



Financial Sustainability Roadmap Annual Report

2022-23

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Message from the Vice President, Finance and Administration, Duane McNair.

Algonquin College continues to focus on activities and initiatives that serve our learners and employees while moving toward enhancing financial sustainability. Since the development and endorsement of the Financial Sustainability Roadmap two years ago in the Spring of 2021, there have been numerous achievements.

The Advancement and Strategy Area has announced new partnerships and developed a framework and process to engage new industry and community partners over the coming years. Human Resources has completed a pilot of the Strategic Workforce Planning initiative and received endorsement to expand these efforts across the College. The Portfolio Analysis initiative has been launched and the Board of Governors' Audit and Risk Management (ARM) Committee has approved an internal audit to benchmark College services against peer institutions and measure value for money.

The Ontario college sector faces ongoing challenges that include a Provincial tuition policy that continues to freeze tuition fees at levels comparable to those assessed in 2015-16. The Provincial operating grant model has fixed the allocation values established in 2017-18 with no subsequent adjustment for growth or inflation. Provincial Bill 124, Protecting a Sustainable Public Sector for Future Generations Act, 2019, has been ruled unconstitutional and presents a risk of increased salary and benefit costs. Talent shortages and inflationary pressures continue to disrupt and delay some College services and projects at higher costs.

While this Annual Report focuses on initiatives reported in the 2021 Financial Sustainability Roadmap, there are several other activities underway that will improve the College's fiscal position. The Academic Services Area has launched a Public College-Private Partnership at two campus locations in the Greater Toronto Area. A rolling five year Strategic Enrolment Management Plan has been prepared identifying enrolment growth targets that will be implemented with an improved academic program optimization process.



The College achieved 43% year over year growth in international student enrolment in 2022-23 and exceeded the international student enrolment levels realized before the pandemic. Growth in international student enrolments is essential for Ontario colleges to offset the impacts of the operating grant model and tuition policy. While this growth did not achieve overall budgeted enrolments for the year, it has positioned the College to achieve future growth and fund operating and capital investment requirements.

Budget challenges over the past year required the Finance and Administrative Services Department to lead the development of a series of temporary austerity measures. Curtailing spending on discretionary accounts and deferring some capital projects enabled the College to achieve and surpass its budgeted net contribution for 2022-23 with a surplus of \$11.3 million on an accounting basis.

I would like to thank the Algonquin College Leadership Team for their efforts to support the execution of the Financial Sustainability Roadmap. We will continue to consult and provide updates to the College community on this journey to enhance financial sustainability at Algonquin College.

Duane McNair

A handwritten signature in black ink that reads "Duane McNair". The signature is written in a cursive, slightly stylized font.

The Financial Future

Algonquin College concluded the 2021-22 fiscal year with an accounting deficit of \$3.7 million, its first deficit since 2003-04. Over that last fiscal year, during the latter half of the pandemic period, the administration did maintain healthy cash balances through responsible spending decisions. The College responded to the various pandemic waves by adjusting teaching and service modalities to remain accessible as necessary to ensure our learners experienced a quality educational experience and employees remained safe.

As the College transitioned into the 2022-23 fiscal year, we adjusted to post-pandemic opportunities and challenges. The College realized higher demand and enrolment in its AC Online program and course offerings. Teaching spaces were equipped to improve accessibility and accommodate in person and online course delivery in a synchronous manner. College employees were consulted and supported a new Flexible Work Arrangement policy to improve engagement, support retention and lead to greater worker productivity. While challenges with processing of student study permits at the Federal Government level challenged our ability to achieve the international student enrolment targets, the College still realized strong growth in this student segment and established a foundation to realize ongoing growth over the coming years. With the successful launch of our Public College-Private Partnership in the greater Toronto

area, the College administration has established the necessary processes, program launch practices and relationships to achieve ongoing growth in this new venture.

The College concluded the 2022-23 fiscal year with an accounting surplus of \$11.3 million and a net contribution as per modified cash flow basis surplus of \$1.9 million. The College maintained its cash reserves (internally restricted plus unrestricted net assets) balance at \$78.3 million compared to \$77.7 million as at March 31, 2022.

