

2020-2021 BUSINESS PLAN



Table of Contents

Section 1: Board of Governors	1
Section 2: Introduction.....	2
Section 3: Strategic Plan	3
Vision:	3
Mission:	3
Values:	3
Strategic Themes and Priorities:.....	3
Section 4: 2020-2021 Key Priorities	5
Section 5: Financial Positions and Operations.....	7
Section 6: Approved 2020-2021 Budget Book.....	8
Introduction	8
Financial Planning Framework.....	9
What is an Operating Budget?.....	9
What is a Fee Supported Budget?	10
What is a Capital Budget?	10
Financial Policies & Practices.....	10
Budget Process Timetable	13
Operating Budget	13
Budget reflects Strategic Priorities	13
Enrolment Planning	14
Impact of COVID-19 Pandemic.....	15
Investment and Information Technology Strategies	15
Unpredictable Revenue	16
Operating Plan Highlights.....	16
Total Revenue Breakdown (\$230 Million)	17
Revenue Highlights	17
Total Expenditures breakdown (\$236 Million)	19
Expenditure Highlights	19
2020/21 Full-Time Staffing Plan:	20
Fee Supported Budget	20
2020/21 Compulsory Fee Revenue Budget	22
Capital Budget.....	23
2020-2021 Capital Additions & Funding Sources	23
2020-2021 Capital Plan Additions by Major Category	24
GRAPH – 2020-2021 Funding Sources for Capital Additions (\$000’s).....	25
GRAPH – Interest & Debt	26
GRAPH – Sources of Funds for Loans.....	26
Internally Restricted Net Assets	27
Glossary of Terms.....	28
Abbreviations and Acronyms	30

Section 1: Board of Governors

Name
External Members
Steve Stipsits
Anna Filice
Lisa Knap
Rocco Passero
Sony Poulouse
Mila Ray-Daniels
David van der Woerd
Bill Chisholm
Barbara Sullivan
Sheri Longboat
Paul Pastirik
Raymond Simmons
Ron McKerlie, President
Internal Members
Louisa Droust
Hardik Sheliyah
Tracey Richardson
Kamala Kruse

Above membership is as of September 1, 2020

Section 2: Introduction

These are extraordinary times for Mohawk College and the world. The global pandemic has forced organizations to re-focus their operations for digital delivery and remote working. As an educational institution, we have converted to online delivery of our programs and introduced new measures to ensure those on campus are learning and working in a safe environment.

The move to virtual and remote teaching and learning has presented many challenges for employees and students. Our teams have created online tools and supports to ensure student confidence and success as they navigate this new norm, and the college has supported employees with increased access to training and supports for working remotely. Domestic and International students alike have new considerations as they consider postsecondary education, and we continue to ensure value as they explore a Mohawk education.

As we enter the final year of our five-year strategic plan, we know that our objectives are still relevant in this environment and will guide us as we continue to complete the goals set out in the plan. As an institution, during the pandemic, we have had to pause some initiatives while accelerating or modifying others as we adjust to a new way of operating. At the same time, we recognize that we have an important role to play in rebuilding the region's economy and to this end we are moving ahead with many of our key investments in new learning hubs such as the Centre for Aviation Technology and additional City School locations, as well as other training locations, as these investments will help position our community for future success.

Out of challenges comes opportunity and at Mohawk, we are confident in our success for the upcoming year.

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.

Strategic Themes and Priorities:

Student Success

- Provide more entry points and pathways to a credential.
- Address financial barriers.
- Grow our reach and impact.
- Student engagement to support success.

Graduate Success

- Ensure graduates are Job Ready. Guaranteed.
- Provide career support for life.
- Foster entrepreneurship, innovation and global competencies.
- Become a leader in simulation-based learning.
- Rank highest for most satisfied employers.

Collaboration and Partnerships

- Leaders in applied research.
- Generate innovative solutions for industry and community challenges.
- Reframe the definition of campus to support growth and collaboration.

Community Leadership

- Lead in Indigenous education in Ontario.
- Lead in social inclusion.
- Lead in internationalization and global experiences.
- Lead in environmental sustainability.

Strong Foundations

- Build reputation and pride.
- Foster excellence in staff and faculty.
- Maintain financial stability to ensure long-term viability.
- Plan for the future.

Section 4: 2020-2021 Key Priorities

Develop and implement a 2020-2021 Financial Plan that will mitigate the current budget challenges related to the COVID 19 Pandemic while balancing the need to ensure long-term financial sustainability positioning Mohawk College for future growth. Focus stimulus and strategic planning efforts over the next 12-18 months that will elevate our planning from recovery to innovation. This bridge between the strategic plans will explore, investigate, launch and support new opportunities and creative innovations.

