

# 2018-2019 BUSINESS PLAN



# Table of Contents

<b>Section 1: Board of Governors</b> .....	3
<b>Section 2: Introduction</b> .....	4
<b>Section 3: Strategic Plan</b> .....	5
<b>Section 4: 2018–19 Key Priorities</b> .....	7
<b>Section 5: Financial Position and Operations</b> .....	9
<b>Section 6: 2018–19 Enrolment Targets</b> .....	10
<b>Section 7: Approved 2018-2019 Budget Book</b> .....	11
Glossary of Terms .....	31
Abbreviations and Acronyms.....	34

## Section 1: Board of Governors\*

**Chair:**

Joe Parker

**Vice Chair:**

Katrina McFadden

Stephen Bauld

Gary Crowell

Mila Ray-Daniels

Mark Farrow

Heather Giardine-Tuck

Benjamin Kamminga

Sheri Longboat

Sheree Meredith

Paul Pastirik

Elizabeth Pietrantonio

Tracey Richardson

Raymond Simmons

Steve Stipsits

David A. van der Woerd

**President:**

Ron J. McKerlie

*\*As of June 6, 2018*

## Section 2: Introduction

The way to achieve community transformation and prosperity is to leverage education as an enabler of hope and opportunity. To be successful, communities of the future will need to have a strong alignment between economic expectations and workforce skills, welcoming everyone to play a role in building a healthy, resilient and prosperous region.

In 2018-2019 Mohawk will continue its focus on key initiatives aligned with its 2016-2021 Strategic Plan and its 2017-2020 Strategic Mandate Agreement with the Government of Ontario. At the same time it will continue to deliver an exceptional college education and experience to a record number of students. Mohawk is well positioned to meet the financial challenge ahead and continue advancing its strategic priorities of Student Success, Graduate Success, Collaboration and Partnerships, Community Leadership, and Strong Foundations.

This plan sets Mohawk apart with competitive differentiators like our new Job Ready Guarantee and lifelong learning support for our graduates. Its goals are grounded in work that is already underway. It also drives completion of many of our key investments including new student learning spaces, investment in student supports, launch of our College Student Success Innovation Centre and furthering our reach of our City School programming.

## 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: 2018–2019 Key Priorities

<b>STUDENT SUCCESS</b>	
<b>Strategic Plan Priority</b>	<b>2018–2019 Business Plan</b>
<b>More Entry Points, more Pathways to Completion with a Credential</b>	<ul style="list-style-type: none"> <li>• Develop digital badge or competency-based strategy to support increased pathways to credential.</li> </ul>
<b>Address Financial Barriers</b>	<ul style="list-style-type: none"> <li>• Launch the Financial Literacy Module and provide additional supports for students tied to financial health support and awareness for students.</li> </ul>
<b>Grow our Reach and Impact</b>	<ul style="list-style-type: none"> <li>• Increase City School reach to community-based “pop up” locations across Hamilton and region.</li> </ul>
<b>Student Engagement to Support Success</b>	<ul style="list-style-type: none"> <li>• Expand Campus to Community initiative both in number of partners (to 12) and reach of volunteers, by extending volunteer opportunities to staff and alumni.</li> </ul>

<b>GRADUATE SUCCESS</b>	
<b>Strategic Plan Priority</b>	<b>2018–2019 Business Plan</b>
<b>Job Ready, Guaranteed</b>	<ul style="list-style-type: none"> <li>• Pilot Job Ready Guarantee (JRG).</li> </ul>
<b>Career Support for Life</b>	<ul style="list-style-type: none"> <li>• Expand career development programming through Alumni Backpack to Briefcase workshop series including The Art of Career Networking and Conflict and Leadership.</li> </ul>
<b>Entrepreneurship, Innovation and Global Competencies</b>	<ul style="list-style-type: none"> <li>• Pilot Entrepreneurship Apprentice program. Provide 24 students with community impact and social innovation experiences through City School course deliveries.</li> </ul>
<b>A Leader in Simulation-Based Learning</b>	<ul style="list-style-type: none"> <li>• Implement Virtual and Augmented Reality Centre of Excellence (pending partnership agreement).</li> </ul>
<b>Most Satisfied Employers</b>	<ul style="list-style-type: none"> <li>• Implement strategy for employer engagement in increased connections, cohesion and inventory of what currently exists.</li> </ul>

