

MEMO

DATE: April 28, 2020
TO: Algonquin College Leadership Team
CC: Business Administrators and Budget Officers
FROM: Emily Woods, Associate Director, Finance
SUBJECT: 2020-21 First Quarter Financial Projection Update

Please share this memo with the appropriate staff in your department.

Thank you all for the support that you have provided to Finance during this difficult time. As we close the 2019-20 fiscal year and look to re-balance the 2020-21 budget through the First Quarter Financial Projection, we have been reflecting on the amazing amount of work that has been accomplished under incredibly difficult circumstances. Thank you for the tremendous amount of support, adaptability and good humor that you've shared with us.

As we indicated in our last memo, we will continue to provide you with information as it becomes available to provide guidance to the First Quarter Financial Projection process. After presenting the COVID-19 financial scenarios to the Board of Governors on April 20, 2020, we received direction that for our initial planning purposes, the College will aim to limit the draw on College reserves to offset revenue losses. This would result in an overall College deficit of approximately \$11 million, plus the additional draws on reserves previously approved by the Board of Governors to support major capital projects already in progress, the Student Information System and support for the Athletics and Recreation Centre.

In order to maintain the in-year deficit at this value, we will need to take a few different approaches to determine the right solutions. These financial solutions will need to be integrated with our Academic Continuity Plan and our Workforce Pandemic Mitigation Plan. Solutions will include, but are not limited to, reducing discretionary spending, managing our vacancies, identifying opportunities to increase net revenues and reviewing our spending in all programs and services.

It is important that we begin to take action now to start to identify potential solutions. As an initial approach to generate ideas and discussions, we are requesting that all areas of the College identify how they would reduce their expenditures for the 2020-21 fiscal year by 13%. This target value was derived through the financial modeling that was done for the Board of Governors presentation and may change based on the enrolment planning

MEMO

exercise which is currently ongoing. We acknowledge that 13% is a significant reduction that would impact the delivery of College programs and services. An impact reporting template has been attached ([Appendix A: First Quarter Projection 2020-21 Impact Assessment](#)) to allow you to identify the impacts of the budget cuts to your operations.

The Algonquin College Executive Team is endorsing this action as a first step to identify potential financial solutions to our challenges, gain knowledge on the potential impacts of spending reductions and generate discussion on these impacts that can lead to decisions. To re-iterate, this is not a permanent cost cutting exercise that you and your departments are required to commit to at this time. It is an exercise to identify financial solutions for consideration.

It is important to note that new information continues to affect our 2020-21 projections on a daily basis; therefore changes to assumptions and/or due dates are to be expected.

Updated Timeline

Here are the updated key dates for the process:

Date	Deliverable
Friday, April 17, 2020	Adaptive Insights opens
Tuesday, April 21, 2020	Adaptive Insights Training (10:00 a.m.)
Friday, April 24, 2020	Adaptive Insights Training (11:00 a.m.)
Monday, April 27, 2020	Adaptive Insights Training (1:00 p.m.)
Wednesday, May 27, 2020	Adaptive Insights closes (4:00 p.m.)
Late June (TBD)	Presentation of the 2020-21 First Quarter Financial Projection to the Audit and Risk Management Committee
Monday, July 13, 2020	Presentation of the 2020-21 First Quarter Financial Projection to the Board of Governors

Adaptive Insights Instructions

Within Adaptive Insights, please ensure to use the **Q1 Projection 2020-21** version. Detailed information on using Adaptive Insights for the First Quarter Projection update is contained within the [User Guide](#) available on our Finance website.

The **Q1 Projection 2020-21** version is based on the Approved Budget 2020-21 version with a couple of minor adjustments to enrolment provided by Academic Operations and Planning. The 2020-21 Responsibility Center Management (RCM) values have also been

MEMO

loaded into both the Approved Budget 2020-21 version and the Q1 Projection 2020-21 version.

Contacts

Any questions regarding the First Quarter Projection update process can be directed to any of the contacts below:

Teri Kinnunen	Manger, Corporate Budgeting	kinnunt@algonquincollege.com
Emily Woods	Associate Director, Finance	woodse@algonquincollege.com
Cristy Montgomery	Manager, Academic Operations and Planning	richarc1@algonquincollege.com