportunity for more	Create an enhanced shared service approach for cost containment, focused on value & satisfaction.	Metrics to be defined: i.e. Improved satisfaction from learners/clients, reduced wait/ processing times.

Capital Asset Strategy

Overarching Strategic Goal: Implement a formal integrated college development planning process to manage assets, identify future capital investment requirements and inform annual budget development.

#	Vision / End Goal	Objectives	Current State	Key Initiatives	Performance Measures
CAS1	An asset management system including a strategy, plans and detailed implementation plans to ensure holistic approach to managing assets based on considerations of all 4 ICDP pillars	Office and classroom spaces that meet the needs and preferences of users while optimizing use and flexibility of space	No formal College-level Asset Management Strategy Limited plans & policies for asset management	Asset Management System	ACET-approved Asset Management Strategy Asset Management Plans in place for specific asset classes
CAS2	Planning processes that involve stakeholders across the four pillars and incorporate the principles of the ICDP Framework	Improve business and space planning through improved data collection & prioritization	Gaps related to prioritization exist in current space and business planning processes	Process Improvements	Operational space utilization system Updated space planning processes Available shelf-ready processes
CAS3	Office and classroom spaces that meet the needs and preferences of users while optimizing use and flexibility of space	Optimize use of offices, learning spaces and other unallocated spaces on & off campus Establish training program for instructors on classroom technology/pedagogy	Every employee has an assigned workspace Flexible/synchronous learning is limited	Flexible Spaces Projects	Square foot of office space per employee Square foot of classroom space per student User satisfaction with campus spaces

Human Capital Strategy

Overarching Strategic Goal: To ensure Algonquin has the right people in the right jobs at the right time and at the right cost in order to fulfill the goals of our organization. An organization driven by data and employee support and where flexibility and agility are embedded in all of our workforce planning methodologies and People Plan strategy.

#	Vision / End Goal	Objectives	Current State	Key Initiatives	Performance Measures
HC1	Define workforce strategies that support flexibility, agility and ongoing development of employees in an employee centric and sustainable way.	Prepare the employees of the College to deal with the unexpected. Future proof the College. Operationalize the People Plan.	Events (ESA, Strike, COVID) highlight the need for the People Plan to be updated and adjusted to inform the College community at all times, but especially during unexpected challenges.	1) Revise and update the People Plan & ensure it is an integrated element of the next strategic plan.	People Plan updated by x date, integration into the new Strategic Plan by x date Metrics from the People Plan
HC2	Robust multi-year workforce planning framework, systems and processes to optimize complement to meet strategic and operational requirements	Systematic data driven approach to analyzing, forecasting and planning workforce requirements.	Lack of integrated data and systems to build a workforce planning model to determine optimal complement to operate.	1) Integrated financial and Human Resources systems. 2) Workforce Planning Framework and processes. 3) Tools / systems to measure and forecast position complement 4) Train managers in workforce planning	Age Distribution Attrition Forecast Average Employee Turnover Tenure Distribution Internal Mobility Rate Time to Hire

Portfolio Analysis

Overarching Strategic Goal: Ongoing review and adjustment to our program mix, lines of business and service activities for revenue generating areas of the College to optimize sustainable net revenues and ensure cross-subsidization is deliberate, transparent, measured and monitored.

#	Vision / End Goal	Objectives	Current State	Key Initiatives	Performance Measures
PA1	The college has established a clear transparent and consistent process that the college applies to our program mix and lines of business. This process will be defined, resource with clear ownership and accountability.	Develop a portfolio definition and criteria at the college level that allow units to manage their portfolios within the college mix.	Portfolio definition and processes do not exist or exist in pockets within the college.	Design a portfolio review process and system for program mix and lines of business that includes portfolio definition and assessment with clear ownership and accountabilities.	<p>1) Unit portfolios are reviewed and adjusted annually using the college level criteria.</p> <p>2) Process owner create system/process that ensures all areas complete portfolio review regularly ensuring alignment with College level portfolio criteria.</p> <p>3) Criteria including performance measurements created defining portfolio mix and level of reviews required: college level, area level, department/school level. Criteria are consistent across all areas with unit portfolios are rolled up to college level to capture economies of scale, opportunities and alignment of activities. (Each criterion has one or more performance measurements attached to it.)</p> <p>4) Measure and track subsidization of low margin activities.</p>

Continuous Improvement

Overarching Strategic Goal: Create a culture of continuous improvement that puts greater emphasis and measurement on financial sustainability through improved productivity and increased value for our learners and clients.

#	Vision / End Goal	Objectives	Current State	Key Initiatives	Performance Measures
CI1	Value stream organization that supports the goal of delivering maximum value to the learner in the shortest lead time, and where performance is measured by how efficiently and effectively we drive value to our learners.	1) 100% of employees have the skills, behaviours and mindsets to work in the AC Way	Traditional organizational structure and accounting practices	1) Establish a program that equips leaders and employees with AC Way competencies	<p>Net Promoter Score for working in the AC Way</p> <p>Value stream metrics</p> <p>Student Satisfaction</p> <p>Learner-centred metrics</p> <p>Time, cost, quality</p>
CI2		2) 100% of key value streams are understood and mapped, owners assigned		2) Identify and map the key value streams of the College	
CI3		3) The management system is designed to reinforce AC Way behaviours and practices		3) Align performance appraisal processes with AC Way behaviour, skills and mindsets	

Financial Management Policy

Overarching Strategic Goal: Establish clear roles, responsibilities and authority for financial management decisions, with appropriate safeguards and controls that support long term sustainability.