Develop and implement a recovery plan to transition out of the current COVID 19 pandemic and back to normal college operations. The recovery plan will consider the short-term academic completion plan, the phased re-opening of the college, brand & reputation, business continuity, strategic enrolment planning, new opportunities gained from the pandemic experience, community and stakeholder engagement, and the recommendations and plans from the Business Restoration Team. This recovery plan will be integrated into our formal planning process for the college's next Strategic Plan.

Launch and begin implementation of Challenge 2025 and the case for support. The overall economic recovery following the COVID 19 pandemic will be enhanced through Challenge 2025. Funding through multiple government sources, including Future Skills Canada, will ensure that Challenge 2025 is implemented locally and able to expand and grow in a number of pilot communities across Canada.

Continue to implement aspects of the Mohawk College Campus Master Plan including due diligence on a new residence, the development of a "shovel-ready" proposal for E-Wing, possible land purchase in Stoney Creek, potential partnership with Schlegel Villages and the implementation of the first phase of the Digital Imaging Centre of Excellence.

Renew Strategic Enrolment Management efforts in the context of COVID 19 recovery. Enhance strategy and research to capitalize on domestic and international market opportunities. Further development of retention efforts, including developing a

broader college “culture” of student retention and continual improvement of the student experience. Ongoing implementation of strategies to grow and diversify Mohawk’s International student population.

Implement the next phase of growth in aviation education including the opening of the new Mohawk Aviation Learning Centre at Hamilton International Airport and the development of new partnerships related to applied research.

Complete phase I of the Enterprise Systems Strategy including optimizing Enterprise Resource Planning investment and capabilities, implementing next generation systems and the development of a comprehensive Digital Strategy for Mohawk College. Ongoing development of remote, online, augmented and virtual learning are all-important components of a Mohawk College wide enterprise/digital strategy and will advance our current position as a leader in virtual learning.

Finalize action plans to fulfill the college’s strategic planning priorities of elevating Equity, Diversity, and Inclusion.

Enter into year one of a three-year Occupational Health and Safety (OHS) plan that will support the college’s compliance with OHS legislation through the implementation of a continuous improvement-based management system. The plan identifies two broad areas for improvement in the college’s health and safety program: hazard risk assessment activities and employee education.

Enhance Mohawk College’s leadership in Sustainability. Alignment of the Centre for Climate Change Management with IDEAWORKS will ensure that current strategic priorities and commitments are completed and new research-based opportunities are realized.

Build, explore and expand on the new ways of working. Growing opportunity in higher education to support changes to the future of teaching, learning and providing support for our students. Respond accordingly to the internal workforce needs required to support these changes.

Section 5: Financial Positions and Operations

	2020/21 BUDGET	2019/20 ACTUALS
	\$	\$
FINANCIAL POSITION:		
Cash and Cash Equivalents	8,455,271	16,536,295
Accounts Receivable	17,899,625	20,492,102
Other Current Assets	112,242,720	123,039,779
Construction in Progress	150,000	1,930,522
Tangible Capital Assets	384,881,844	370,592,193
Tangible Capital Asset Accumulated Amortization	(181,616,792)	(162,067,976)
Long Term Receivable	27,710,141	28,855,862
Investments and Other Long Term Assets	873,472	873,472
TOTAL ASSETS	370,596,281	400,252,249
Accounts Payable and Accrued Liabilities	34,585,126	37,584,111
Deferred Revenue	30,024,851	40,038,002
Restricted Contribution	6,808,830	7,460,352
Deferred Capital Contributions	127,386,954	134,732,278
Debt	47,598,932	50,351,668
Other Long Term Liabilities	6,548,000	6,548,000
TOTAL LIABILITIES	252,952,693	276,714,411
Unrestricted Net Assets	4,865,605	(4,949,239)
Internally Restricted Net Assets	39,149,619	56,922,000
Investment in Capital Assets	55,393,810	53,436,273
Endowments	17,738,762	17,633,012
Accumulated Remeasurement Gain	495,792	495,792
TOTAL NET ASSETS	117,643,588	123,537,838
TOTAL LIABILITIES & NET ASSETS	370,596,281	400,252,249
OPERATIONS:		
Grant Revenue	109,553,157	107,158,169
Tuition Fees	99,384,530	122,777,223
Educational and other fees-for-services	3,805,258	4,083,464
Ancillary Revenue	9,595,492	14,560,442
Other Revenue	7,768,983	8,506,528
TOTAL REVENUE	230,107,420	257,085,826
Salaries and Wages	115,691,831	126,986,113
Employee Benefits	26,876,697	27,815,023
Transportation and Communication	2,307,888	3,422,176
Services	37,854,208	37,619,361
Supplies and Minor Equipment	10,936,904	12,506,977
Ancillary Services - Expenditures	8,023,796	9,574,567
Amortization Expense	19,548,816	19,699,753
Other Expenditures	14,867,280	13,163,709
TOTAL EXPENSES	236,107,420	250,787,679
TOTAL OPERATIONS SURPLUS (DEFICIT)	(6,000,000)	6,298,147