The Algonquin College Executive Team's endorsed a Strategic Enrolment Management Plan that forecasts 15% annual growth in international student enrolments over the next 5 years until the College achieves a targeted 40% international student mix. This plan will provide much needed cash revenues to mitigate the negative impacts of declining domestic enrolments, an ongoing freeze on tuition fee rates, an operating grant with no adjustments for inflation or growth and increasing operating costs.

This planned enrolment growth along with execution of the initiatives in the Financial Sustainability Roadmap will enable the College to improve its financial sustainability and continue to provide an optimal learner experience.



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 service its students and other customers.

**On the Edge: Securing a Sustainable Future for High Education
(OECD 2004)**

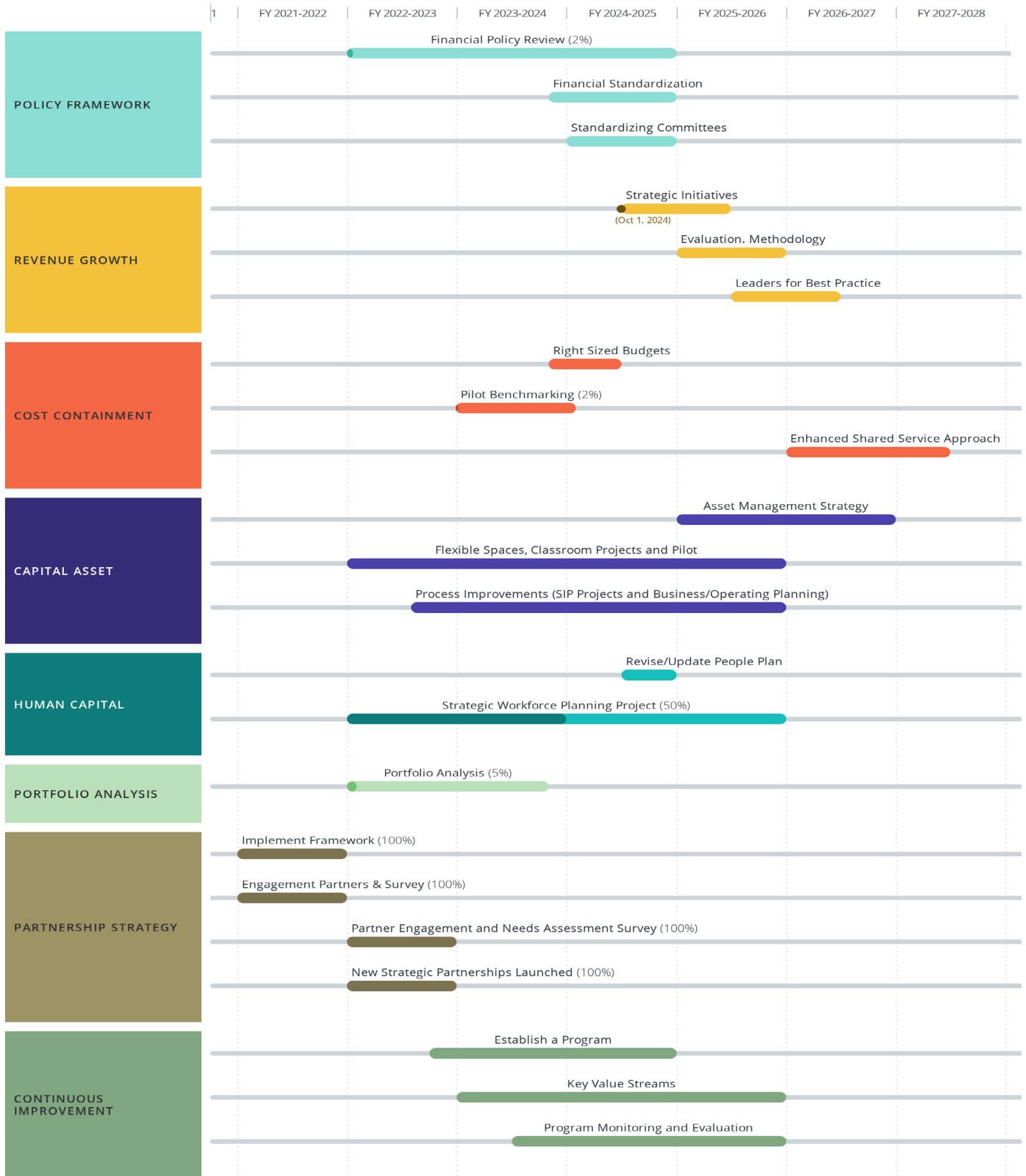


WHAT THE FUTURE WILL LOOK LIKE

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.

Financial Sustainability Roadmap



SOURCE LINK: <https://app-rm.roadmunk.com/publish/6CE91ECC07A691719664BF86F284034CC22FCCE3>

Achievements

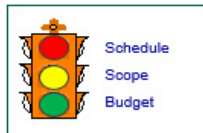
Over the second year of implementation , a number of Financial Sustainability Roadmap initiatives have attained notable achievements, which have been identified below.

Initiative	Achievements
<p>Strategic Industry and Community Partnerships</p>	<p>Strategic partnerships were announced with PCL Construction and Nokia. PCL in Ottawa employees are nearly one third Algonquin College grads, is a top co-operative education partner and a DARE6 partner in support of Indigenous transmissions of knowledge. Nokia is a College partner with co-operative education, the School of Advanced Technology and DARE6.</p>
<p>Strategic Workforce Planning</p>	<p>Strategic Workforce Planning (SWP) framework was developed with professional services firm Deloitte. The College's Campus Services and Nursing departments were selected to pilot the technical gap analysis. A final report on the pilot and business case was endorsed by the Algonquin College Executive Team.</p>
<p>Portfolio Analysis</p>	<p>The Portfolio Analysis has been approved as a Business Plan initiative and resourced with a plan to deliver a report with findings and recommendations in 2023-24.</p>
