



2022-2023 BUSINESS PLAN

mohawkcollege.ca



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Section 1: Board of Governors

Name
External Members
Bill Chisholm, Chair
Anna Filice, Vice Chair
Karen Belaire
Brian Henry
Lisa Knap
Kathy Lerette
Sheri Longboat
Rocco Passero
Shaun Padulo
Mila Ray-Daniels
Steve Stipsits
Internal Members
Wayne Collins
Keeleigh Donkervoort
Tracey Richardson
Administrative Staff - Vacant
Ron McKerlie, President

Above membership is as of May 10, 2022

Section 2: Introduction

Mohawk College's new Strategic Plan came into effect in January 2022. As part of the launch engagement strategy, divisional and leadership forums were held to explore and develop how all areas of the college can contribute to enabling the aspirations and prioritize the strategic directions found in the plan for this first year.

This business plan outlines the annual priorities, tactics and institutional goals that will advance the strategic aspirations to meet the leadership outcomes found within the plan.

The priorities for 2022-2023 have been compiled, vetted and approved by the Mohawk Executive Group and reviewed by the Senior Leadership Team. They are aligned with the budgeting process of Mohawk College. And new this year, the business plan has now been aligned with the Performance Management Planning (PMP) process. The Business Plan is presented to the Board of Governors for final approval at the June 2022 meeting.

Section 3: Strategic Plan

Vision:

Future Ready. Learning for Life

Mission:

We educate and prepare highly skilled graduates for success and contributions to the community, Canada and the world.

Values:

- We are student focused.
- We are committed to excellence.
- We engage our community.
- We are inclusive.
- We are accountable.

Aspirations

- Meaningfully advance Truth and Reconciliation
- Enable Future Ready education, research, programs, services and experiences – for students, employees and our community
- Be a place that honours, values and celebrates the whole of every person
- Ensure access to education and reduce barriers for all
- Lead in workforce development
- Make a measurable impact on climate change

Section 4: 2022-2023 Key Priorities

Introduction

These priorities for 2022-2023 have been compiled, vetted and approved by Mohawk Executive Group. They are aligned with the budgeting process of Mohawk College. The Business Plan is presented to the Board of Governors for final approval at the June 2022 meeting.

Aspirations



Meaningfully Advance Truth and Reconciliation

The path towards Truth and Reconciliation is sharing and understanding the truth of Indigenous history and people, working towards decolonization and Indigenization, and building relationships in order to do good reconciliation work.

The following are the priorities identified for 2022-2023 to support reaching our leadership outcome.

Develop the Indigenous Learning Outcomes in alignment with the Truth and Reconciliation (TRC) calls to action and begin implementation for students at the program level.

Complete concept design and begin implementation of the Centre for Indigenous Relations, Knowledge and Learning (CIRKL).

Map our commitments, strategic directions and aspirations to the Colleges and Institutes Canada (CICan) Indigenous Education Protocol and the TRC Calls to Action. Through external funding, develop a protection and access to drinking water research project in collaboration with community partners.



Enable Future Ready Education, Research, Services, Experiences – for Students, Employees and Our Community

We are transforming the way we deliver the educational experience. We've redefined the meaning of campus to meet our students' needs and to support the balance of school, work, and family commitments.

The following are the priorities identified for 2022-2023 to support reaching our leadership outcome.

Develop a multi-year Digital Learning Strategy and begin implementation, including differentiated delivery methodologies (e.g. flexible learning, definition of campus, simulation-based learning etc.).

Develop a strategic program portfolio framework including dedicated micro-credentials, degree and part-time learning strategies to reflect the changing needs of learners and employers.

Develop and implement a hybrid student services delivery model, including hours of operation and virtual options – reflective of the diversity of our learners and their individualized needs.

Continue with the integration of technology into the redefined student service delivery model including the IBM Chatbot, implementation of a Customer Relationship Management (CRM) system, and block-chain enabled credentials and transcripts.

Develop and implement the new Applied Research framework.



Be a Place That Honours, Values and Celebrates the Whole of Every Person

We are committed to nurturing an equitable, diverse and inclusive culture and environment for everyone who learns and works at Mohawk.

The following are the priorities identified for 2022-2023 to support reaching our leadership outcome.

Develop a framework to support the integration of EDI into curriculum, advisory committee structures, program development and review processes, promotion and recruitment.

Identify core EDI competencies for each employee as part of the Performance Management Process.

Continue with implementation of the EDI Action Plan; oversight by the EDI Steering Committee, sub-committees and Mohawk Executive Group.

Development of an International student recruitment strategy to increase diversity of the student population and mature differentiated

revenue opportunities including management of public college private partnership.

Increase access to global learning opportunities through introduction of the Collaborative Online International Learning (COIL) framework and program.



Ensure Access to Education and Reduce Barriers for All

We will ensure that Mohawk is the destination of choice for all learners by removing barriers encountered at various stages of the educational journey.

The following are the priorities identified for 2022-2023 to support reaching our leadership outcome.

Complete implementation of the OCAS international application portal and refine internal business practices to streamline the overall international student admissions process.

Create more opportunities to deliver demand led programming through the access strategy, City School and Challenge 2025 (C2025).

Further develop the 4 College (4C) alliance partnership, expanding opportunities to implement City School programming across Canada.

Develop a renewed Women in Trades and Technology (WITT) strategy and identify new opportunities for partnerships with provincial and national funding opportunities in collaboration with the Mohawk College Foundation.



Lead in Workforce Development

As a catalyst for community and economic resiliency, we are committed to developing and implementing transformative educational models to support workforce development, from small business through to large industry and sector partners.