Section 6: Approved 2020-2021 Budget Book

Introduction

The COVID-19 pandemic has significantly impacted the college's fiscal 2020/21 budget. The original enrolment projections planned for fiscal 2020/21 were no longer achievable and were revised. In addition, the budget includes costs and lost revenue directly related to the pandemic. The college used the following assumptions and guiding principles in developing the 2020/21 financial plan in light of the pandemic:

1. The Ministry will continue to flow grant revenue to the colleges.
2. The college will be physically closed for several months while most programs and student services will continue to be delivered remotely.
3. Large gatherings may continue to be banned for the long term impacting our ability to resume normal operations.
4. Full financial recovery will take years.
5. There is a need to ensure financial sustainability in the short term, but consideration must also be given to long-term opportunities that will support or enhance recovery.
6. The financial plan must:
 - a. align with the college's core business, the education of students and services required to support them.
 - b. take into consideration activities that have revenue sources attached to it that will, in turn, help support investment in academic delivery and support services.
 - c. ensure any spending outside of immediate staffing needs is essential to core operations.
 - d. ensure continued investment in activities that will contribute to the recovery of enrolment and support differentiation.
 - e. ensure contractual obligations or legislative requirements continue to be fulfilled.

As a result of the pandemic, the college is budgeting for a \$6.0M deficit for fiscal 2020/21.

Financial Planning Framework

The Financial Plan comprises 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 tuition fees, contracted services and ancillary business operations (campus stores, facility rentals, residence). 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, information technology 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
- 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 86% 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
- 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 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, information technology 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 percentage 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 2020-2021 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 "Tuition and Ancillary Fees Reporting" operating procedure and mandates that student governing bodies (e.g., MSA) be involved in decisions regarding compulsory ancillary fees and subsequent increases. Proposed fees and spending plans are presented to the 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.

Net Assets:

The college manages both “restricted” and “unrestricted” net 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.

Planning

Planning (September - December 2019)

- 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

Review

Review (January – June 2020)

- Investment, Information Technology, & Capital Planning Committees prioritize submissions
- Centre for Community Partnership and Experiential Learning, IDEAWORKS, 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

Approval

Approval (June - July 2020)

- MEG approval of operating budget and capital plan
- Board of Governors approval of 2020-2021 Financial Plan
- 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, the effect of the corridor funding model, academic plan and international strategy.

The SEM Planning 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 and Associate Deans, Finance, Institutional Research, Registrar and Scheduling.

The impact of the pandemic along with the current travel restrictions will impact the college's ability to earn revenue from international students. Overall, there is a budgeted net decrease in full-time enrolments over fiscal 2019/20 of 19.3% with a decrease of 11.0% in domestic and 39.0% in international as noted in the table below.

Full Time Enrolments

(Domestic & International)

	Spring	Fall	Winter	Total	% Decrease over 2019/20
2019/20 Total Actual Enrolments	2,920	13,033	13,583	29,536	
2020/21 Financial Plan Target	2,576	10,573	10,687	23,836	
Year over Year Semester Growth	(344)	(2,460)	(2,896)	(5,700)	(19.3%)

Postsecondary enrolments drive expected revenue from grants, tuition and fees, food services, campus stores, parking etc. and correspondingly drive staffing requirements throughout the college.

Impact of COVID-19 Pandemic

In March 2020, the Ministry announced \$400K in funding to assist the college with expenditures and lost revenue directly related to the pandemic. In addition to reduced enrolment, the financial plan includes revenue losses and additional expenditures directly related to the COVID-19 pandemic, which includes:

- Ancillary Services – lost net revenue
- IT equipment and services – including laptops for students and staff and software licenses
- Legal costs related to variations in contractual obligations
- Personal protective equipment and college wide construction required for service station modifications
- Emergency support funding for students
- Costs related to transition to online delivery
- Contingency for unanticipated COVID-19 related costs

Not included in the financial plan is a specific provision for running labs more frequently in order to support less students in the class for physical distancing. The impact is estimated at a range of \$6.9M to \$16.9M. Through Colleges Ontario, an application has been made to the Ministry requesting financial support for colleges for unfunded expenditures such as this.

Investment and Information Technology Strategies

Financial managers were given the opportunity to submit investment and information technology proposals requesting funding in support of new service expectations or expanded responsibilities in their respective areas. As a result of the pandemic, the priorities were re-evaluated and an investment pool was directed towards:

- Web Accessibility 2021 Preparation
- Technology Innovations and Professional Development
- Experiential Learning Platform
- Apprenticeship Community Hub
- IBM Premier Partnership
- Learning Management System
- Payroll Software Upgrade
- IT Security enhancements
- Occupational Health and Safety Plan

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 2020/21 financial plan. This is more pronounced with international enrolments given the higher value of the tuition fees associated with each student.