#	Vision / End Goal	Objectives	Current State	Key Initiatives	Performance Measures
Pol1	<p>A Financial Sustainability Policy that details:</p> <ul style="list-style-type: none"> - Rules for spending/ investing Cash Reserves and in-year Strategic Investment funds (when considering the current portfolio of associated risk, and alignment with core mandate) - The requirement to maintain the Ministry's 7 Financial Health Metrics 	<p>Seek to establish policies that set budgeting frameworks, performance evaluation methods, and strive for continuous improvement to forecast accuracy.</p>	<p>Existing Financial Policies may not be sufficient to ensure ongoing financial sustainability.</p>	<p>Review the Financial Policies of other post-secondary institutions with a focus on establishing financial frameworks and introduce new policies as required.</p>	<p>The Ministry's 7 Financial Health Metric (Quick Ratio ≥ 1, Debt to Assets $\leq 35\%$, Debt Servicing $\leq 3\%$, Net Assets to Expense $\geq 60\%$, Surplus to Revenue Ratio $\geq 1.5\%$, Annual Surplus +, Accumulated Surplus +)</p> <p>Minimum Financial Performance of 10% contribution margin or all-in per student Service cost of ?\$.</p>
Pol2	<p>All departments, cost centres, and initiatives include the same revenue and expense inclusions when calculating financial performance.</p> <p>All departments use student enrollment data to drive their budget and forecasts.</p> <p>All departments deliver a budget to actual variance of no greater than 3%</p> <p>Regular training opportunities for budgeting, and other financial concerns.</p>	<p>A universal understanding of "Net Margin" for revenue generating cost centres and "Net Cost per student" for service delivery cost centres</p> <p>Finance and Academic Operations work to align the timing of enrolment predictions and budget cycles</p> <p>Budgets developed based on actual (historical) performance</p>	<p>The timing and availability of approved student enrolment predictions is not aligned with the timing of when budgets and forecasts are required</p>	<p>Provide standard understanding of common financial measures and terms, such as net contribution margin, and more defined budgeting process/ cycles with enhanced training opportunities.</p>	<p>Expectation that departments will achieve forecast accuracy of +/- 3% to budget.</p>
Pol3	<p>Better and more transparent committee methods used for evaluating new/existing initiatives, addressing performance, and conducting risk evaluation.</p>	<p>All committees (ICDP, CBC, ACLT, SESC, and ACET) review their Terms of Reference to include:</p> <ul style="list-style-type: none"> - Transparent methods used to evaluate new/ existing initiatives, address performance, and conduct risk evaluation. - Corporate Intelligence capture - including the need to document committee decisions and evaluations. 	<p>There are no standard rules for how to calculate department net contribution margin or net cost.</p>	<p>With the intention of soliciting excellent opportunities for revenue growth, cost containment, revenue generation, and student success, all committees (ICDP, CBC, ACLT, SESC, and ACET) make available their decision making evaluation methods, decision making processes, and fiscal agenda.</p>	<p>Better and more transparent committee methods used for evaluating new/existing initiatives, addressing performance, and conducting risk evaluation.</p>

Partnership Strategy			
Overarching Strategic Goal: Develop an overarching and integrated strategy for the development and management of partnerships.			
#	Objectives	Current State	Key Initiatives
PS1	Explore and create new partnerships that provide for sustainable and predictable enrolment and contribution.	Implementation of Partnership Framework that was temporarily suspended while the College established and resourced its Advancement Area	Complete the implementation of the Partnership Development Framework by July 15, 2021
PS2			External Partner Engagement and Needs Assessment Survey launched by October 15, 2021.
PS3			Define value from a College perspective and external partner perspective, informed by primary and secondary research.
PS4			Identify four strategic industry partners by March 31, 2022.

Appendix B: Working Group Members

Revenue Growth Theme

- Andre O'Bonsawin, Director, Indigenous Initiatives
- Paul Gardner, Senior Manager, Internal Control
- Maggie Cusson, Dean, Academic Development
- Shawn Pentecost, Professor, Health and Community Studies

Cost Containment Theme

- Emily Woods, Director, Financial Planning
- Mark Leduc, Executive Director, Academic Operations and Planning
- Ernest Mulvey, Director, International Education
- Mara Lowrey, Manager, Marketing and Communications, Campus Services
- Maureen Castella, Manager, Employee Compensation, Pension & Benefits

Capital Asset Strategy Theme

- Julie Beauchamp, Dean, School of Business
- Ryan Southwood, Acting Executive Director, Facilities Management
- Stafford Rollocks, Senior Manager, Finance and Administration, Students' Association
- Integrated College Development Planning (ICDP) members

Human Capital Strategy Theme

- Alanna McDonell, Director, Marketing
- Ben Bridgstock, Director, Student Support Services
- David Soltis, Director, People and Culture, Human Resources
- Jessica House, Manager, Business Process Review
- Christine Kelsey, Assistive Technologist, CAL & President, Support Staff Union

Portfolio Analysis Theme

- Ernest Mulvey, Director, International Education
- Mara Lowrey, Manager, Marketing and Communications, Campus Services
- Keltie Jones, Dean, Pembroke Campus
- Patrick Devey, Dean, Centre for Continuing and Online Learning

Continuous Improvement Theme

- Ben Bridgstock, Director, Student Support Services
- Brianna Sutton, Manager, Employee and Labour Relations
- Jessica House, Manager, Business Process Review
- Shawn Pentecost, Professor, Health and Community Studies

Financial Management Policy Theme

- Emily Woods, Director, Financial Planning
- Alanna McDonell, Director, Marketing
- Christine Kelsey, Assistive Technologist, CAL & President, Support Staff Union
- Paul Gardner, Senior Manager, Internal Controls

Partnership Strategy Theme

- Mark Savenkoff, Vice President, Advancement
- Duane McNair, Vice President, Finance and Administration

Appendix C: Financial Conditions to Achieve Financial Sustainability

Net Assets	
Primary Condition	Supporting Conditions
Net Assets are equal to 100% of Annual Expenditures	General Reserves for Future Capital Expansion is valued at 2/3rds of capital cost for next Major Capital Project - Facility
	Reserve Funds are valued at net present value of Capital Investment Requirements for the next 3 years: <ul style="list-style-type: none"> • Campus Services Reserve Fund (initial estimate \$10M) • Enterprise Resource Planning Reserve Fund (initial estimate \$10M) • Academic Equipment Reserve Fund (initial estimate \$6M) • IT/Physical Infrastructure Renewal Reserve Fund (initial estimate \$45M)
	Endowment Fund is valued at 50% of student tuition revenues

Funded Activity / College Operations	
Primary Condition	Supporting Conditions
10% Net Contribution Margin (cash basis) after International student revenue sharing, contributions to reserves and debt servicing	Contributions to General Reserves for Future Capital Expansion is valued at 1% of current replacement value of campus' facilities
	Contributions to all other Reserve Funds equals annual depreciation expense

Campus Services	
Primary Condition	Supporting Conditions
10% Net Contribution Margin (cash basis) after College overhead, contributions to reserves and debt servicing	College overhead chargebacks based on proportional cost drivers for corporate services
	Contributions to Reserve Funds equals annual depreciation expense

Contract and Other Non-Funded Activity	
Primary Condition	Supporting Conditions
8% Net Contribution Margin	<p>Contract Activity generates revenues with net contribution of 30% with allowable adjustments for:</p> <ul style="list-style-type: none"> • Self-funded premise rental • Other self-funded corporate service costs • Government contract restrictions on administrative overhead charges • Absorption of base College operating costs (ie. Cost avoidance benefits) • Funded investment in equipment and infrastructure with benefits beyond contract • Other acceptable non-financial benefits
	Other Non-Funded Activity expenditures limited to Primary Conditions constraint.