The following are the priorities identified for 2022-2023 to support reaching our leadership outcome.

Develop and implement framework to leverage key partnerships related to curriculum, program and training offerings, and projects to support community and stakeholders.

Continue to develop and implement micro-credentials as a mechanism to measure and quantify learning opportunities based on industry demand.

Continue to deliver on the goals of Canadian Colleges for a Resilient Recover (C2R2) and expand the reach of the Mohawk College Centre for Climate Change Management (CCCM).



Make a Measurable Impact on Climate Change

Climate change continues to be the biggest challenge of our lifetime. Our decisions and actions impact future generations. We will continue to focus on climate action to protect our environment. It is a global priority.

The following are the priorities identified for 2022-2023 to support reaching our leadership outcome.

Develop the Mohawk College Climate Action Plan.

Create professional development opportunities and awareness campaigns for employees to start integrating a climate action philosophy into all our actions.

Identify domestic and international partnership opportunities (including exchanges) that align with our commitment to sustainability.

Align with learnings and best practices from our Indigenous community and Centre for Indigenous Relations, Knowledge and Learning.

Advance the goals of C2R2 through the development of sustainability-related curriculum, research projects and capstones.



Strong Foundations

Strong Foundations underpin our new Strategic Plan to ensure that we can progress toward our aspirations and ultimately achieve our leadership outcomes.

- **People**
Implement the next formal employee engagement survey including voluntary collection of employee demographic information.
- **Planning**
Complete the employee future of work plan development and being implementation of hybrid working arrangements based on functions and inputs from employees.
- **Reputation**
Explore and extend the reach of storytelling through media and publication outreach with Momentum magazine and industry/sector publications in engaging ways to increase awareness.
- **Technology**
Implement the next phase of the Enterprise Systems Strategy.
- **Financial Health**
Implement a comprehensive multi-year budget planning process that fully integrates with strategic enrolment management.

Section 5: Financial Positions and Operations

	2022-2023 BUDGET	2021-2022 ACTUALS
	\$	\$
FINANCIAL POSITION:		
Cash and Cash Equivalents	5,394,726	23,926,080
Accounts Receivable	17,690,485	20,989,998
Other Current Assets	147,490,928	144,356,934
Construction in Progress	-	927,514
Tangible Capital Assets	402,466,718	389,145,052
Tangible Capital Asset Accumulated Amortization	(215,556,643)	(199,011,072)
Long Term Receivable	25,478,643	26,620,642
Investments and Other Long-Term Assets	1,238,422	1,098,201
TOTAL ASSETS	384,203,279	408,053,349
Accounts Payable and Accrued Liabilities	31,957,907	32,725,789
Deferred Revenue	55,616,326	66,241,636
Restricted Contribution	13,547,508	12,742,200
Deferred Capital Contributions	118,876,230	124,258,099
Debt	41,769,705	44,730,022
Other Long-Term Liabilities	6,384,000	6,384,000
TOTAL LIABILITIES	268,151,676	287,081,746
Unrestricted Net Assets	(5,064,659)	(3,903,622)
Internally Restricted Net Assets	55,224,178	62,073,000
Investment in Capital Assets	50,892,289	47,882,430
Endowments	18,034,380	17,954,380
Accumulated Remeasurement Gain	(3,034,585)	(3,034,585)
TOTAL NET ASSETS	116,051,603	120,971,603
TOTAL LIABILITIES & NET ASSETS	384,203,279	408,053,349
OPERATIONS:		
Grant Revenue	110,738,076	120,744,973
Tuition Fees	114,859,232	96,156,948
Educational and other fees-for-services	28,079,571	8,734,817
Ancillary Revenue	9,499,671	5,837,341
Other Revenue	7,648,407	8,887,069
TOTAL REVENUE	270,824,957	240,361,148
Salaries and Wages	133,645,083	126,439,696
Employee Benefits	31,971,865	28,802,979
Transportation and Communication Services	2,357,793	1,842,682
Services	56,153,719	37,524,053
Supplies and Minor Equipment	10,849,976	9,797,517
Ancillary Services - Expenditures	8,221,374	6,343,256
Amortization Expense	16,545,571	17,708,514
Other Expenditures	16,079,576	14,124,514
TOTAL EXPENSES	275,824,957	242,583,211
TOTAL OPERATIONS DEFICIT	(5,000,000)	(2,222,063)

Section 6: Approved 2022-2023 Budget Book

Introduction

The COVID-19 pandemic continues to have a significant impact on the college's fiscal 2022-2023 budget. While full financial recovery may take years, there is a need to ensure financial sustainability in the short term, but still give consideration to long-term opportunities to support or enhance recovery.

The following guiding principles were developed to assist the college's decision-making process in developing the fiscal 2022-2023 budget. The budget will:

- align with the college's core business, the education of students and services required to support them;
- take into consideration activities that have revenue sources attached to them that will, in turn, help support investment in academic delivery and support services;
- ensure any spending outside of immediate staffing needs is essential to core operations;
- ensure continued investment in activities that will contribute to the recovery of enrolment and support differentiation; and
- ensure contractual obligations or legislative requirements continue to be fulfilled.

As a result of the pandemic, the college is budgeting for a \$5.0M deficit for fiscal 2022-2023.