Operating Plan Highlights

The proposed 2020-2021 Financial Plan has been developed in accordance with the approved budget directions and thoroughly reviewed by MEG.

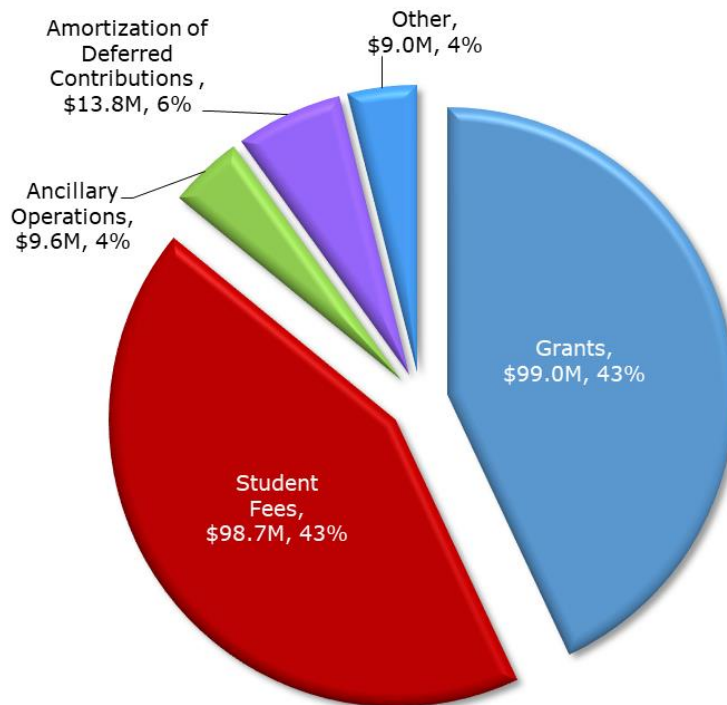
- The 2020-2021 Financial Plan is a deficit of \$6.0M as a result of the COVID-19 pandemic. The deficit will be funded from internally restricted net assets.
- Gross revenue is budgeted at \$230M and expenditures are budgeted at \$236M
- The plan was developed around delivering educational programming to 11,918¹ postsecondary full-time equivalents (FTE).
- The full-time staffing complement for 2020-2021 is 1,026, representing 436 faculty, 387 support staff², and 203 administrative staff.
- Throughout the budget development process, the full-time staffing complement decreased by a net 64 regular full-time permanent positions over the 2019-2020 initial staffing plan.

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 (\$230 Million)

The total revenue for fiscal 2020/21 is \$230M and the following pie chart shows the funding sources of the approved revenue budget.



Revenue Highlights

Ministry grants represents \$99.0M or 43.0% of total revenue. Ministry grants are comprised of the core operating grant, apprenticeship funding, and special purpose grants.

The core operating grant is valued at \$64.7M, representing 28% of total revenue. Under the Strategic Mandate Agreement 3 (SMA3), the operating grant allocation will move towards a higher weight of funding tied to performance/outcomes-based metrics than on the enrolment corridor. However, the Ministry has made the decision to delay activating performance-based funding for two years (will start in fiscal 2022/23).

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 23,836 enrolments (11,918 Full-Time Equivalents (FTEs)).

The Tuition and Ancillary Fees Minister's Binding Policy Directive prescribed a 10% decrease in tuition fees for 2019-2020 for all grant funded domestic programs of study effective September 1, 2019. These fees are to remain frozen for 2020-2021. International tuition fees are not impacted by this announcement and will be increased by 5%.