International Education Centre	
Primary Condition	Supporting Conditions
35% Net Contribution Margin after International student revenue sharing with Funded Activity	Maximum International/Domestic student mix is 30/70

Strategic Investment Priorities	
Primary Condition	Supporting Conditions
Expenditures equal 15% to 30% of Total Annual Expenditures	Expenditures on Capital Investment Requirements: <ul style="list-style-type: none"> • Major Capital Projects - Facilities Expansion \$0M to \$25M • Campus Services \$3M • Enterprise Resource Planning Reserve Fund \$3M • Academic Equipment Reserve Fund \$2M • IT/Physical Infrastructure Renewal Reserve Fund \$15M • Program Development/Curriculum Renewal \$2M • Other Development/Business Plan Initiatives \$10M

Appendix D: Financial Sustainability Metrics – Details

The following tables provide metrics that could be monitored for each of the 4 pillars (Finance, Space, People Technology), and additional metrics to ensure the level of Quality is maintained. In addition to the above, there are additional benchmark metrics available for consideration in the future.

Finance							
#	Source	Metric Name	Formula/ Calculation	Definition & Considerations	Benchmark or Target	Rationale for AC Target	Industry Stats
1	Financial Statements	Return on Net Assets	Change in Net Assets during the fiscal year / Total Net Assets at the beginning of the fiscal year	Are assets being used effectively to generate additional reserves and reinvest in the future or grow the campus in terms of size or quality?	At least 3% Source: KPMG	The college is showing improvements in how it uses available resources. Are resources being used to support or grow the strategic direction	7.2% Average score for Large Ontario College group 2019-2020
2	Financial Statements	Viability Ratio	Expendable Net Assets/ Long Term Debt	Are debt resources being managed strategically to advance the college's mission and strategic vision?	Expendable Net Assets should always be greater than LT Debt Source: KPMG	This measure is partially dependent on the ability to sufficiently reinvest accumulated surpluses. Debt should not be growing faster than Net Assets	2.5 times - Average score for Large Ontario College group 2019-2020
3	Financial Statements	Primary Reserve Ratio	Expendable Net Assets / Total Expenses	Are available resources sufficient to cover a potential financial downturn and/or take on new initiatives that could be beneficial to the college?	Expendable Net Assets should be at least .4 of a year's Expenses or enough to last about 5 months) Source: KPMG	It is unlikely Revenue will ever be fully cut off, but could easily drop 10% for five consecutive years while the cost base is adjusted	.24 Average score for Large Ontario College group 2019-2020
4	Financial Statements	Net Operating Revenue Ratio	Operating Surplus/ Total Operating Revenues	Is the college generating enough surplus of Revenues in good years to sustain and ride out a potential downturn and/or take on new initiatives or opportunities that could benefit the college?	at least 2% Source: KPMG Ministry recommends 1.5%	Will allow the college to pursue the best opportunities and react to unexpected threats while at the same time, maintain day-to-day operations. Innovation may cost a lot.	1.5% or higher based on Ministry trend analysis and recommendation

Space							
#	Source	Metric Name	Formula/ Calculation	Definition & Considerations	Benchmark or Target	Rationale for AC Target	Industry Stats
1	Annual Audit	Facilities Condition Index (FCI)	Total Deferred Maintenance Costs/Current Replacement Value	The total cost of existing deficiencies (maintenance needs) in a particular facility (FCI Cost), divided by its replacement value	Less than 5% Source: Association of Physical Plant Administrators (APPA)	Lack of spending on maintenance will likely result in both significant costs later and a negative perception by students and staff.	COU in 2015 = 11%, Most recent APPA average for Ontario Colleges and Universities TBD
2	Financial Reporting	Investment in Facilities as a % of Campus Asset Value	Annual Maintenance and Suitability Costs/Current Replacement Value of Campus Buildings	Amount invested as a % of the total Campus Asset Value	2% for Maintenance and 1.5% for Suitability	How much is being invested in Campus Facilities (vs ongoing Maintenance)	APPA average for Ontario Colleges and Universities
3	Utility Invoices	Utilities Consumption Index	Utility Consumption according to billing from Service providers (e.g. Hydro Ottawa)	Consumption Index in relation to base year (18-19)	improvement correlated to initiatives spending	Are Utility Savings initiatives working?	Electricity 160 KWh / sq. m., 12-13 m3 / sq. ft. but depends on climate
4	Internal Reporting	Assignable square meter per student	Total # of Assignable square meters/# of students using the campus	How many students are using campus space (vs online learning)? Is space sufficient for quality of experience	TBD	What % of students are coming on campus and require what type of facilities?	16 to 30 at Ontario Colleges

STRATEGIC EXERCISE TO RESTORE FINANCIAL SUSTAINABILITY

People							
#	Source	Metric Name	Formula/ Calculation	Definition & Considerations	Benchmark	Rationale for AC Target	Industry Stats
1	Third Party Database	Employee Experience Index	Results of Employee Engagement Survey	Regular Survey at the college to determine Employee Engagement	65	Survey Results available and conducted regularly	Internal Survey
2	Workday	Vacancy Rate	# of Vacant FT Position / Total number of FT positions available	Includes both current amounts and average amount Year to Date. Are budgets being balanced by keeping positions unfilled? Are staff being overworked? Is the position really required? (if open for a long time)	6%	Are employees required to work longer hours to make up for vacant positions	January 2021 as per StatsCanada in the field of Education Services: 1.1%, Ontario all fields was 3.0%
3	Employee FTE - Workday FTE Student - Ministry	Student FTE to full time Employee headcount	Total Student FTE / FT employee Headcount	Important consideration in cost per student. How many employees does it take to support a single student	Large Ontario college's median	Are fewer employees successfully serving more students?	Ontario College median TBD