<p>Benchmarking of Services</p>	<p>The Benchmarking of Services for Value for Money initiative has been approved as a Business Plan initiative to pilot a review of two College services. A report with findings and recommendations will be completed in 2023-24.</p>
<p>Financial Sustainability Metrics</p>	<p>The financial sustainability metrics for finance, space, people and technology have generally improved or maintained their levels measured previously.</p>
<p>Financial Sustainability Performance Indicators</p>	<p>A dashboard of performance indicators were endorsed by the Board of Governors' Audit and Risk Management Committee. The dashboard presents projected performance on the College's financial operations, asset productivity, cash for reinvestment and inflation protection.</p>

Initiative Progress Dashboards

In addition to the identified achievements, below are highlights from initiatives which are currently in progress and/or have been completed in 2022-23

CAS2- Process Improvements (SIP Projects and Business/Operating Planning)



● = On track – no significant issues
● = Minor or Potential Impact/Delay
● = Major impact or Delay
★ = Completed

Capital Asset Strategy:

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

ACET Sponsor: Mark Savenkoff
Initiative Lead: Scott Gonsalves

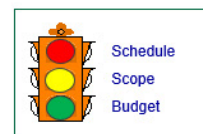
Key Initiative:

- Align existing space, IT, HR, and budget/SIP with business and operational planning and governance processes for strategic initiatives.

Project Constraint	Status	Comments
Scope	●	The new Office of Strategy and Planning has been undergoing a complete review of processes related to strategic initiatives (Business Plan, Operating Plan, SIP). New templates have been piloted and a draft future state is currently being reviewed by ICDP. The governance of College standing committees is also under review by ICDP that will impact the scope and decision rights necessary for this process to operate.
Schedule	●	Initial schedule strived to have improvements for start of 2023-24 fiscal year but availability of stakeholders have caused delays. The anticipated completion date for this initiative is March 31, 2026.
Budget	●	This initiative is being resourced with existing base operating budget resources.