Financial Planning Framework

The Financial Plan is comprised of three main budget components:

- The **Operating Budget** represents the revenue and expenses associated with the day-to-day operations of academic, student, ancillary and corporate services. Primary sources of revenue are government grants, student fees, contracted services, and ancillary business operations. These revenue sources support the cost of salaries and benefits, supplies, commodities, and other non-salary related expenses.
- The **Fee Supported Budget** represents the compulsory ancillary fees paid by students for specific services. These include fees such as athletics and recreation, career services, student buildings, academic support, etc.
- **The Capital Budget** reflects the funding sources and uses for capital, including building projects, facility improvements, deferred maintenance and equipment.

What is an Operating Budget?

The college's annual operating budget shows the spending requirements and revenue estimates needed to support the day-to-day ongoing operations of Mohawk's programs, services and activities in the academic, student, ancillary and corporate services areas.

Revenue is generated by various sources such as:

- General and specific grants from both the Federal and Provincial levels of government;
- Student tuition fees and other compulsory student fees;
- Ancillary revenue such as campus stores, parking, residence, food services and facility rentals;
- Investment income; and
- Donations.

Student enrolment is the key driver in determining operating budget revenue levels as enrolment influences the Ministry of Colleges and Universities' (MCU) operating grant, tuition fees, and ancillary revenue. The operating grant and tuition fees account for 89% of total revenue.

College expenses include but are not limited to:

- Salaries and fringe benefits;
- Supplies and materials;
- Utilities, maintenance, and taxes;
- Contracted services;
- Amortization;
- Interest costs associated with the repayment of debt financing; and
- Other non-salary related expenses.

The academic expenditure level represents direct academic delivery costs for the projected program enrolments and also program development, program review, and accreditation activities. The contribution margin from the academic area (operating grant plus tuition less academic delivery costs) in turn contributes towards learning resource centres, innovation & research, and related overhead costs.

What is a Fee Supported Budget?

In addition to tuition fees, all students are required to pay compulsory ancillary fees. Compulsory ancillary fees are charged to postsecondary, apprenticeship and continuing education students. The fees are collected for activities the MCU deems are not directly related to academics. Compulsory ancillary fees account for approximately 5% percent of total revenue.

What is a Capital Budget?

Mohawk College's capital budget outlines the college's capital plans for the upcoming year and identifies the funding sources for infrastructure projects such as facility and lab improvements, building projects, deferred maintenance and equipment.

Mohawk relies on a number of funding sources, some that occur each year and others that are one-time in nature. Funds for new capital projects include government grants for facility renewal and academic equipment, student levies, donations, funds from operations, board reserves, and debt financing. In addition to new initiatives, the existing infrastructure continues to age and requires capital spending on renewal and replacement.

Financing decisions associated with each capital request were assessed for such factors as availability of internal funds (operating, ancillary fees,

restricted funds, and board reserves), accessibility to provincial grant programs, and fundraising opportunities.

Financial Policies & Practices

College budget policy is influenced by Canadian public sector accounting standards and MCU guidelines, policies and operating procedures. In addition, Mohawk also maintains several policies that are well established in this organization and others, that are equally as important but less formalized. Examples of budget practices or policies include:

Financial Plan:

Under its governing legislation, a college's budget in normal circumstances is expected to be balanced. When evaluating a college's financial stability, the Ministry's objective is to ensure a college is not in an accumulated deficit position. Based on Ministry directives, a college can report an in-year deficit as long as the accumulated balance remains positive.

Academic Allowable Spend:

For the academic areas, the guidelines approved by the Mohawk Executive Group (MEG) require that allowable expenditures must be less than forecasted revenue in an amount sufficient to return a portion of revenue as an overall contribution to the college (the "Contribution"). The Contribution is allocated towards learning resource centres, innovation and research, and college wide overhead costs. The academic expenditure budgets were created based on the 2022-2023 enrolment plan. Financial managers were encouraged to evaluate opportunities for greater efficiencies.

Postsecondary program efficiency measures allow for maintaining the contribution margin target and investment in program development, program review and accreditation activities.

Compulsory Ancillary Fees:

Compulsory Ancillary Fees are governed by the MCU's "Tuition and Ancillary Fees Reporting" operating procedure and mandates that student governing bodies be involved in decisions regarding compulsory ancillary fees and subsequent increases. Proposed fees and spending plans are presented to the Mohawk Students' Association (MSA) prior to submission to the Board for approval.

Approval of Capital, Investment, and Information Technology Projects:

Requests for the use of funds to be directed towards capital, investment and information technology projects are submitted through their respective committees. Each committee has a robust set of criteria that are used in evaluating projects, including determining how the project aligns with the strategic priorities of the college, return on investment, mitigation of enterprise risk, and the overall impact to the college.

The recommended projects are presented to MEG for their approval based on their alignment with the strategic objectives of the college.

All projects valued over \$2,500,000 require the approval of the Audit, Finance & Infrastructure Committee of the Board of Governors.

Risk Mitigation Strategies:

In light of possible budget uncertainties, the college prepares for and budgets for certain contingencies. Contingency funds may be used to support such things as reductions in enrolment, major repairs, unanticipated costs, etc. The contingency prudently attempts to recognize the risk and the potential negative impact resulting from lost revenue or unexpected expenditures.

Accumulated Surplus:

Accumulated surplus is made up of both “restricted” and “unrestricted” net assets, and investments in capital assets. Internally restricted net assets represent college surpluses that are internally restricted by the Board of Governors. These funds are for capital projects, strategic initiatives, and future operating expenses. Expenditures require approval by the Board of Governors.

Budget Process Timetable

The Budget Process Timetable identifies the key dates and milestones in Mohawk's development, review and approval of its respective budget processes.