Technology							
#	Source	Metric Name	Formula/ Calculation	Definition & Considerations	Benchmark	Rationale for AC Target	Industry Stats
1	IT Reporting	Risk Index	The total % of Hardware within the Target Life Expectancy	Hardware failure is more likely with equipment beyond the stated life cycle	100%	From a risk perspective, there should be no hardware in use that is beyond its Target Life Expectancy, Using old hardware usually ends up costing more than it saves.	Organizations don't want to admit they are using outdated hardware
2	NPS Survey	Performance Index and Customer Satisfaction	Score on the most recent Net Promoter Score (NPS) Survey for Technology	NPS Survey showing % of promoters (satisfied clients) minus the % of detractors (unhappy clients)	80%	Survey Results	Average NPS Survey Score for Education and Training is 71
3	IT Reporting	Security Index	Capability Maturity Model (Score 1-5)	Based on an established Maturity Model understood	2.5	Use of current Index	All Colleges fall within the "Repeatable (2)" to "Defined (3)" level of Maturity

STRATEGIC EXERCISE TO RESTORE FINANCIAL SUSTAINABILITY

Quality							
#	Source	Metric Name	Formula/ Calculation	Definition & Considerations	Benchmark	Rationale for AC Target	Industry Stats
1	Ministry Reporting	Student Satisfaction Rate	Capstone Survey students reporting very satisfied with career skills and knowledge, quality of learning experience, quality of services and quality of facilities and resources	This composite score should link to strategic spending decisions	73.9% (Median of Large Ontario Colleges in 18-19)	Initial Benchmark will to be among the top 4 among the large Ontario colleges	73.9% (Median of Large Ontario Colleges in 18-19)
2	Ministry Reporting	Graduate Satisfaction Rate	% of Graduates very satisfied 6 months after graduation	The time will allow graduates to determine how their skills apply to real job requirements and the job market	66.9% (Median of Large Ontario Colleges in 18-19)	Initial Benchmark will to be among the top 4 among the large Ontario colleges	66.9% (Median of Large Ontario Colleges in 18-19)
3	Ministry Reporting	Graduate Employment Rate	% of Graduates employed six months after Graduation	Do Algonquin College graduates have the right skills in the right fields and are they respected in the job market	85.5 (Median of Large Ontario Colleges in 18-19)	Initial Benchmark will to be among the top 4 among the large Ontario colleges	85.5 (Median of Large Ontario Colleges in 18-19)

Optional Metrics for Future Consideration

#	Source	Metric Name	Formula/ Calculation	Definition & Considerations	Benchmark	Rationale for AC Target	Industry Stats
1	Financial	7 Ministry Metrics	Ministry metric formulas are currently being tracked by	The Ministry tracks and recommends health measures based on a trend analysis of all colleges.	In the Top 4 of top 9 large Ontario Colleges in all areas	Ministry tracks metrics and are more likely to question/ challenge financials based on these standardized metrics	Health Measures based on annual financial reporting (can be automated for all Colleges)
2	Financial	Debt per Student	Total Debt / Total number of Student FTEs	Is not depend on rates or loan term. Easy to understand and should evolve with the population size of the college.	Should be set in connection with other Debt Metrics (\$4K per student)	Low current interest rates and a long loan term can result in a large debt load for future generations.	At Ottawa Colleges and Universities, ranges from less than \$2K to \$16K. large Ontario Colleges are between \$1,076 (Humber) and \$3,722 (Mohawk)
3	Spaces	Preventative vs. Corrective Maintenance	Ratio of Preventative vs. Corrective Maintenance	It is more cost efficient to prevent a breakdown than to repair once broken. Requires accurate data collection	APPA stats available but improving trend is important	It is more cost efficient to prevent a breakdown than to repair once broken. Requires accurate data collection	Difficult to get accurate data so best to measure progress internally
4	Space	Work Order Turnaround Time	How many days/hours does it take on average to satisfactorily resolve a Work Order request	Part of a Client Satisfaction measure until a NPS Survey can be established	APPA stats available but improving trend is important	Optimal reaction time in is important. Too fast and it appears there is excess capacity	APPA publishes annual stats but most schools cannot report
5	Space	Sanitary Cost per square meter	Total Building Cleaning cost / sq. m. serviced	Very large cost for the college and involves weighing client satisfaction vs added cleaning costs	In the Top 4 of top 9 Ontario Colleges in all areas	Requires a balance: Can the college save \$500K by accepting less cleaning? Helps determine optimum cleaning schedule	APPA publishes annual stats.

STRATEGIC EXERCISE TO RESTORE FINANCIAL SUSTAINABILITY

Optional Metrics for Future Consideration							
#	Source	Metric Name	Formula/ Calculation	Definition & Considerations	Benchmark	Rationale for AC Target	Industry Stats
6	Technology	Delivery alignment with Strategy	Index showing how investments are being made into the college's strategic direction. Investment Dashboard is under Construction	Are investment \$ being made in the right areas	TBD Dashboard under construction	TBD	TBD
7	Technology	Risk	Patches and Encryption (currently being tracked)	Protection of information and system integrity. No hardware or software should present a risk to the college	100% Risk-free	The college should not have any areas of risk. Areas will need to be identified and corrected	Organizations to not like to share info on their risk exposure
8	Technology	Security	Index to be developed based on areas such as Governance Configuration, Strength of Security Posture for M365 Administrators	Protection of information and system integrity	100% Secure	The college should not have any Security issues	Organizations to not like to share info on their security shortfalls
9	People	Onboarding Costs and Turnover	Total Cost to bring a new employee up to speed * # of new employees needed	A very high but often overlooked cost. Determining root cause of turnover is important.	TBD – requires an internal study to accurately define	Cost of losing a good employee and training a new employee can be very high but not always transparent	Stats say an average of about 5 years in a position is ideal
10	People	Overtime \$ as a % of total Salary \$	Overtime \$ / Total Salary \$	Can be correlated to vacancy rates and Employee satisfaction. Are employees expected to make up for vacancies and is there a risk of overwork	Dependent on the area (0% to 5%)	Is there added overtime cost to cover normal operations? Overtime should be for extraordinary circumstances only	TBD (depends on the position and situation)