As of May 25, 2023

CAS3- Flexible Spaces and Classroom Projects and Pilots



● = On track – no significant issues
● = Minor or Potential Impact/Delay
● = Major impact or Delay
★ = Completed

Capital Asset Strategy:

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

ACET Sponsor: Christopher Janzen
Initiative Lead: Ryan Southwood

Key Initiative:

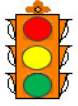
- Optimize use of offices, learning spaces and other unallocated spaces on & off campus
- Establish training program for instructors on classroom technology/pedagogy

Project Constraint	Status	Comments
Scope	●	10 Multimodal classrooms were created and utilization was tracked. Slower uptake than anticipated and some modifications to the systems are required. The first office suburb for employees on a flexible work arrangement was completed. Utilization will be tracked. Volunteer departments will validate the developed space standards in a pilot.
Schedule	●	Multimodal classrooms and suburb were completed on schedule. Space strategy and pilot of space standards has been delayed and will be initiated in fiscal year 2023-24. The anticipated completion date for this initiative is March 31, 2026.
Budget	●	Multimodal project was completed within allocated SIP budget. Suburb exceeded initial budget allocation and funding was reallocated within the space envelope. Space strategy is on budget.

As of May 9, 2023

Initiative Progress Dashboards

CC2- Pilot Benchmarking



Schedule
Scope
Budget

- = On track – no significant issues
- = Minor or Potential Impact/Delay
- = Major impact or Delay
- ★ = Completed

Cost Containment:

ACET Sponsor: Duane McNair
Initiative Lead: James Pede

- 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.

Key Initiative

Pilot a benchmarking exercise of College services to ensure value for money with peer institutions.

Project Constraint	Status	Comments
Scope	●	The pilot of this initiative will include 2 or 3 service units from Finance and Administration, Human Resources and/or Student Services.
Schedule	●	This initiative has been proposed as an Internal Audit plan initiative and approved for execution by the Audit and Risk Management Committee on March 30, 2023. The final report with recommendations is due to be presented to the ARM Committee by Spring of 2024. The anticipated completion date for this initiative is April 30, 2024.
Budget	●	The estimated cost for this initiative is estimated to be between \$70,000 and \$95,000. The final cost will be determined through a Request for Proposal competitive procurement process.

As of April 30, 2023

CI1- Establish a Continuous Improvement Program



Schedule
Scope
Budget

- = On track – no significant issues
- = Minor or Potential Impact/Delay
- = Major impact or Delay
- ★ = Completed

Continuous Improvement

ACET Sponsor: Diane McCutcheon
Initiative Lead: Caleb Hui

- 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.

Key Initiative

Establish a program that equips leaders and employees with just-in-time continuous improvement tools and competencies.

Project Constraint	Status	Comments
Scope	●	Scope is tracking to plan as outlined in AC Way FY2023-FY2026 Refreshed Timelines
Schedule	●	The initiative originally slated for a reboot/refresh in January 2023 faced a delay due to a position on leave and team vacancies. Additionally, the attention of the remaining team members had to be redirected towards new corporate priorities that emerged around the same time. The anticipated completion date for this initiative is March 31, 2025.
Budget	●	This initiative is being resourced with existing base operating budget resources.

As of April 30, 2023

Initiative Progress Dashboards

HC2- Strategic Workforce Planning Project



- = On track – no significant issues
- = Minor or Potential Impact/Delay
- = Major impact or Delay
- ★ = Completed

Human Capital Strategy:

- To ensure Algonquin College has the right people (numbers and skills sets) in the right place (location, roles) at the right time (duration) and at the right cost (pay and rewards) in order to fulfill the goals of our organization. Enable an organization driven by data with effective employee support, where flexibility and agility are embedded in all of our workforce planning methodologies.

