



BUDGET PRINCIPLE: 1.09

Replaces Principle Dated: NEW

**Allocation of Strategic Investment Priorities
Funds – Recurring Annual Investments**

Approved by ACET:

Effective Date: October 11, 2017

INTRODUCTION

Within the Strategic Investment Priorities (SIP) Fund, financial resources are allocated to support both one-time investments and recurring annual investments that require central oversight due to their significance as determined by the College President. This budget principle addresses a subset of the overall SIP Fund, recurring annual investments.

DEFINITIONS

| Term | Definition |
|---|--|
| Academic Equipment Renewal | The replacement of existing academic equipment that has reached the end of its useful life. |
| Human Resources Programs | Programs intended for staff/faculty development including but not limited to leadership development, Live Laugh Learn Employee Retreat and degree tuition sponsorship. |
| Information Technology Infrastructure Maintenance | Maintenance of the information technology infrastructure including, but not limited to the College networking and wireless systems, structured cabling, telecom closets, servers, voice systems, audio visual systems and digital signage. |
| Innovation Fund | Funding to help various College departments with process improvement and innovation projects. Projects are determined via an intake process in Applied Research and Innovation. |
| Library Resources | Funding for the EBSCO Discovery Service and the e-Book Consortium. |
| myAC | License fees to support myAC. |
| Non-Academic Equipment Renewal | The replacement of existing non-academic (aka administrative) equipment that has reached the end of its useful life. |
| Physical Infrastructure Maintenance | Maintenance of the College's physical infrastructure including building envelopes, electrical, plumbing and structural systems. It also includes grounds and exterior maintenance of the College. |
| Program / Course Development | The development of academic courses (both credential and non-credential) and programs to be offered to students and clients of the College. |

| | |
|--------------------------------|--|
| Program / Course Marketing | Promotion and marketing for academic programs and courses. |
| Space Adaptations | The adaptation of College physical spaces to ensure that the space is appropriate for the current needs of the College. |
| Strategic Enrolment Management | Strategic and operational initiatives carried out under the governance of the Strategic Enrolment Management Committee. All projects have a targeted objective to either increase enrolment or increase student retention. |

PURPOSE

This budget principle prescribes the minimum base level of SIP funding that will be set-aside annually for recurring annual investments that are characterized as necessary on an ongoing basis to ensure the continuance of College operations. The residual SIP funding will continue to be available for other one-time investments as submitted through the established process.

PRINCIPLE

The following are principles to establish the prescribed minimum allocations of SIP funding for recurring annual investments:

1. Academic Equipment Renewal
 - a. It is acknowledged that there currently is not an identified education sector prescribed rate of annual reinvestment for academic equipment. The College has performed its own analysis to determine that an ideal rate of reinvestment is 10% of the replacement value of existing equipment.
 - b. The College currently prescribes a minimum allocation for academic equipment renewal equal to 3% of the replacement value of the College's existing academic equipment.
2. Human Resources Programs
 - a. Development of the College's human resources is critical to the success of the organization. While there is not an identified rate of investment for staff development, the College has historically invested approximately \$320,000 annually in Human Resources Programs.
 - b. The College currently prescribes a minimum allocation for Human Resources Programs of \$325,000 annually with adjustments for inflation.
3. Information Technology Infrastructure
 - a. It is acknowledged that there currently is not an identified information technology industry prescribed rate of annual reinvestment in information technology infrastructure for higher education. The College has performed its own analysis to determine that an ideal rate of reinvestment is 6% of the replacement value of existing infrastructure assets.
 - b. The College currently prescribes a minimum allocation for information technology infrastructure maintenance equal to 6% of the replacement value of the College's existing information technology infrastructure assets.
4. Innovation Fund
 - a. The Innovation Fund supports the College's commitment to continuous improvement and innovation. While there is not an identified best practice rate of investment for this type of activity, the College has historically invested \$100,000 annually to support these initiatives.
 - b. The College currently prescribes a minimum allocation of \$100,000 annually.

5. Library Resources
 - a. Ensuring library resources are current and that students have access and support within the Student Learning Centre are key to student success. Historically, the College has invested approximately \$145,000 annually in Library Resources.
 - b. The College currently prescribes a minimum allocation of \$145,000 annually to support Library Resources Initiatives with adjustments for inflation.

6. MyAC
 - a. MyAC is a College-wide information and collaboration forum for the staff and faculty of the College. The College has historically invested approximately \$180,000 annually in licensing costs to support myAC.
 - b. The College currently prescribes a minimum allocation of \$182,000 annually to support myAC with adjustments for inflation.

7. Non-Academic Equipment Renewal
 - a. It is acknowledged that that there currently is not an identified education sector prescribed rate of annual reinvestment for non-academic equipment. The College has performed its own analysis to determine that an ideal rate of reinvestment is 10% of the replacement value of existing equipment.
 - b. The College currently prescribes a minimum allocation for non-academic equipment renewal equal to 2% of the replacement value of the College's existing non-academic equipment.