Appendix E: Future State Financial Reports

Future State Operating Statement Statement of Financial Position (all figures in \$ 000's)

	Col 1	Col 2	Col 3	Col 4 = 3 - 1	Col 5 = 4/1
	March 31, 2020 Year-End Actual	March 31, 2020 Q3 Projected	"Future State" Year-End Actual	\$ Variance 2019- 2020 to Future State	% Variance 2019- 2020 to Future State
ASSETS					
Current Assets					
Cash and Short Term Investments	\$ 89,733	\$ 82,103	\$ 100,000	\$ 10,267	11%
Accounts Receivable	28,956	27,500	42,180	\$ 13,224	46%
Inventory	2,044	1,550	1,550	\$ (494)	-24%
Prepaid Expenses	4,588	3,200	3,783	\$ (805)	-18%
	125,321	114,353	147,513	22,192	18%
Investments	33,105	32,000	86,998	53,893	163%
Long Term Prepaid Asset	5,500	5,500	5,500	-	0%
Endowment Assets	26,943	27,543	68,759	41,816	155%
Capital Assets	295,527	293,327	363,311	67,784	23%
TOTAL ASSETS	\$ 486,396	\$ 472,723	\$ 672,081	\$ 185,685	38%
LIABILITIES & NET ASSETS					
Current Liabilities					
Accounts Payable & Accrued Liabilities	\$ 20,622	\$ 29,000	\$ 3,478	\$ (17,144)	-83%
Accrued Salaries & Employee Deductions Payable	8,343	10,000	9,109	\$ 766	9%
Deferred Revenue	45,092	42,000	14,436	\$ (30,656)	-68%
Current Portion of Long Term Debt	3,502	3,718	6,000	\$ 2,498	71%
	77,559	84,718	33,023	(44,536)	-57%
Long Term Debt	38,368	34,649	75,307	36,939	96%
Vacation, Sick Leave & Post-Employment Benefits	20,248	19,688	10,000	(10,248)	-51%
Deferred Capital Contributions	159,717	153,017	91,978	(67,739)	-42%
Interest Rate Swaps	5,200	5,200	-	(5,200)	-100%
Net Assets					
Unrestricted	1,000	-	60,000	59,000	5900%
Investment in Capital Assets	93,940	101,943	196,000	102,060	109%
Vacation, Sick Leave & Post-Employment Benefits	(20,248)	(19,688)	(10,000)	10,248	-51%
Internally Restricted	88,821	71,061	151,014	62,193	70%
Endowment Fund	26,943	27,543	68,759	41,816	155%
	190,456	180,859	465,773	275,317	145%
Accumulated Remeasurement Losses	(5,408)	(5,408)	(4,000)	1,408	-26%
	185,048	175,451	461,773	276,725	150%
TOTAL LIABILITIES & NET ASSETS	\$ 486,140	\$ 472,723	\$ 672,081	\$ 185,941	38%

Future State Financial Balance Sheet
(all figures in \$ 000's)

	Col 1	Col 2	Col 3	Col 4 = 3 - 1	Col 5 = 4/1
	2019-2020 Year end Results	Q3 Year-End Projection	"Future State" Year-End Actual	\$ Variance 2019- 2020 to Future State	% Variance 2019- 2020 to Future State
Funded Activity/College Operations					
Revenue	\$ 272,575	\$ 245,085	\$ 344,662	\$ 72,087	26.4%
Expenditures	247,198	257,301	273,815	26,617	10.8%
Reserves Contribution	6,000	-	36,236	30,236	503.9%
Loan Principal Repayment	\$ 990	1,002	-	(990)	-100.0%
Net Contribution	18,387	(12,216)	34,611	16,224	88.2%
	-				
Contracts & Other Non-Funded Activity					
Revenue	33,098	43,724	49,951	16,853	50.9%
Expenditures	32,000	41,363	44,675	12,675	39.6%
Net Contribution	1,098	2,361	5,276	4,178	380.5%
Campus Services					
Revenue	\$ 39,384	\$ 14,995	\$ 49,154	\$ 9,770	24.8%
Expenditures	32,163	18,792	36,450	4,287	13.3%
Reserves Contribution	\$ 1,062		2,946	1,884	177.4%
Loan Principal Repayment	2,600	2,715	2,124	(476)	-18.3%
Net Contribution	3,559	(3,797)	7,633	4,074	114.5%
	-				
International Education Centre					
Revenue	60,303	46,796	69,419	9,116	15.1%
Expenditures	38,649	34,152	45,581	6,932	17.9%
Net Contribution	21,654	12,644	23,838	2,184	10.1%
	-				
Strategic Investment Priorities					
Revenue	9,796	41,503	67,400	57,604	588.0%
Expenditures	50,144	65,579	67,400	17,256	34.4%
Net Contribution	(40,348)	(24,076)	-	40,348	-100.0%
	-				
Non-Cash Revenue Adjustments					
Capital Grants recorded as Deferred Capital Contributions	(2,120)	(1,300)	(1,300)	820	-38.7%
Amortization of Deferred Capital Contributions	7,721	8,000	3,000	(4,721)	-61.1%
Non-Cash Expenditure Adjustments					
Expenditures to be Capitalized (Moved to Balance Sheet)	14,400	13,800	14,000	(400)	-2.8%
Amortization Expense	(15,838)	(16,000)	(16,000)	(162)	1.0%
Change in Vacation, Sick Leave & Post-Employment Benefits	\$ 1,010	560	600	(410)	-40.6%
	-				
Net Contribution (Modified Cash)	\$ 9,523	\$ (20,024)	\$ 71,658	\$ 62,135	652.5%
Total Reserves Contribution	7,062	-	39,182	32,120	454.8%
Total Principal Loan Repayment	3,590	3,717	2,124	(1,466)	-40.8%
Net Contribution as per Public Sector Accounting Standards (PSAS)	\$ 20,175	\$ (16,307)	\$ 112,964	\$ 92,789	459.9%

Appendix F: Board of Governors' Contributions and Responses

On January 14, 2021 a generative discussion was held with the Board of Governors to solicit their contributions to the vision for Algonquin College's long term financial sustainability. Responses from the Working Group were developed and are reported below. Note, at the time of the discussion the Partnership Strategy Theme had not been established and therefore was not included in the generative discussion.