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Planning

Planning (September – December 2021)

- Budget directions approved by Board of Governors
- Academic enrolment planning and allowable spend targets
- Non-Academic detailed reviews
- Compulsory Ancillary Fee proposals
- Submission of operating investment proposals, information technology proposals, and capital equipment & projects

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Review

Review (January – March 2022)

- Investment, Information Technology, & Campus Master Plan Committees prioritize submissions
- Centre for Community Partnership and Experiential Learning, IDEAWORKS, public private partnership with triOS College Business Technology Healthcare ("triOS"), and ancillary business operations detailed reviews
- Compulsory ancillary fee proposal updates
- MEG review of operating, fee supported and capital budget plans
- Board approval of tuition fees, program specific, and compulsory ancillary fees

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Approval

Approval (March – April 2022)

- MEG approval of operating budget and capital plan
- Board of Governors approval of 2022-2023 budget
- Communication of budget to college employees

Operating Budget

Budget reflects Strategic Priorities

Mohawk's strategic plan is viewed as an important element in guiding the actions and decisions of the Board of Governors and senior management over the life of the plan. The strategies outlined in the plan heavily influence the various departmental work plans, which in turn have an effect on the budget requirements needed to achieve the board's vision. Therefore, virtually every short-term and long-term goal has an impact on the approved operating, fee supported, and capital budget plans.

Enrolment Planning

Enrolment Planning is the basis upon which the operating budget revenue is calculated for the college.

Mohawk has developed a robust approach to Strategic Enrolment Management (SEM) and created an automated tool to model enrolment potential and trajectories, measure success, and determine areas of risk. Initially, the Deans and Associate Deans provide enrolment forecasts in all postsecondary activity for domestic and international students, which are informed by the impact of the pandemic, the Strategic Mandate Agreement 3 (SMA3), the effect of the corridor funding model, academic plan, and international strategy.

The SEM Steering Committee oversees the forecasting of enrolments, which are ultimately approved by MEG. The committee has representation from staff from across the college, including Administration, Deans, Finance, Institutional Research, Registrar, and Scheduling.

Overall, there is a budgeted net increase in full-time enrolments over fiscal 2021-2022 of 25% as noted in the table below.

Full Time Enrolments (Domestic & International)

	Spring	Fall	Winter	Total	% Increase over 2021-2022
2022-2023 Total Budgeted Enrolment Target	3,210	13,039	13,998	30,247	
2021-2022 Total Forecasted Enrolments	2,912	10,583	10,708	24,203	
Year over Year Semester Growth	298	2,456	3,290	6,044	25%

Postsecondary enrolments drive expected revenue from grants, tuition and fees, ancillary services and correspondingly drive staffing requirements throughout the college.

Impact of COVID-19 Pandemic

The budget includes a provision of expenditures directly related to the COVID-19 pandemic, which includes personal protective equipment and a contingency for unanticipated COVID-19 related costs.

Investment and Information Technology Strategies

Financial managers were given the opportunity to submit investment and information technology proposals requesting funding in support of strategic priorities. An investment and information technology pool of \$13.1M was available to support these requests. After a thorough and detailed review process, the approved investments will support the following initiatives:

- Indigenous Initiatives, Education & Learning Outcomes
- Global Learning Programs
- Website Development and Secure Online Environment
- Institutional Learning Outcomes
- Academic Integrity Policy
- Collaborative Library Systems Platform
- Digital Learning Strategy
- Equity, Diversity and Inclusion (EDI) Training resources
- International Student Recruitment Growth
- Black and Racialized Student Success Program
- International arrivals supports
- Supports for financial assistance and students with disabilities
- Student Placement Strategy and resources

- Climate Action Plan
- Sustainability-related curriculum
- Mental Health Programming
- Strategic Enrolment Management & budgeting
- Enterprise System Strategy
- Academic information technology enhancements
- IT cloud first strategy
- Future of Work

Unpredictable Revenue

While all revenue sources have some degree of volatility, the financial impact of changes in postsecondary enrolments is pronounced especially in light of the COVID-19 pandemic. Tuition revenue varies directly with in-year enrolment activity and failure to attain the planned enrolments poses a risk to the 2022-2023 financial plan. This is more pronounced with international enrolments given the higher value of the tuition fees associated with each student. With a projected enrolment increase of 25%, and the uncertainty over travel and government restrictions for international student enrolments, the financial plan includes a contingency for domestic and international enrolments.

Operating Plan Highlights

The proposed 2022-2023 Budget has been developed in accordance with the approved budget directions and thoroughly reviewed by MEG.