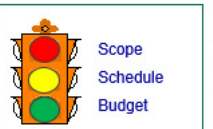
ACET Sponsor: Diane McCutcheon
Initiative Lead: David Soltis

Key Initiative
 Phase 1: Strategic Workforce Planning Framework (including Roadmap or Maturity Model)
 Phase 2: Enhancement of technical capability and integrations between Workday, Adaptive Insights and other applications to improve data integrity and visualization, performance and insights
 Phase 3: Identify resource requirements and develop processes, roles and responsibilities and governance model to support strategic workforce planning
 Phase 4: Proof of Concept model in a department(s) to assess effectiveness of systems, processes and support required
 Phase 5: Take to College supported by Strategic Workforce Planning training, performance support, tools, and access to dashboards

Project Constraint	Status	Comments
Scope	●	In 2022-23 completed a current state analysis, benchmarking analysis, Strategic Workforce Planning Framework and multi-year roadmap. Developed and tested workforce planning tools within two areas of the College. Focused on governance and expansion of workforce planning tools and capabilities to additional areas of the College in 2023-24.
Schedule	●	Strategic Workforce Planning Framework completed on schedule per targets set in the 2022-24 Business Plan. The anticipated completion date for this initiative is March 31, 2026.
Budget	●	2022-23 project scope completed within budget.

As of April 21, 2023

PA1- Portfolio Analysis



- = On track – no significant issues
- = Minor or Potential Impact/Delay
- = Major impact or Delay
- ★ = Completed

Strategic Goal:
 Develop a portfolio review process and system to assess the financial performance of revenue-generating lines of business at the College – both academic and non-academic.

ACET Sponsor: Duane McNair
Initiative Lead: Grant Perry

Key Initiatives (next 30 days)

- Finalize all commercial activity financial reports (June 30, 2023)
- Complete the financial analysis of Campus Services and begin the financial analysis of the other commercial activities in preparation for the Financial Report – Commercial Activities
- Begin planning for Academic Program analysis

Project Constraint	Status	Comments
Scope	●	The PA1 initiative will encompass Academic Programs and Commercial Activities resulting in a process to facilitate regular assessment of financial performance, optimize sustainable net revenues and measure cross-subsidization.
Schedule	●	Delayed: February 2023 - Commercial Activities Portfolio Analysis designed – Revised date is May 2023 Delayed: April 2023 - Academic Programs Portfolio Analysis designed – Revised date July 2023 The anticipated completion date for this initiative is January 31, 2024.
Budget	●	Currently on budget

As of June 12, 2023

Initiative Progress Dashboards

POL1- Financial Management Policy Framework

 <ul style="list-style-type: none"> Schedule Scope Budget 	<ul style="list-style-type: none"> ● = On track – no significant issues ● = Minor or Potential Impact/Delay ● = Major impact or Delay ★ = Completed 	<p><u>Policy Framework:</u></p> <ul style="list-style-type: none"> • Establish clearer roles, responsibilities and authority for financial management decisions, with appropriate safeguards and controls that support long term sustainability 	<p>ACET Sponsor: Duane McNair Initiative Lead: Duane McNair</p>
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Key Initiative

Undertake research, including the review of financial policies of other post-secondary institutions, with a focus on improving the College's financial policies and principles.

Project Constraint	Status	Comments
Scope	●	Algonquin College financial management policies including Board of Governors policies, management policies and budget principles.
Schedule	●	After the 1st year of this 3-year initiative, the project is on track for completion as per the schedule. The anticipated completion date for this initiative is March 31, 2025.
Budget	●	This initiative is being resourced with existing base operating budget resources.

As of May 2, 2023

PS3 Partner Engagement and Needs Assessment Survey

 <ul style="list-style-type: none"> Schedule Scope Budget 	<ul style="list-style-type: none"> ● = On track – no significant issues ● = Minor or Potential Impact/Delay ● = Major impact or Delay ★ = Completed 	<p><u>Partnership Strategy:</u></p> <ul style="list-style-type: none"> • Develop an overarching and integrated strategy for the development and management of partnerships. 	<p>ACET Sponsor: Mark Savenkoff Initiative Lead: Mark Savenkoff</p>
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Key Initiative

Response to External Partner Engagement and Needs Assessment Survey findings completed by June 1, 2022.