Theme: Revenue Growth	
BoG Generative Discussion Points	Response and Action
1. Training and education opportunities with federal government, healthcare etc. such as leadership, communication and report writing	This suggestion is actively being explored. Various areas of the College proactively work with a variety of organizations, including private industry and NGOs, and in particular, Corporate Training is currently undertaking these types of training with the entities noted. Additionally, there are opportunities presented through various Calls for Projects (through funding partnerships and grants) from government and NGOs, and the College should evaluate and appropriately respond where there is alignment with the College Strategic Plan.
2. Tap into alumni for ideas.	The College invites new initiatives to be presented through a development process tied to the College's fiscal calendar. We are proposing that annually, the College calls out for partnership from Alumni to engage in a "Blue-Sky" session - seeking to stimulate College innovation and entrepreneurship. Advancement, through their Alumni Relations Officer, could be additionally involved in this activity.

Theme: Cost Containment	
BoG Generative Discussion Points	Response and Action
1. Possible merger with other Colleges (specifically Eastern Ontario) for economy of scale.	Based on the project charter, external actions are out of scope at this time. However, there is a current effort underway with several northern Ontario colleges to collaborate and create efficiencies through sharing of resources and practices.
2. Group buying within the province to get better prices from suppliers.	The College currently uses the Ontario Educational Collaborative Marketplace (OECM) for the procurement of a number of goods and services.
3. Opportunities to lower costs on overhead and common services.	This opportunity is being further explored through the potential provision of increased shared services. Cost Containment and Continuous Improvement initiatives will be pursued in alignment with this point.
4. Benchmark margins and overhead against sister Colleges to set appropriate targets.	This suggestion is being explored as part of the project. Benchmarking of services is also being discussed.

Theme: Capital Asset Strategy	
BoG Generative Discussion Points	Response and Action
1. Opportunities for permanent change such as the work from home policy to help space constraints and leverage space utilization.	This suggestion is being acted on and may be a more immediate opportunity. Long term may require a review of all facilities for potential for re-purposing/revenue generation.
2. Leverage student residence or other facilities owned by the College (i.e., renting incubation spaces).	This suggestion is being acted on with planning for a renewed Conference Services/Room Rental business model. The opportunity to reclassify space and create additional revenue opportunities is to be explored.

Theme: Continuous Improvement	
BoG Generative Discussion Points	Response and Action
1. Collaboration opportunities for Indigenous Institutes.	This is being explored as part of the project and may be a factor in a value stream analysis. Objective is to gather the voice of Indigenous students to understand what they would find valuable and where we might collaborate with Indigenous Institutes
2. Centralize what can be centralized.	This suggestion will be explored as the financial strategy roadmap is implemented. Recently, the College did centralize procurement of personal computer equipment with the IT Department.
3. Create innovation/incubator opportunities.	This suggestion will be further explored as an initiative of the financial strategy roadmap. Innovation and entrepreneurship are likely to continue to be key themes of the College's updated strategic plan.
4. Reduce waste and duplication of services. For example, Indigenous programs are externally supported with lots of activity duplication. Find common services and determine what is unique about Algonquin College.	This suggestion will be pursued further as initiatives are defined in the financial strategy roadmap. Currently, the project is considering opportunities such as: <ul style="list-style-type: none"> • Lean Box Score Pilot Project • Shifting to a Value Stream Organization • Training all employees in continuous improvement

Theme: Portfolio Analysis	
BoG Generative Discussion Points	Response and Action
1. Prioritize to be able to identify short term vs. medium and long-term initiatives and understand the investment/lead time required.	This is being explored as part of the project with potential opportunities such as: <ul style="list-style-type: none"> • Process and criteria for evaluating new initiatives • Rapid decision-making process to support a 'lighter' process for opportunities with lower costs/lower risk

Theme: Human Capital	
BoG Generative Discussion Points	Response and Action
1. Analyze data on current employee complement, imminent retirements, and pro-active actions to optimize.	This suggestion will be pursued. Systematic data driven approach to analyzing, forecasting and planning workforce requirements was identified as a requirement by the Working Group. Robust workforce planning framework, systems and processes to optimize complement to meet strategic and operational requirements has been defined for the future state.
2. Leverage talent and skills/people (i.e., Zoom expertise that came to the forefront as we moved to remote due to COVID - new software, etc.).	This suggestion will be considered further. A strategy will be developed to prepare the employees of the College to deal with the unexpected through the operationalization of the People Plan. Revisions to define workforce strategies that support flexibility, agility and the ongoing development of employees in an employee centric and sustainable way.

Theme: Financial Management Policy	
BoG Generative Discussion Points	Response and Action
1. Indigenous transfer payments that have historically gone directly to communities.	This suggestion will be considered separately from the project given it requires action from an external entity. Likely a decision to change that communities receive the payment would require the Ministry to agree.

Additional Observations

Partnerships	
BoG Generative Discussion Points	Response and Action
1. Leverage fundraising and partnership opportunities including industry and industry unions, companies with Algonquin affiliation (I.e. building naming), service contracts, etc.	These suggestions will be explored further as part of the Partnership theme developed by Advancement.
2. Capitalize on existing partnerships.	
3. Offer services in new and different ways, potentially in consultation with industry.	
4. Small/Medium Enterprise Support through bartering (i.e., teach x for y return).	
5. Brainstorm with businesses for cross-fertilization of ideas.	
6. Partnerships and/or subsidiary operation(s) to deliver programming.	
7. Promote and leverage Education City partnership.	