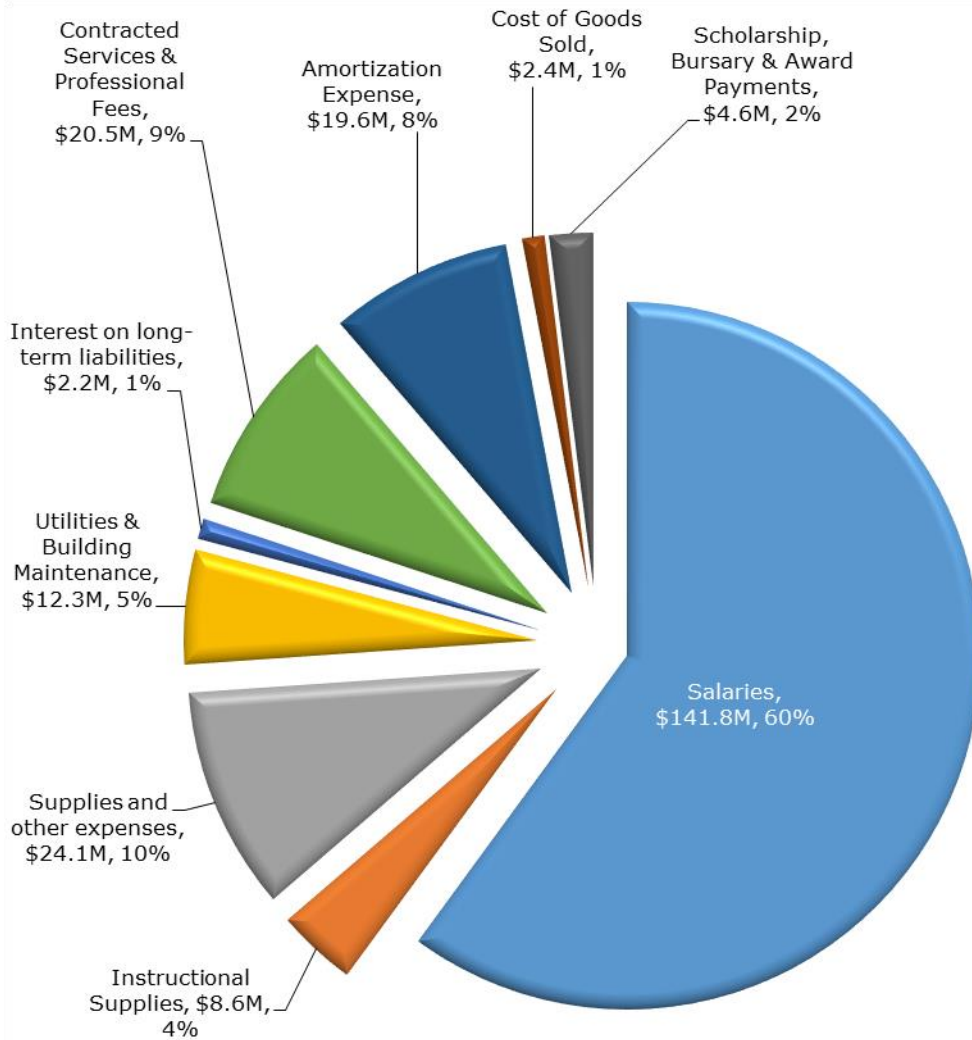
Ancillary revenue is derived from the ancillary business operations such as campus stores, residence, food services, conferences and parking. Ancillary operations are significantly impacted by the pandemic with the closure of the college and the majority of learning being done virtually and remotely, with projected revenue of \$9.6M.

Other revenue includes revenue from The Centre for Community Partnerships and Experiential Learning (CCPEL), which offers a broad range of programs including employment services, academic upgrading, school-college works initiatives and enhanced language training. In response to the pandemic, the programs and services of the CCPEL has pivoted to virtual and remote delivery for students and clients, community partners, and employers.

Innovation and Research initiatives include MEDIC, Energy and Additive Manufacturing projects and primary funding sources are the Natural Sciences & Engineering Research Council of Canada and Southern Ontario Network for Advanced Manufacturing Innovation. Commencing 2020-2021, the Research area will also manage the Centre for Climate Change Management (CCCM), which includes projects that support Campus Carbon Management Initiative and Industry Partnership Initiative with project funding from the Bay Area Climate Change Office.

Total Expenditures breakdown (\$236 Million)

The pie chart below illustrates the college’s 2020/21 Approved Operating Budget expenditures by cost component.



Expenditure Highlights

Human Resources: The 2020-2021 plan projects 60% of the budgeted expenditures for full-time, part-time salaries and related fringe benefits.

Full-time Salaries: Full-time salary rate increases for faculty and support are in accordance with the respective collective agreements. For the approved full-time complement, the financial plan includes the rate increases, step increases on anniversary dates and support staff special allowances. As a result of the pandemic, administrative staff will not receive any increases.

Fringe Benefits: The 2020-2021 employee fringe benefit rates are 25% for full-time and 14% for part-time employees. Fringe benefits are for employee expenses such as CPP, EI, EHT, WSIB, health and life insurance as well as contributions to a defined benefit pension plan (CAAT).

Full-Time Equivalents: The 2020-2021 initial full-time staffing plan consists of 1,026 permanent full-time positions across the faculty, administrative and support groups. Overall, salary and benefit expenditures decreased by \$13.1M over fiscal 2019-2020, primarily due to permanent and temporary staffing layoffs in both full-time and part-time employees across all areas of the college. The salary and benefits expenditure reductions are offset by planned increases in accordance with the collective agreements and a provision for severance payments and termination costs.

2020/21 Full-Time Staffing Plan:

	FACULTY		ADMINISTRATIVE		SUPPORT		TOTAL	
	Count	\$	Count	\$	Count	\$	Count	\$
2019/20 Original Plan	454	56,451,991	218	27,822,083	418	33,901,574	1090	118,175,648
2020/21 Plan	436	57,206,064	203	26,863,644	387	33,094,370	1026	117,164,078
Net Increase/(Decrease)	(18)	754,073	(15)	(958,439)	(31)	(807,203)	(64)	(1,011,569)

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

Non-Academic Expenditures: The base budgets for the non-academic areas were revised by department managers based on their analysis of revised operations and services, and how the college will be operating going forward in light of the pandemic.