Project Constraint	Status	Comments
Scope	★	In response to the survey results, and with final consideration for BOG feedback, final edits were made to the Partnership Framework. The notable addition was a fourth value stream, bringing the comprehensive list to: knowledge transfer; talent management/employability; financial sustainability; and student life/community support. The Associate Director position to provide leadership for this portfolio was scoped, recruited for, and hired.
Schedule	★	Associate Director Marc Dupuis began hosting monthly partnership meetings starting September 7, 2022. Membership includes: Grant Perry, Kristine Dawson, Brent Brownlee, Pouya Safi, Patrick Devey, Kristine Dawson, Ernest Mulvey, Ian Lewer and Mark Savenkoff. A stand alone meeting was held with Chris Janzen in January 2023, and Marc and Mark attended the dean's only meeting on January 23, 2023. Revised monthly prospect management standing meetings began in February 2023 and continue to present day.
Budget	★	The Associate Director, Partnerships position is a 2-year Fixed Term Administrator and on track to be completed within budget.

As of June 2, 2023

Initiative Progress Dashboards

PS4 New Strategic Partnerships Launched



- = On track – no significant issues
- = Minor or Potential Impact/Delay
- = Major impact or Delay
- ★ = Completed

Partnership Strategy:

ACET Sponsor: Mark Savenkoff
Initiative Lead: Mark Savenkoff

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

Key Initiative:

Partnership Framework (PS4) - b) 2 new industry and community partners confirmed by March 31, 2023.

Note: 2022-23 Business Plan Initiative: 4.0 b - Strategic industry and community partnerships developed and stewarded

Project Constraint	Status	Comments
Scope	★	Algonquin College is proud to partner with PCL Construction and Nokia. Nearly one third of PCL employees are Algonquin College graduates, the College is in PCL's top two co-operative education partners, PCL is a College DARE6 partner in support of the Indigenous transmission of knowledge and PCL supports College students through bursaries. Algonquin College is one of the top cooperative education partners for Nokia in Canada, the top College for student-to-employee conversations, a partner with faculty in the School of Advanced Technology, a DARE6 partner in support of the transmission of Indigenous knowledge and a participant at the 2022 IYDC conference in Kamloops. Of note, the Nokia partnership may not be publicly announced until April 2023.
Schedule	★	An on-campus event with PCL was hosted on Sept. 21 in the Wolves Den to unveil a photograph by Michelle Valberg whereby President Brule spoke to the strategic nature of the PCL partnership. Activities with Nokia continue as recently as an onsite visit of 60 students to Nokia on April 28, and Nokia will be awarded the Alumni Employer of the Year Award on November 2.
Budget	★	The Associate Director, Partnerships position is a 2-year FTA. The Associate Director was instrumental in securing a partnership with industry, government and College departments to realize a project profit of approx. \$280K (or a net contribution margin of +33%).

As of April 30, 2023

Initiatives Starting in 2023-24

POLICY FRAMEWORK

FINANCIAL STANDARDIZATION (POL2)

- Provide standard understanding of common financial measures and terms.
- Standardized release of enrolment projections and annual budget cycles that aligns with annual business plan development.

COST CONTAINMENT

RIGHT SIZED BUDGETS (CC2)

- Create process to ensure budgets are right sized, focused on core activities and demonstrate value with benchmarks and measures

CONTINUOUS IMPROVEMENT

KEY VALUE STREAMS (CI2)

- Identify and map key value streams and ensure key project and programs have metrics aligned to corporate goals.

CONTINUOUS IMPROVEMENT

PROGRAM MONITORING AND EVALUATION (CI3)

- Program monitoring and evaluation to sustain continuous improvement efforts; Development of a community of practice and project/knowledge repository to promotemetrics aligned to corporate goals.