Programs	
BoG Generative Discussion Points	Response and Action
1. Differentiate on highly personalized academic choice – this also can include micro-credentials in health-related skills, social, etc.	These suggestions will be reviewed and assessed as part of the Revenue Growth initiatives to be included in the financial strategy roadmap.
2. Modularized approach to learner needs/interests, increased distance learning to adapt to current and post-pandemic reality (quality must be high on online learning).	
3. Develop specialized pandemic programming to help companies deal with future instances.	
4. Tech and healthcare will be key; whole construction and apprentice industry could be a key identifier for Ontario and could be a focus for Algonquin.	
5. Offer Indigenous languages and offer a recognized credential.	
6. Promote auditing courses to Baby Boomers (i.e., Art History).	Demographic review embedded into decision making prior to the launch of promotional campaigns.
7. Market individual course offerings (i.e., staircase construction, a horticulture course, etc.).	Single course offerings are listed on the website. Recognition within future phased improvements for visibility of course level and part-time learning options on the college website.
8. Consider clustering courses with no credit at the end; older individuals may have the income to afford the classes and there is no examination. Repositioning existing offerings as opposed to creating something brand new.	
9. Host an event where people can learn about a topic that isn't the full course, (i.e., ComiCon - offer comic writing to this special interest group).	
10. Help individuals get their credentials accepted (i.e., Alberta had a shortage of radiation therapists and it was known there were people who had training outside the country, but they were not meeting the Canadian standards).	
11. Identify opportunities for jointly offered programs which are now offered at each campus.	
12. Keep in mind change management, risk, culture impact, and human dynamics on implementing change.	
13. Challenge right now is to maintain the momentum	
14. Revenue growth vs. revenue growth and diversification to help share risk of financial sustainability.	
15. Recognize that Universities provide a different outcome (course content is not always matched and consolidated the same way).	

Appendix G: Humber College Discussion – Summary, November 2020

Humber College has distinguished itself as maintaining the strongest financial position amongst all 24 Ontario public colleges for the past 15 years and has been able to maintain a solid financial footing over many years.

Humber vs Algonquin Comparison over the last 5 years

Relative Size Comparisons 2019-2020

College	Full Time Students	Part Time Students	Revenues in \$millions
Algonquin	19,957.00	25,762.00	379.00
Humber	33,000.00	23,000.00	482.00

Humber to Algonquin
Full-time Student Ratio
(Humber has 1.65X AC)

1.65

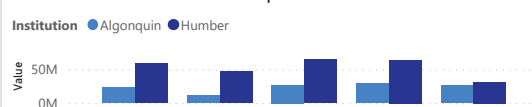
Humber to Algonquin
Part-time Student Ratio
(Humber has only .89X AC)

0.89

Excess of Revenues over Expenses

Institution	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Algonquin	23.4M	11.2M	27.0M	29.8M	26.6M
Humber	59.4M	46.6M	65.0M	64.2M	31.6M

Excesses of Revenues over Expenses



Cash

Institution	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Algonquin	28.4M	52.7M	55.2M	82.2M	59.7M
Humber	117.2M	137.5M	168.7M	151.3M	175.6M

Year over Year Change in Cash

Institution	2016-2017	2017-2018	2018-2019	2019-2020
Algonquin	24.4M	2.5M	27.0M	-22.6M
Humber	20.4M	31.2M	-17.4M	24.3M

Investments

Institution	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Algonquin	75.1M	66.8M	66.5M	61.8M	63.2M
Humber	191.9M	176.0M	180.0M	203.2M	188.6M

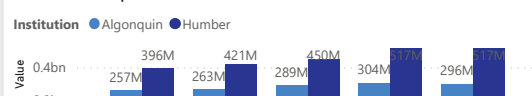
Year over Year Change in Investments

Institution	2016-2017	2017-2018	2018-2019	2019-2020
Algonquin	-8.2M	-0.3M	-4.7M	1.4M
Humber	-15.9M	4.0M	23.2M	-14.7M

Capital Assets

Institution	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Algonquin	256.8M	263.5M	288.6M	304.4M	295.5M
Humber	396.4M	420.8M	450.5M	516.8M	516.9M

Growth in Capital Assets



Algonquin

Humber

5 year
cumulative
Surplus

118M

5 year
cumulative
Surplus

267M

4 year
change in
Cash

\$31M

4 year
change in
Cash

\$58M

4 year
change in
Investmen...

(\$12M)

4 year
change in
Investmen...

(\$3M)

4 year
Capital
growth

39M

4 year
Capital
growth

121M

In November 2020, members of the Algonquin College Executive Team reached out to their colleagues to understand how their structures, policies, and processes have enabled them to remain financially strong.

Humber College Interviewees

- Chris Whittaker, CEO
- Laurie Rancourt, Senior Vice President Academic
- Sanjay Puri, Vice President, Administration and CFO
- Jason Hunter, Vice President, Students & Institutional Planning
- Rani Dhaliwal, Senior Vice President, Transformation and Strategic Partnerships

Seven specific questions were explored, and an opportunity was provided for additional information. Humber College's responses are summarized here.

1. What is the culture of the College Administration
Collegial & collaborative
Expertise based
Student-centric thought process
Centralized and decentralized resource allocation
All need to bear some responsibility for the culture
Very different from the University context
Team approach
Senior Vice President Academic is a key driver
All expected to look at ways to generate revenue, grants, fundraising
Partner with others for things like mental health
Able to articulate need and metrics to support student success

2. What is the structure of the College Administration?

Student success and engagement similar to Algonquin College

Institutional Planning and Analysis separated from Finance, helps contribute to metrics, allows a bit more focus on learner

Senior VP External and Strategic Partnerships – includes Advancement, etc.