Non-salary expenses associated with operations include supplies, utilities, maintenance, contract services, insurance, financing charges, travel, professional development and promotion. Finance assessed expenses that impact all areas of the college, which include utilities, insurance and legal costs.

Fee Supported Budget

In addition to tuition fees, all students are required to pay compulsory ancillary fees. These fees generate approximately \$11M, 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 "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.

Colleges Ontario obtained a legal opinion regarding the Ministry's Student Choice Initiative that a court ruling struck down in late 2019. This ruling made it clear that colleges are to collect and remit fees in the same or equivalent manner that they did prior to the implementation of the Student Choice Initiative. As such, the college reviewed its ancillary fees and the total postsecondary ancillary fee amounts to \$1,507.89 per academic year.

The total Continuing Education (CE) compulsory ancillary fees will be set to \$0.68 per Student Contact Hours. The Apprenticeship service fee collected for the college will be \$55.28 per intake.

The following table represents the 2020-2021 Compulsory Ancillary Fee revenue budget.

2020/21 Compulsory Fee Revenue Budget

Name of Fee	2020/21 Planned in year revenue \$(000)
Postsecondary Fees - College:	
Assessment for Success	365
Convocation	555
Student ID Card	367
Technology Enhancement	3,078
Copyright	126
Transcript	232
DBARC	1,385
Athletics and Recreation	660
Career Services	476
Health and Counselling	1,181
Academic Support	1,267
Financial Aid	99
Walk Safe Programs	54
Student Buildings	161
Alumni Lifetime Membership Fee	275
Campus Sustainability	88
Student Programs and Supports Fee	212
Sub-total Postsecondary Fees - College	10,581
Postsecondary Fees - MSA:	
HSR Bus Pass	2,618
Health and Dental Plan	2,492
Student Centre Building	477
Career Services	135
Health and Counselling	201
Academic Support	284
Campus Food Bank	60
Student Events	477
Student Clubs	137
Student Government Fee	232
Sub-total Postsecondary Fees - MSA	7,113
Total Postsecondary Fees	17,694
Continuing Education Fees:	
Career Services	20
Health and Counselling	57
Academic Support	63
Walk Safe Programs	36
Copyright	7
Transcript	16
Technology Enhancement	33
Athletics & Recreation Fee	47
Total Continuing Education Fees	279
Apprenticeship Fees:	
Apprenticeship Service Fee - College	100
Apprenticeship Service Fee - MSA	26
Total Apprenticeship Fees	126
Total Fees Collected	18,099

Capital Budget

The 2020/21 Financial Plan aligns capital priorities with funding sources and financing strategies in a concerted effort to improve the learning environment and building infrastructure needs. Sources such as government grants, student levies, donations, funds from operations and strategic use of board reserves are carefully considered and employed in a fiscally prudent manner to yield the best results for our students.

The major capital projects included in the 2020/21 capital plan are aviation leasehold improvements and essential deferred maintenance. In addition to the major capital projects, other capital requests for equipment and smaller scale projects were evaluated by the college's Capital Planning Committee. In response to the COVID-19 pandemic the college prioritized capital projects in an attempt to preserve cash flow and limit the operating statement impact from amortization expense.

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

2020-2021 Capital Additions & Funding Sources

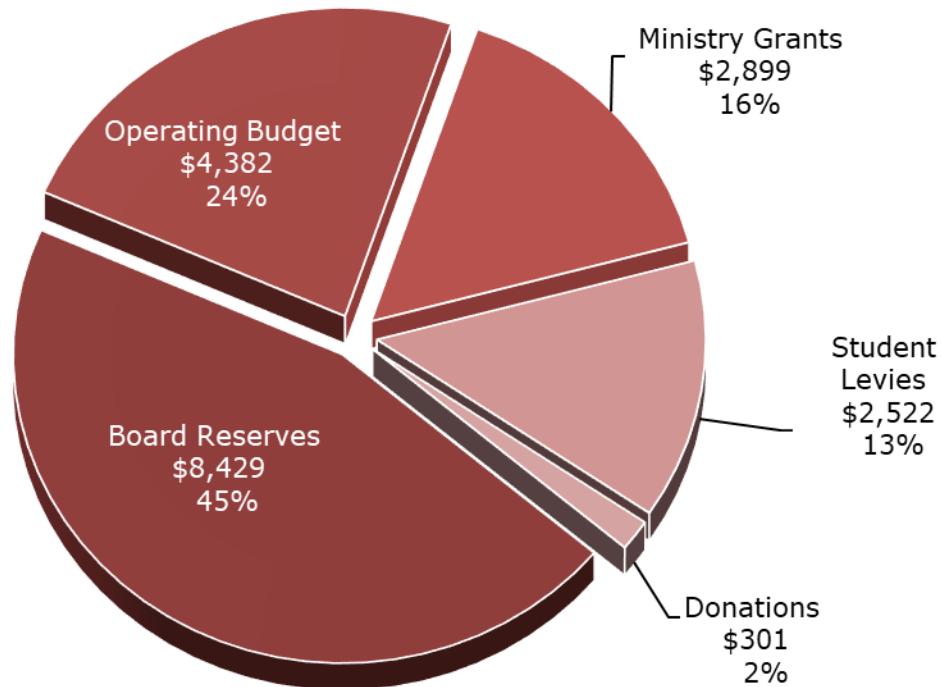
The total gross capital value of additions is \$18.5M and is summarized in the table below. The provision for aviation leasehold improvements for a hangar with classroom and lab space at Hamilton International Airport represents \$8.2M or 44% of the total. The college's continued commitment to essential deferred maintenance of \$2.9M or 16% of the plan includes roof replacements and cooling systems. College-wide priorities of \$7.4M or 40% of the plan includes academic equipment, a continued investment in information technology equipment and facilities renewal which includes lab and classroom space updates, renovations to meet the Accessibility for Ontarians with Disabilities Act (AODA) and health and safety requirements.