8. Physical Infrastructure Maintenance
 - a. It is acknowledged that that the facilities operations industry prescribes an annual reinvestment in physical infrastructure equal to between 1.5% and 2.5% of the replacement value of existing physical infrastructure assets.
 - b. Due to the fiscal realities of the Ontario college sector, the College currently prescribes a minimum allocation for physical infrastructure maintenance equal to 0.4% of the replacement value of the College's existing physical infrastructure assets.

9. Program / Course Development
 - a. Reinvestment in the College's programs and courses is critical to the sustainability of the College and its ability to accomplish its mission. While there is not an identified education sector prescribed rate of reinvestment in program / course development, the College has historically invested a value equal 1.2% of its full-time tuition fee revenue.
 - b. The College currently prescribes a minimum allocation for program / course development equal to 1.2% of the projected full-time tuition fee revenue.

10. Program / Course Marketing
 - a. Annual recurring investment in marketing the College's programs and courses is necessary to achieve enrolment levels that support the College's financial sustainability of the College. A significant portion of this investment is subject to central oversight in the SIP allocations to ensure this budget provision is not unduly reduced during periods of significant fiscal challenges.
 - b. The College currently prescribes a minimum allocation for program / course marketing equal to \$2,500 dollars per full-time academic program.

11. Space Adaptations
 - a. It is acknowledged that that there currently is not an identified education sector prescribed rate of annual reinvestment for space adaptations. While there is not an identified education sector prescribed rate of reinvestment in space adaptations, the College has historically invested a value equal to 0.25% of the replacement value of its physical infrastructure assets.
 - b. The College currently prescribes a minimum allocation for space adaptations equal to 0.2% of the replacement value of the College's existing physical infrastructure assets.

12. Strategic Enrolment Management

- a. As the post-secondary education sector becomes increasingly competitive, continued investment in strategic enrolment initiatives is essential to the College’s sustainability. While there is not an identified education sector prescribed rate of investment for strategic enrolment initiatives, the College has historically invested \$245,000 annually in these initiatives.
- b. The College currently prescribes a minimum allocation of \$275,000 annually to support Strategic Enrolment initiatives with adjustments for inflation.

POLICY

1. Authority

- a. The Board of Governors has the authority to approve the College’s annual budget including final SIP allocations and major capital projects.
- b. The Algonquin College Executive Team (ACET) has the authority to approve individual SIP allocations (excluding major capital projects) and determine final SIP allocations during annual budget development and quarterly reviews of financial projections. ACET has the authority to make exceptions to the prescribed minimum SIP allocations stated above.
- c. The College Budget Committee has the authority to determine the recommended SIP allocations for approval by the Algonquin College Executive Team during annual budget development and quarterly reviews of financial projections.
- d. Once these SIP allocations are approved, the Leaders identified below have the authority to use an ‘envelope’ approach to managing these funds and re-prioritize projects, programs and initiatives funded with these allocations as appropriate. These Leaders do not have the authority to spend funds in excess of the SIP allocation without approval from the Algonquin College Executive Team.

2. Accountability

- a. Within the SIP allocations to recurring annual investments above, there are individual projects, programs and initiatives. Accountability for the responsible utilization of these funding allocations resides with the following Algonquin College Leadership Team positions:

| SIP Allocation | Accountable Leader |
|---|--|
| Academic Equipment Renewal | Executive Director, Academic Operations and Planning |
| Human Resources Programs | Vice President, Human Resources |
| Information Technology Infrastructure Maintenance | Chief Digital Officer |
| Innovation Fund | Director, Applied Research & Innovation |
| Library Resources | Director, Student Support Services |
| myAC | Executive Director, Communications, Marketing and External Relations |
| Non-Academic Equipment Renewal | Each Director in Receipt of an Allocation |
| Physical Infrastructure Maintenance | Director, Physical Resources |
| Program / Course Development | Dean, Academic Development |
| Program / Course Marketing | Director, Marketing and College Enrolment |
| Strategic Enrolment Management | Executive Director, Academic Operations & Planning |
| Space Adaptations | Director, Physical Resources |

- b. These individuals are accountable for the prioritization, timely completion and budget management of projects, programs and initiatives funded with these allocations.

3. Reporting

- a. Finance and Administrative Services will calculate and recommend the initial estimated value of SIP funds to be allocated as part of the development of the annual budget and report this to the College Budget Committee and the Algonquin College Executive Team.
- b. Finance and Administrative Services will provide quarterly reports on actual and projected SIP allocations.

4. Time frame

- a. The SIP funds allocation will be determined during the annual budget development process.
- b. Each quarter, SIP allocations will be adjusted and new requests for SIP allocations may be recommended for approval by ACET during the quarterly SIP projection and review process.