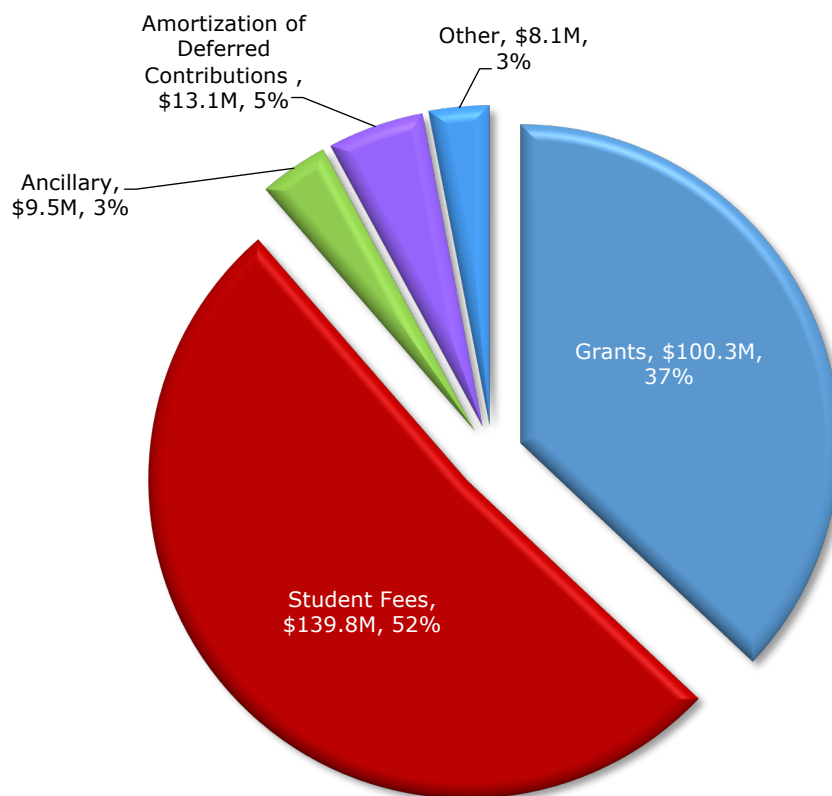
- The 2022-2023 Budget is a deficit of \$5.0M. The deficit will be funded from the college's accumulated surplus.
- Gross revenue is budgeted at \$270.8M and expenditures are budgeted at \$275.8M.
- The plan was developed around delivering educational programming to 15,1241 postsecondary full-time equivalents (FTEs).
- The full-time staffing complement for fiscal 2022-2023 is 1,062, representing 432 faculty, 402 support staff², and 228 administrative staff.

¹ The number of student FTEs includes both domestic and international students in a postsecondary program.

² Faculty and Support staff are determined by those positions covered under the respective collective agreements.

Total Revenue Breakdown (\$270.8 Million)

The total revenue for fiscal 2022-2023 is \$270.8M and the following pie chart shows the funding sources of the approved revenue budget.



Revenue Highlights

Ministry grants represents \$100.3M or 37% of total revenue. Ministry grants are comprised of the core operating grant, special purpose grants, and apprenticeship funding.

The core operating grant is valued at \$67.8M, representing 25% of total revenue. Under the SMA3, the operating grant allocation will shift funding from enrolment-based towards a higher weight of funding tied to performance and outcomes-based metrics. However, the Ministry has delayed the activation of performance-based funding for the third year in a row and will activate it in fiscal 2023-2024.

Tuition revenue was modelled directly from the enrolment plan and approved fees schedule. The enrolment plan projects the delivery of full-time

postsecondary domestic and international education for 30,247 enrolments (15,124 FTEs).

The tuition fees are aligned to the MCU Tuition Fee Framework that went into effect starting in 2019-2020, which saw a decrease of 10% in tuition fees. For fiscal 2022-2023, students are to pay the same tuition fees that students in the same program and program year paid in 2019-2020 when the 10% decrease took effect. International tuition fees are not impacted by this framework, and will increase by 2%.

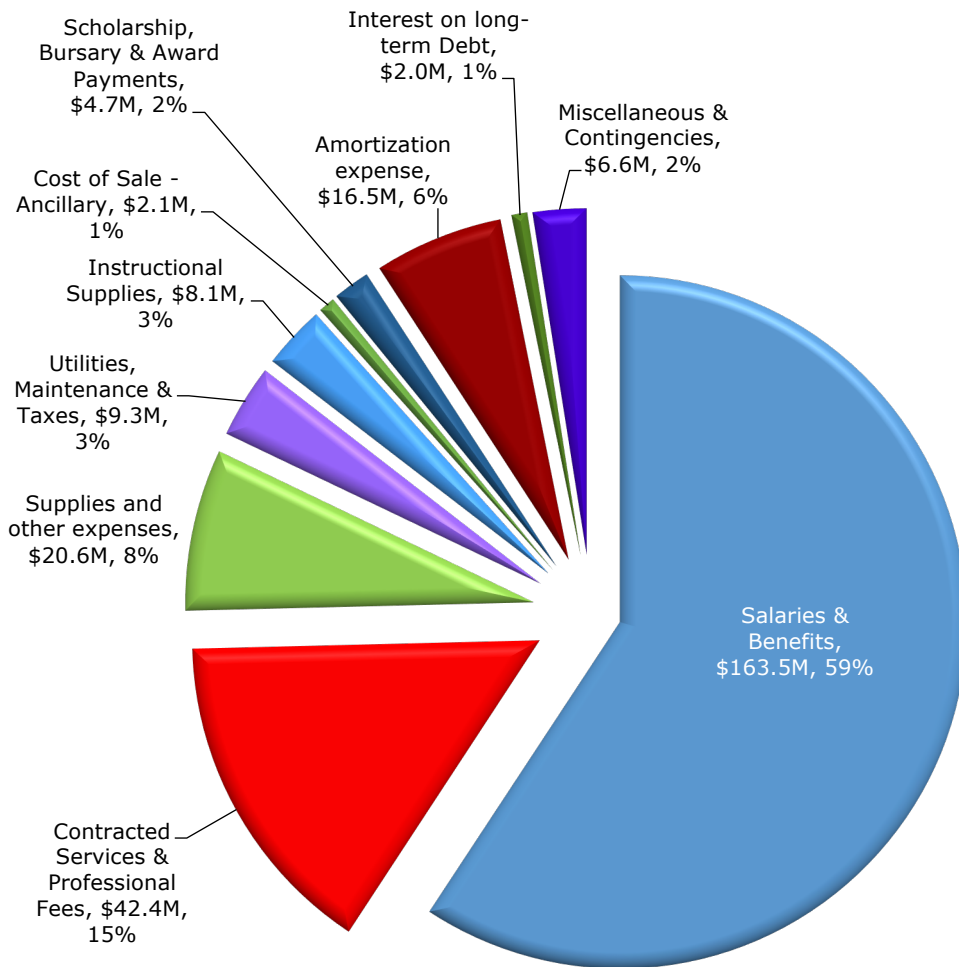
Enrolments at the public-private partnership Mississauga campus are forecasted at 3,130, representing gross tuition revenue of \$23.1M.