2020-2021 Capital Plan Additions by Major Category

	Gross Costs (\$ 000's)	% of Total
Aviation Leasehold Improvements	8,206	44
Essential Deferred Maintenance	2,917	16
Academic Equipment	2,109	11
Facilities Renewal	1,893	10
Information Technology	3,408	19
Total	18,533	100

The funding sources for capital additions are shown in the graph below. Operating funds support \$4.4M or 24% of the total capital additions. Ministry grants of \$2.9M or 16% of the plan include grants for apprenticeship renewal \$1.4M, essential deferred maintenance \$1.1M and academic equipment \$442K. Student ancillary fees totaling \$2.5M or 13% of the plan are for academic information technology improvements and services.

Board reserve funding is \$8.4M or 45% of the plan and include commitments for aviation leasehold improvements and completion of the N-Wing covered walkway.

GRAPH – 2020-2021 Funding Sources for Capital Additions (\$000's)

Debt Capacity:

The college's debt level is projected to be \$50.4M at March 31, 2021, which comprises the David Braley Athletics and Recreation Centre (DBARC) loan of \$28.8M, The Joyce Centre for Partnership & Innovation of \$10.8M, Justice and Wellness loan of \$6.6M, and Energy Savings loan of \$4.1M. The debt financial health indicators for the next three-year period provide the following projected favourable results compared to MCU benchmarks:

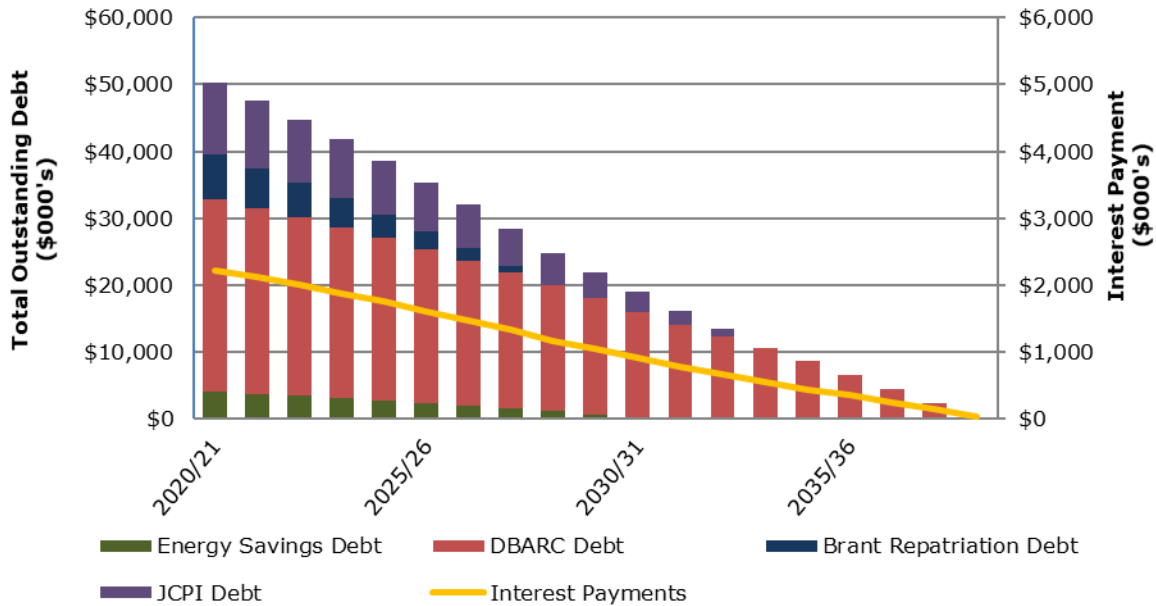
Debt to Assets ratio: Average 24.3% projection is below 35.0% benchmark