Appendix A

Financial Conditions to Achieve Financial Sustainability

	Primary Conditions TARGETS <i>DOLLAR FIGURES IN MILLIONS</i>	Supporting Conditions	Future State Target 2025-26	TRUE NORTH TARGET	Notes
NET ASSETS	Net Assets are equal to 100% of Annual Expenditures		50.0%	200.0%	Key indicator of financial sustainability is the net asset value relative to spending.
		General Reserves for Future Capital Expansion is valued at 2/3rds of capital cost for next Major Capital Project - Facility	40.0%	200.0%	Ottawa Campus of Care Class G Estimate \$79M
		Reserve funds are sufficient to fund 50% of Capital Investment Requirements for next 3 years: Campus Services Reserve Fund ERP Reserve Fund Academic Equipment Reserve Fund IT/Physical Infrastructure Renewal Reserve Fund	\$9.5 \$19.2 \$1.7 \$28.3	\$100.0 \$100.0 \$100.0 \$200.0	Future State Targets from 5-Year Capital Investment Plan- 50% to be funded form Reserve Funds (Board of Governors- Dec 2021).
		Endowment Fund is valued at 50% of student tuition revenues	40.0%	100.0%	
FUNDED ACTIVITY/ COLLEGE OPERATIONS	10% Net Contribution Margin (cash basis) after International student revenue sharing and debt servicing		2.0%	20.0%	10% margin required to fund other subsidized activity, non-funded activity and Strategic Investment Priorities (capital) expenditures.
		Planned contributions to reserves	\$6.0	\$20.0	Financially sustainable organizations contribute cash to reserves to address asset depreciation and the need to respond to opportunities and risks.
CAMPUSE SERVICES	15% Net Contribution Margin (cash basis) after College overhead, contributions to reserves and debt servicing		11.0%	30.0%	15% margin required to provide additional contributions to cash reserves, Strategic Investment Priorities (capital) expenditures and other non-funded activity.
		Planned contributions to reserves	\$3.0	\$10.0	Financially sustainable organizations contribute cash to reserves to address asset depreciation and the need to respond to opportunities and risks.

	Primary Conditions TARGETS <i>DOLLAR FIGURES IN MILLIONS</i>	Supporting Conditions	Future State Target 2025-26	TRUE NORTH	Notes
CONTRACT AND OTHER NON-FUNDED ACTIVITY	20% Net Contribution Margin		16.0%	30.0%	20% margin required to contribute to subsidization of other non-funded activity and Strategic Investment Priorities (capital) expenditures.
		Corporate Training Centre	30.0%	50.0%	30% margin required to contribute to subsidization of other non-funded activity and Strategic Investment Priorities (capital) expenditures.
		Public College Private Partnership	\$5.0	\$50.0	Net Contribution to Strategic Investment Priorities.
		Funds Raised / Gifts-in-Kind	\$5.0	\$50.0	Cash donations, sponsorship revenues and gifts in kind.
		Planned contributions to reserves	\$1.5	\$10.0	Financially sustainable organizations contribute cash to reserves to address asset depreciation and the need to respond to opportunities and risks.
INTERNATIONAL EDUCATION CENTRE	35% Net Contribution Margin after International student revenue sharing with Funded Activity		30.0%	50.0%	35% margin required to contribute to Strategic Investment Priorities (capital) expenditures.
		Targetted International/Domestic student mix is 40/60	31.5%	50.0%	Presented as international student enrolments (by term) / total full-time student enrolments (by term) and excludes enrolments of Public College Private Partnership.
		Planned contributions to reserves	\$4.0	\$10.0	Financially sustainable organizations contribute cash to reserves to address asset depreciation and the need to respond to opportunities and risks.
STRATEGIC INVESTMENT PRIORITIES	Expenditures equal 15% to 30% of Total Annual Expenditures		10.0%	100.0%	Annual commitment to strategic investments is required to ensure financial sustainability with some variability year to year.
					Forecast spending ratios are based on the 5-Year Capital Investment Plan (Board of Governors - Dec 2021).