Ancillary revenue is derived from the ancillary business operations such as campus stores, parking, residence, food services, and conferences. The pandemic has significantly impacted ancillary operations. Management has assumed that ancillary operations will see an increase in revenue with a return of students and staff to campus compared to the last two pandemic years, with projected revenue of \$9.5M.

Other revenue includes revenue from The Centre for Community Partnerships and Experiential Learning (CCPEL) and Innovation and Research. CCPEL offers a broad range of programs, including employment services, academic upgrading, school-college works initiatives, and enhanced language training. Innovation and Research initiatives include MEDIC, the Centre for Climate Change Management, and Energy and Additive Manufacturing projects.

Total Expenditures breakdown (\$275.8 Million)

The pie chart below illustrates the college’s 2022-2023 Approved Operating Budget expenditures by cost component.



Expenditure Highlights

Human Resources:

The 2022-2023 plan projects 59% of the budgeted expenditures for full-time and part-time salaries and related fringe benefits.

The full-time staffing plan consists of 1,062 permanent full-time positions across the faculty, support and administrative groups. Salary rates are in

accordance with respective collective agreements and legislation. Full-time salaries and benefits are calculated centrally on a position by position basis, while part-time budgets are calculated by departments. The distribution of full-time salaries by employee group are noted in the table below.

2022-2023 Full-Time Staffing Plan:

	Count	Total (\$)
Faculty	432	58,196,389
Administrative	228	30,348,369
Support	402	35,171,549
Total	1,062	123,716,307

Academic Expenditures: The academic expenditure levels were based on the enrolment plan.

Non-Academic Expenditures: The base budgets for the non-academic areas are based on the operations and services of the departments.

Fee Supported Budget

In addition to tuition fees, all students are required to pay compulsory ancillary fees. These fees generate approximately \$14.7M, which is 5% of total revenue. The fees have offsetting expenses and are critical in supporting services including, athletics and recreation, career services, student buildings, academic support, etc.

Compulsory ancillary fees are governed by the MCU's "Tuition and Ancillary Fees Reporting" operating procedure and mandates that the students' governing body (i.e. Mohawk Students' Association – MSA) be involved in decisions regarding compulsory ancillary fees and subsequent increases. The total postsecondary essential ancillary fees will be \$1,573.92 per academic year.

The total Continuing Education compulsory ancillary fees will be set to \$0.96 per Student Contact Hours. The Apprenticeship service fee collected for the college will be \$56.59 per intake.

Capital Budget

The 2022-2023 Financial Plan aligns capital priorities with funding sources and financing strategies in a concerted effort to improve the learning environment with investments in teaching space and academic equipment, and to address priority deferred maintenance needs. In keeping with budget guiding principles, capital projects have been prioritized to those supported by external funding and alternative funding sources to minimize operating funds.

Financing decisions associated with each capital request were based on provincial capital grant programs, student levies, donations, restricted funds, and availability of operating and board reserve funding.

2022-2023 Capital Additions & Funding Sources

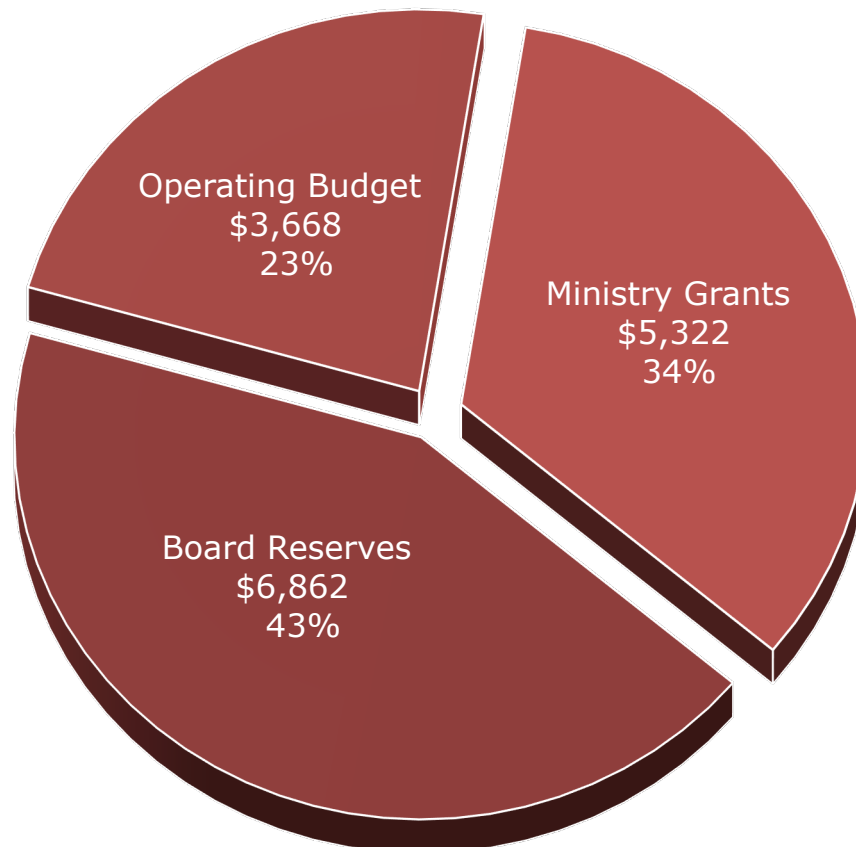
The total gross capital value of additions is \$15.9M and is summarized in the table below. The Centre for Integrated and Advanced Medical Imaging (CIAMI) represents \$6.0M or 38% of the plan. The college will start year one of a multi-year LED lighting conversion project for \$2.5M or 16% of the plan. The college's continued commitment to essential deferred maintenance of \$3.5M or 22% of the plan includes air handler replacements, building automation controls and rooftop cooling system replacements. College-wide priorities of \$3.9M or 24% of the plan include continued investment in academic equipment and facilities renewal, including renovations to meet the Accessibility for Ontarians with Disabilities Act (AODA) and health and safety requirements.