Debt Service ratio: Average 2.08% projection is below 3.0% benchmark

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

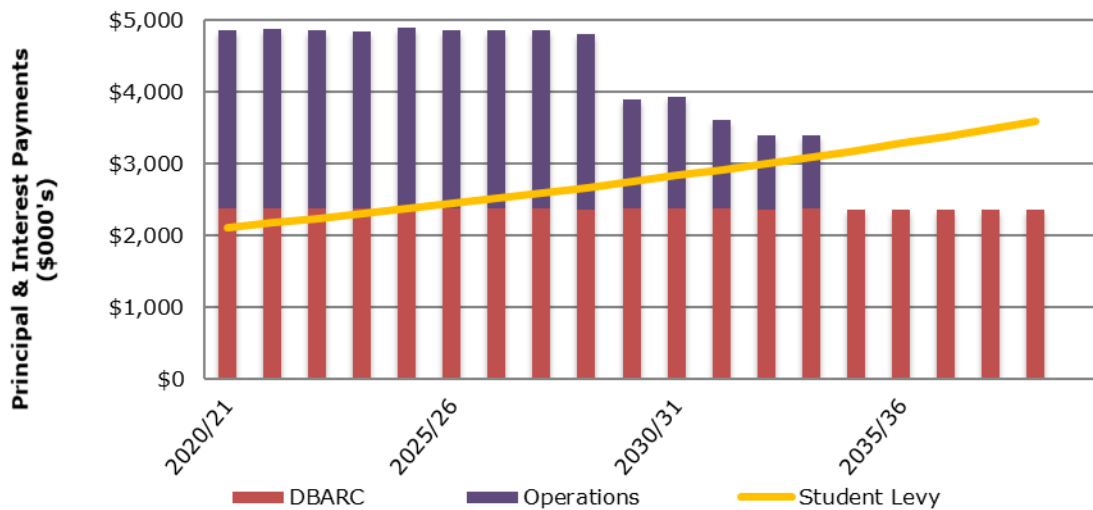
The following graph reflects the projected debt level and interest expense for the next nineteen years.

GRAPH – 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 2036/37 (17 years). Operations will cover the costs related to the energy savings loan, Brantford repatriation loan and The Joyce Centre for Partnership & Innovation loan.

GRAPH – Sources of Funds for Loans



Internally Restricted Net Assets

Internally restricted net assets represent accumulated surpluses that are subject to restrictions imposed by resolution of the Board of Governors. The opening balance at April 1, 2020 in internally restricted net assets is \$56.9M, planned project spending in fiscal 2020/21 is \$11.8M.

The \$6.0M planned deficit in fiscal 2020/21 will be accommodated from internally restricted net assets. Therefore, the projected ending balance at March 31, 2021 is \$39.1M, thereby meeting Ministry requirements of maintaining an accumulated surplus.

Glossary of Terms

Actual

Actual (as opposed to budgeted) revenue and expenditures for the fiscal year indicated.

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 Timetable

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

Capital Budget

A plan of proposed capital expenditures to be incurred. The budgeted costs provide needed infrastructure, parking, building construction, equipment or classroom/office rehabilitation and other related items. Funding is received from various sources.

Capital Expenditure

Monies spent for the renovation, maintenance or replacement of fixed assets, resulting in an extension of the assets' useful life.

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 FTE 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.

Key Performance Indicators (KPI)

The Ministry of Colleges and Universities (MCU), and the Colleges of Applied Arts and Technology have defined five Key Performance Indicators (KPIs) to measure, in a consistent manner across the college system, college performance against ministry stated goals and objectives. The five KPIs are Graduate Employment, Graduate Satisfaction, Employer Satisfaction, Student Satisfaction and Graduation Rate.

Operating Budget

Represents the revenue and expenses associated with the day-to-day operations. Primary sources of revenue are government grants, student tuition fees, contracted services and ancillary business operations (campus stores, facility rentals, residence). These revenue sources support the cost of salaries and benefits, supplies, commodities and other non-salary related expenses.

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
CAAT	College of Applied Arts & Technology
CPP	Canada Pension Plan
DBARC	David Braley Athletic & Recreation Centre
EI	Employment Insurance
EHT	Employer Health Tax
FTE	Full-Time Equivalent (may be used to describe full-time equivalent students)
KPI	Key Performance Indicators
MCU	Ontario Ministry of Colleges and Universities
MEG	Mohawk Executive Group
MSA	Mohawk Students' Association
SEM	Strategic Enrolment Management
SMA3	Strategic Mandate Agreement 3
WSIB	Workplace Safety and Insurance Board