5. Transparency

- a. The College Budget Committee will be presented with the data, assumptions, estimates and calculations used to determine the total funds available for strategic investment priorities each year.
- b. The College Budget Committee will be presented with the data, assumptions, estimates and calculations used to determine the initial minimum base level allocations for each of the SIP categories identified above.
- c. Finance and Administrative Services is responsible for communicating these annual SIP allocations and quarterly SIP allocation adjustments to the Algonquin College Leadership Team.
- d. Each of the Accountable Leaders identified above are responsible for presenting a detailed list of the projects, programs and initiatives that will be undertaken each year with these SIP funds. These presentations will be made to the College Budget Committee and/or the appropriate College standing committee (eg. College Technologies Committee, College Space Committee) for information and comment.

PROCEDURES

1. During the annual budget development and quarterly financial projection processes, Finance and Administrative Services will calculate the strategic investment priorities available capacity and will present this information to the College Budget Committee.
2. Finance and Administrative Services will calculate the initial minimum base level allocations for each of the SIP categories identified above and will present this SIP allocation to the College Budget Committee (see Schedule to Calculate Minimum SIP Allocation for Recurring Annual Investment).
3. The remaining SIP capacity, after accounting for SIP allocations for recurring annual investments, will be assessed by Finance and Administrative Services in consultation with the College Budget Committee to determine if it is appropriate for other SIP investment priorities.
4. In the event that other SIP investment priorities (eg. major capital projects, new strategic space and IT projects) require a greater allocation than currently identified, the College Budget Committee will prepare a recommend alternate SIP allocation to the Algonquin College Executive Team.
5. In the event that funds in excess of the SIP allocation are required for recurring annual investments, a separate and complete strategic investment priorities request must be submitted to the College Budget Committee to formally request the additional funds.
6. Once the Algonquin College Executive Team approves SIP allocations for recurring annual investments, the Accountable Leaders identified above will present the programs, projects and initiatives to the appropriate standing committee.
7. Accountable Leaders will manage the execution of programs, projects and initiatives with the approved allocation SIP funds.

RELATED POLICIES:

Budget Principle 1.08: Strategic Investment Priorities Fund

RELATED DOCUMENTS:

Schedule to Calculate Minimum SIP Allocation for Recurring Annual Investments in 2018/19

| Recurring Annual Investment | Metric to Calculate Rate of Reinvestment | Value of Metric to Calculate Rate of Reinvestment | Prescribed Rate of Reinvestment/Inflation | Calculated 2018-2019 Value of SIP Allocation | 2017/18 Approved Annual Budget SIP Allocation (for comparison) |
|---|---|--|--|---|---|
| Academic Equipment Renewal | Replacement Value of Existing Academic Equipment | \$40 million* | 3%** | \$1,200,000 | \$460,000 |
| Human Resources Programs | 3-year Historical Average to be increase annually by 1.5% for inflation | \$320,992 | 1.5% | \$326,000 | \$317,860 |
| Information Technology Infrastructure Maintenance | Replacement Value of Existing IT Infrastructure Assets | \$47.6 million | 6% | \$2,856,000 | \$1,632,149 |
| Innovation Fund | Held at \$100,000 annually | \$100,000 | 0% | \$100,000 | \$92,000 |
| Library Resources | 3-year Historical Average to be increase annually by 1.5% for inflation | \$144,356 | 1.5% | \$146,500 | 122,280 |
| myAC | 3-year Historical Average to be increase annually by 1.5% for inflation | \$159,655 | 1.5% | \$163,000 | \$179,400 |
| Non-Academic Equipment Renewal | Replacement Value of Existing Non-Academic Equipment Assets | \$10 million* | 2%** | \$200,000 | \$114,703 |
| Physical Infrastructure Maintenance | Replacement Value of Existing Physical Infrastructure | \$689.9 million | 0.4%** | \$2,759,600 | \$2,169,360 |
| Program / Course Development | Projected Full-Time Tuition Fee Revenue | \$72 million | 1.2% | \$863,675 | \$775,560 |

| | | | | | |
|--------------------------------|---|-----------------|---------|---------------------|--------------------|
| Program / Course Marketing | Number of Full-Time Academic Programs*** | 226 | \$2,500 | \$665,000 | \$724,760 |
| Strategic Enrolment Management | 3-year Historical Average to be increase annually by 1.5% for inflation | \$245,560 | 1.5% | \$250,000 | \$294,640 |
| Space Adaptations | Replacement Value of Existing Physical Infrastructure | \$689.9 million | 0.2%** | \$1,379,800 | \$503,240 |
| TOTALS | | | | \$10,909,575 | \$6,379,772 |

*Replacement Value for Academic and Non-Academic Equipment has been estimated. It will be updated as more accurate information becomes available (next budget cycle).

**The best practices rate of investment is greater than the minimum values noted here. These minimum values will be increased in future years as the budget allows.

***The number of full-time academic programs is based on the number of programs listed in the most recent Annual Report (2016-2017).