2022-2023 Capital Plan Additions by Major Category

	Gross costs (\$000's)	% of Total
Centre for Integrated and Advanced Medical Imaging	5,965	38
LED Lighting Conversion	2,500	16
Essential Deferred Maintenance	3,515	22
Academic Equipment	2,293	14
Facilities Renewal	1,579	10
Total	15,852	100

The funding sources for the capital plan are shown in the graph below. Board reserve funding is \$6.9M or 43% of the plan and includes contributions to CIAMI and LED lighting conversion project. Ministry grants of \$5.3M represent 34% of the capital plan's funding source and include grants for apprenticeship renewal \$1.6M, essential deferred maintenance \$3.1M, and academic equipment \$530K. Operating funds support \$3.7M or 23% of the total capital additions.

2022-2023 Funding Sources for Capital Additions (\$000's)



Debt Capacity

The college's debt level is projected to be \$44.8M at March 31, 2023, which comprises the David Braley Athletic and Recreation Centre (DBARC) \$26.6M, The Joyce Centre for Partnership and Innovation \$9.5M, Justice and Wellness \$5.2M, and Energy Savings \$3.5M.

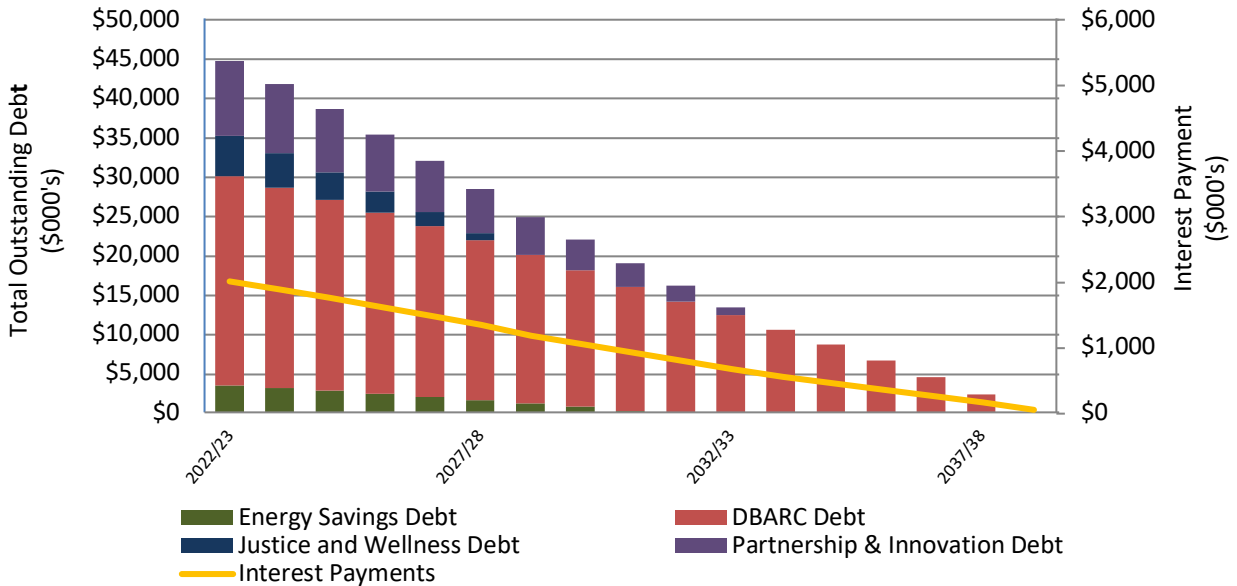
The debt financial health indicators for the next five-year period provide the following projected favourable results compared to MCU benchmarks:

- Debt to Assets ratio: Average 24.2% projection is below 35.0% benchmark
- Debt Servicing ratio: Average 1.9% projection is below 3.0% benchmark
-

The Debt to Assets ratio measures the proportion of the total assets that are financed by debt. The Debt Servicing ratio measures the cost of servicing debt (principal & interest) as a proportion of total revenue.