University of Guelph/Humber Partnership generates \$10 to \$15M bottom line annually (plus interest) into reserve

3. How are decisions made on new initiatives and projects to pursue?

Similar decision making to Algonquin College

Committees with Executive team Sponsor make recommendations to Executive Team

Project requests – intake process, mini business case – reviewed by committee against principles

- Referenced against capital plans
- Integrated planning in place

One-time allocations vs base allocations are respected

4 primary standing committees:

- Academic resources
- Capital Planning/Space Allocation
- Technology Committee
- Executive Advisory Council (comparable to a sub-set of our Algonquin College Leadership Team)

4. How are resources allocated to operations? To projects?

Starting Point: Identify the investment requirements from Medium to Long Term Planning exercises

Achieved success working with 5 year strategic plan

Break down into initiatives, measurable outcomes

Strategic Enrolment Management plan supports academic plan

Business plan (yearly) developed to support long term capital development/land use plan & physical infrastructure and technology infrastructure plans - 10 year outlook

Long term planning, drives decisions on cash needs, “must take care of the house” before allocating to other needs

Framework utilized – Integrated planning

Digital campus plan developed

4. How are resources allocated to operations? To projects?

Created a budget principle: segmented college financials into:

- operations (teaching/learning)
- ancillary services
- non-core business
- investments required - 4 different pillars

Investment in innovation and strategy e.g. Sustainability investments – emanate from Strategic Plan, decided on centrally, then team leads define time frame and resource requirements

Operations – tuition and grants activity (similar to Algonquin College Funded Activity). Operations may run on deficits – offset by ancillary net revenues to balance

Non-core (Includes activity that does not require significant effort and resources to generate net revenues):

- Investment income
- Late fees from students (to offset lost interest income)
- University of Guelph partnership net revenues
- Non-core net contributions used to incubate ideas ... ½ to profit and ½ to initiatives
- Non-core contribution invested into strategy and innovation investments

Set aside 3% of net revenues every year to reserve for capital renewal

The College has a long-term Capital Plan and long-term Technology Plan, and budget allocations are aligned with those priorities

The plans are 5 years in length with projections to 10 years

There is an overall focus on data and technology

In order to fund the staffing required for the College's \$50M fundraising campaign; additional investment has come from the College's strategic investment priorities fund

There is a strong focus on the Return on the Investment, and from an Advancement perspective, the focus is on how much more the team is raising when compared to the fixed costs of running the Advancement Office

Advancement will never be able to recover its net contribution because it is measured against other indicators such as connections with industry, opportunities for work-integrated learning, corporate training and in-kind donations (so long as they meet an academic need)

5. Three main factors that contribute to Humber's strong financial position and performance?

Carefully review core needs and non-core needs and prioritize accordingly

Long-term Capital and Technology Plans established to provide clarity on investment requirements

- 2009 first clear long term plan developed
- Budget principle with capital plan as foundation
- "Pay the house first" principle adopted to ensure sustainability for the long term
- Plan to pay for everything "in house" – then, capital grants would flow, freed up capital, able to accumulate reserves
- This freed up capital permitted pursuit of opportunities– always had a plan with rigour to service the plan

Enrolment growth and growth in international students (14% to 27% per year)

University of Guelph partnership

Structural advantage physically

Very risk tolerant

Organizational structure

29 degree programs

- Better margins achieved through economies of scale
- Key is that there is common platform (Years 1 and 2 common courses) in Humber
- 1st and 2nd year courses – many are common across almost all programs
- Enhance mobility options for students – transfer to different programs
- Common faculty for the first 2 years – significant efficiencies

6. How are leaders held accountable for financial management and resource stewardship?

Checks and balances in place so overspending doesn't happen and investigate when too much money gets unspent

Don't sweat the small stuff (they are in a great financial position)

Develop practices that lead to more integrated planning and lessen internal competition: Eliminate duplication and leverage strengths across Departments... The College does not compete with itself.

Much of the work done upfront to allocate resources – very much centralized

Leaders allocated budget to run operations – expectation to contain costs to budget

Revenues are centrally managed

Allocations to schools and departments vary on a dollar per student basis

Ensure there is a distinction between salary and non-salary budgets

Integrate what Advancement does into the rest of the College

7. Are there incentives for leaders to generate strong financial returns?

Not an RCM institution. Their view is that setting up internal competition that would be counter-productive

Financial returns are strong due to core budget principle emanating from Board – non-negotiable

All back to the bottom line

Keep morale high in COVID to keep people motivated

Performance contracts, the College has merit-based salary adjustments plus cost of living allowances; there are no “bonuses” administered

There is a recognition that VP salaries have been frozen for a number of years

Starting compensation is higher than other Colleges in the GTA instead of bonuses, which allows them to attract and retain quality talent with consistent expectations

There is a major HR review underway to look at job titles and equity across the College

They explore other ways to incentivize employees that don't focus on pay (e.g. training)

The business development staff in corporate training are unique in that it is a sales job function; a different model is required

8. On a scale of 1 to 10 how do you feel your Strategic Enrolment Management process is helping with financial sustainability?

Helpful because has gotten everyone around the table to coordinate and monitor enrolments and leverage each other.

At the end of the day, it is about organizational culture. What behaviours do you want to incent?

9. Additional Information / Comments
There is still some confusion regarding the word “partnerships”, and it is used interchangeably with other terms, such as “corporate donors”
Advancement is not aware of net contribution calculations for its operations; it focuses on funds raised and demonstrating value through impact
Two years ago, an SVP Transformation and Strategic Partnerships portfolio was created to include Advancement, partnerships, and online learning. Now the Advancement team has 22 staff including positions such as director of annual gifts, director of alumni, director of advancement services, and director of major gifts; aside from these types of roles, it is also important to note that many of the 22 staff are on contract and their contract will end when the \$50M campaign does
The original fundraising campaign goal was \$25M over 7 years but was increased to \$50M because of 2 \$5M donations from the same donor; the campaign started in 2015-16 and they are at \$40M towards the \$50M goal
There are ongoing discussions between Advancement and Finance (a) to understand each other's work (b) to ensure money is being deposited into the correct type of accounts (e.g. a donation for a building was put into a capital account so it wasn't reported on the T3010) and (c) because Advancement's contributions are not always articulated through the financials
The endowment is \$17M but Advancement does not have a clear line of sight on the returns and how much will be distributed to students on an annual basis
There was an acknowledgement that because the College was doing “so well for so long” there was less of a focus on metrics but that is quickly changing (for example, they just wrote an endowment policy and still need an investment policy)
There is still some confusion regarding the word “partnerships”, and it is used interchangeably with other terms, such as “corporate donors”
Advancement is not aware of net contribution calculations for its operations; it focuses on funds raised and demonstrating value through impact
The College has raised \$40M towards a \$50M goal but two major donations totaling \$10M took 8-10 years to realize; investment in the campaign was funded through a strategic initiatives fund and involves many contract staff
Discipline to not use reserves for operating