Appendix B

Financial Sustainability Metrics

	Metric Name	Formula/ Calculation	Future State Target	True North Target	Description
FINANCE	Return on Net Assets	Change in Net Assets during the fiscal year / Total Net Assets at the beginning of the fiscal year	8.0%	100.0%	Net Asset growth positions the College to sustain ongoing operations and investments.
	Viability Ratio	Expendable Net Assets/ Long Term Debt"	1.25	10	The viability ratio indicates the relative liquidity of the College and ability to pay debt obligations.
	Primary Reserve Ratio	Expendable Net Assets (internally restricted and unrestricted) / Total Expenses"	0.4	5	Expendable Net Assets should be at least 0.4 or enough to pay for 5 months' expenses.
	Net Operating Revenue Ratio	Operating Surplus/ Total Operating Revenues	At least 10%	50.0%	Healthy operating margins ensure that the College earns sufficient revenues to deliver current programs/services, fund in year SIP and reserve cash for future needs.
SPACE	Facilities Condition Index	Total Deferred Maintenance Costs/ Current Replacement Value of Campus Facilities	Less than 5%	0.00%	Facilities Condition Index is a standard facility management benchmark that is used to objectively assess the current and projected condition of building assets on College campuses. These values are derived from the most recent College facilities assessments.
	Investment in Facilities as a % of Current Replacement Value	Annual Maintenance and Suitability Costs/Current Replacement Value of Campus Buildings	1.25% for Maintenance and 0.5% for Suitability	5% for Maintenance and 2% for Suitability	Includes annual operational maintenance costs (inc. contract maintenance), infrastructure envelope and space envelope costs. Industry standard is X% for Maintenance and Y% for Suitability.
	Assignable square meter per student	Total # of Assignable square meters/ Number of Full Time Post Secondary Registrations	2.40	1	The utilization rate of the College's assignable space is a metric that indicates the productivity of our facilities. Greater students served with less space leads to higher productivity. However, the quality of the student experience must also be measured and considered when developing new strategies to serve more students with less space.
PEOPLE	Vacancy Rate	# of Vacant Full Time Positions / Total number of Full Time positions available	6% or less	0%	Managing full time position vacancies to the lowest point possible helps ensure appropriate capacity and productivity required to effectively deliver College programs and services.
	Vacation Liability	# of accrued vacation days (hours) for all full time employees multiplied by daily (hourly) rate of employee compensation	\$11,800,000 (\$9,600,000)	\$0.0	Vacation liability must be monitored and managed to ensure that employees are maintaining their health and wellness and that the College is not carrying excessive financial liabilities.

Appendix B

Financial Sustainability Metrics

	Metric Name	Formula/ Calculation	Future State Target	True North Target	Description
TECHNOLOGY	IT Infrastructure Condition Index	(The total # of Infrastructure Devices within the Target Life Expectancy)/ (Total Number of Hardware Devices)	95%	100%	<p>This metric measures the number of infrastructure devices that are not beyond end of life or are still being supported by the vendor as a percentage of the total number of infrastructure devices. The KPI represents the risk of hardware failure due to age, but also the risk of prolonged outages because the asset is no longer supported; this can lead to a lack of available expertise and spare parts to correct a failure.</p> <p>As of FY2021-22 the scope has been changed to include cabling. As a result, cabling has been added to the denominator and numerator of the forecasted metrics for FY2021-22 and onward. Cabling was originally not included in metrics previous to FY2021-22 and will not be retroactively calculated.</p>
	IT Services Customer Satisfaction (Net Promoter Score)	Clients who have submitted a service request to the ITS Service Desk (via phone or email) are requested to complete an NPS survey. Approximately 10% of service requests result in a completed survey. This metric is the NPS calculation of all NPS scores received for the reporting year.	90	100	This metric is tracked monthly and presented to CTC. However, only the annual number is provided to FSR to reflect actuals and forecasts for each year.
	Cyber Security Maturity Rating	This metric is based on the Ernst and Young Cybersecurity Program Assessment method which was developed as an objective means to evaluating any organizations security program. Points are awarded for achieving levels of maturity across various Cyber Program categories (e.g. Awareness, Policy and Legislative Compliance). The overall score is on a scale from 1 to 5.	2.5	5.0	<p>Areas reviewed in the assessment are as follows:</p> <ul style="list-style-type: none"> • Architecture • Asset management • Awareness • Business continuity management • Data infrastructure • Data protection • Governance and organization • Host security • Identity and access management • Incident management • Metrics and reporting • Network security • Operations • Policy and standards framework • Privacy • Security monitoring • Software security • Strategy • Third-party management • Threat and vulnerability management


Appendix C

Themes and Goals

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.



“Ensuring long-term future sustainability for the College is critical to the success of our mission and strategic goals.”

Claude Brulé,
President and Chief Executive Officer