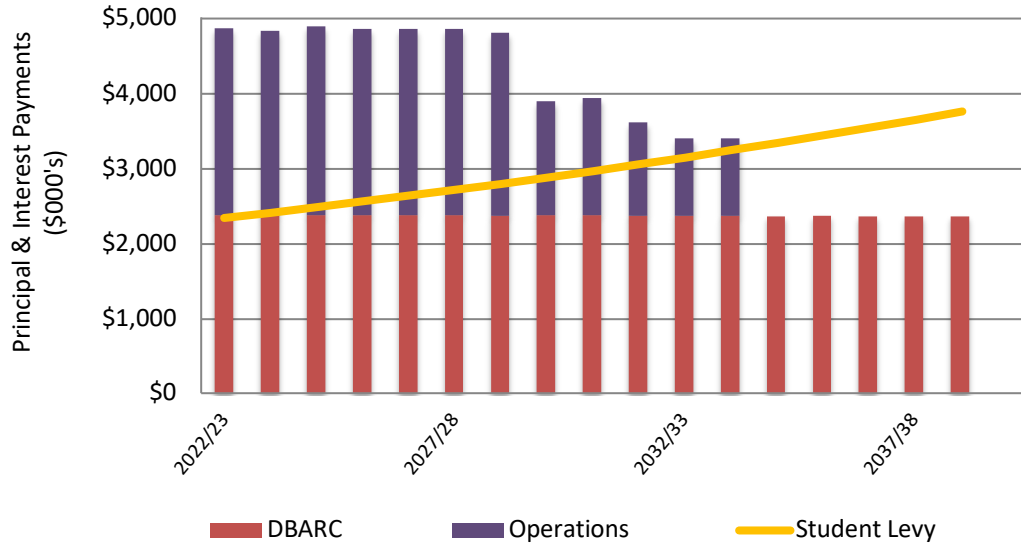
The following graph reflects the projected debt level and interest expense for the next seventeen years.

Interest & Debt



The following graph identifies the sources of funds for existing loans. The DBARC loan (red) is supported by the student capital levy fee (yellow line). The student levy amount will increase over time with the levy price indexing. The college should be fully repaid by 2037-2038 (15 years). Operations will cover the costs related to the energy savings loan, Justice and Wellness loan, and The Joyce Centre for Partnership & Innovation loan.

Sources of Funds for Loans



Accumulated Surplus

A college's budget in normal circumstances is expected to be balanced. A college can report an in-year deficit based on ministry directives as long as the accumulated net assets balance remains positive. Accumulated surplus is made up for four components:

- Invested in capital assets – represents the unamortized portion of college funds that have been invested in capital assets. This is net of any external funding such as grants, donations and debt.
- Internally restricted net assets – funds held aside for capital projects, strategic initiatives and future operating expenses. Expenditures require approval by the Board of Governors.
- Unrestricted operating net assets – represents undesignated reserves and is a safety cash threshold for the college's operating activity. The ending balance is held at approximately 4% - 5% of total revenue.
- Vacation pay and post-employment benefits and compensated absences – represents liabilities that will always be present as long as the college is a going concern.

As at April 1, 2022, the forecasted opening accumulated surplus balance is \$103.7M, and the planned deficit of \$5.0M will result in a balance at March 31, 2023 of \$98.7M, thereby meeting Ministry requirements of maintaining an accumulated surplus.

Glossary of Terms

Base Budget

In simple terms, a reflection of the budget resources (financial, human and other) that are required to maintain service levels at the level of ongoing service delivery provided in the previous year's Operating Budget.

Budget

A plan of financial operation containing an estimate of proposed expenditures for a given period (usually a fiscal year) and the proposed means of financing them. Since the budget process includes many "budgets", it is necessary to specify whether the budget being discussed is projected, recommended, final (approved by the board), or current.

Budget Process Timetable

A schedule of key dates, which the college follows in the preparation, adoption and administration of the budget.

Contribution Margin

The contribution margin from the academic area is calculated as operating grant plus tuition less academic delivery costs.

Debt

Amount of money borrowed by one party from another with an obligation of repayment.

Expenditure

The disbursement of funds to purchase goods and/or services. Expenditures include current operating expenses that require the current or future use of net current assets, debt service, and capital outlays.

Fiscal Year

Any period of 12 consecutive months designated as the budget year. The college's budget year begins April 1 and ends March 31.

Full-Time Equivalent (FTE Student)

Full-time equivalent enrolment is a headcount of students enrolled in classes showing how many students would be enrolled if all were enrolled in full-time studies.

Canadian Public Sector Accounting Standards

Nationally recognized uniform principles, standards, and guidelines for financial accounting and reporting, governing the form and content of financial statements of public sector entities. The objective of such standards are to meet the needs of users of financial statements by providing the information needed for accountability and decision making.

Grant

A monetary contribution, typically from one level of government to another, as a means to lend support to a specific service, program or function.

Infrastructure

The basic installations and facilities necessary for the continuance and growth of the college.

Revenue

Funds earned from all sources (with exception of fund balances) that will be used to fund expenditures in a fiscal year.

Strategic Plan

A document outlining long-term goals, critical issues and action plans, which will increase the organization's effectiveness in attaining its mission, priorities, goals and objectives. Strategic planning starts with examining the present, envisioning the future, choosing how to get there, and making it happen.

Abbreviations and Acronyms

AODA	Accessibility for Ontarians with Disabilities Act
CIAMI	Centre for Integrated and Advanced Medical Imaging
CCPEL	The Centre for Community Partnerships and Experiential Learning
CE	Continuing Education
DBARC	David Braley Athletic & Recreation Centre
EDI	Equity, Diversity and Inclusion
FTE	Full-Time Equivalent (may be used to describe full-time equivalent students)
MCU	Ministry of Colleges and Universities
MEG	Mohawk Executive Group
MSA	Mohawk Students' Association
SEM	Strategic Enrolment Management
SMA3	Strategic Mandate Agreement 3