<b>COLLABORATION AND PARTNERSHIPS</b>	
<b>Strategic Plan Priority</b>	<b>2018–2019 Business Plan</b>
<b>Leaders in Applied Research</b>	<ul style="list-style-type: none"> <li>• Launch College Student Success Innovation Centre.</li> <li>• Explore opportunities with non-traditional partners.</li> <li>• Participate in Supercluster strategies that are approved for this region.</li> </ul>
<b>Generating Innovative Solutions for Industry and Community</b>	<ul style="list-style-type: none"> <li>• Create an apprenticeship hub engaging industry, employers and apprentices, allowing for sustained growth and advancement of Skilled Trades.</li> </ul>
<b>Redefining Campus to Support Growth and Collaboration</b>	<ul style="list-style-type: none"> <li>• Launch Wentworth Heights project with PSW students in January 2019.</li> </ul>

<b>COMMUNITY LEADERSHIP</b>	
<b>Strategic Plan Priority</b>	<b>2018–2019 Business Plan</b>
<b>Leaders in Indigenous Education</b>	<ul style="list-style-type: none"> <li>• Launch SNP/IBM Early College partnership.</li> <li>• Establish McMaster/Mohawk Indigenous diploma to degree pathway Fall 2019.</li> </ul>
<b>Leaders in Social Inclusion</b>	<ul style="list-style-type: none"> <li>• Implement Social Inclusion Roadmap.</li> </ul>
<b>Leaders in Internationalization and Global Experiences</b>	<ul style="list-style-type: none"> <li>• Continue to diversify international student population.</li> <li>• Create model and business case to increase international experiences for domestic students.</li> </ul>
<b>Leaders in Environmental Sustainability</b>	<ul style="list-style-type: none"> <li>• Launch CE certificate in Sustainable Local Foods in Fall.</li> <li>• Launch campus-wide energy monitoring program to identify wasted energy in classrooms, offices and common areas.</li> <li>• Expand EV charging stations at Fennell and Stoney Creek campuses by Fall.</li> <li>• Complete Greenhouse Gas audit in late 2018.</li> </ul>

<b>STRONG FOUNDATIONS</b>	
<b>Strategic Plan Priority</b>	<b>2018–2019 Business Plan</b>
<b>Reputation and Pride</b>	<ul style="list-style-type: none"> <li>• Launch of the Joyce Centre promotion, CE brand; refresh Alumni brand.</li> <li>• Undertake a reputation check (Community-focused).</li> </ul>
<b>Excellence in Staff and Faculty</b>	<ul style="list-style-type: none"> <li>• Refocus ARIE grant (now Applied Research Catalyst Fund).</li> <li>• Review CE business model.</li> <li>• Launch Employee Engagement Survey.</li> </ul>
<b>Financial Sustainability</b>	<ul style="list-style-type: none"> <li>• Implement upgrade to payment system to bring cashiering system to current standards and enable integration with new software.</li> </ul>
<b>Planning for the Future</b>	<ul style="list-style-type: none"> <li>• Complete the Joyce Centre building and prepare 4<sup>th</sup> floor for Centre for Climate Change Management.</li> <li>• Develop Campus Master Plan.</li> <li>• Develop multi-year SEM enrolment strategy that incorporates a formal process to review program sustainability, program delivery options and takes into account partner institutions (MCE, Six Nations Polytechnic).</li> </ul>



## Section 5: Financial Position and Operations

	2018/19 BUDGET \$	2017/18 ACTUAL \$
<b>FINANCIAL POSITION:</b>		
Cash and Cash Equivalents	19,926,888	41,875,751
Accounts Receivable	16,021,698	17,248,627
Other Current Assets	60,918,564	79,474,378
Construction in Progress	810,000	40,825,878
Tangible Capital Assets	373,493,253	279,609,292
Tangible Capital Asset Accumulated Amortization	(144,557,382)	(127,308,132)
Long Term Receivable	30,085,399	31,203,548
Investments and Other Long term Assets	873,472	873,472
<b>TOTAL ASSETS</b>	<b>357,571,892</b>	<b>363,802,814</b>
Accounts Payable and Accrued Liabilities	37,811,485	44,717,736
Deferred Revenue	23,358,450	27,569,088
Restricted Contribution	6,986,231	10,106,087
Deferred Capital Contributions	134,961,555	129,892,108
Debt	52,984,825	50,135,449
Other Long Term Liabilities	6,751,000	6,751,000
<b>TOTAL LIABILITIES</b>	<b>262,853,546</b>	<b>269,171,468</b>
Unrestricted Net Assets	(4,800,340)	(6,681,441)
Internally Restricted Net Assets	11,269,671	40,323,000
Investment in Capital Assets	70,998,466	43,826,238
Endowments	17,541,702	17,454,702
Accumulated Remeasurement Losses	(291,153)	(291,153)
<b>TOTAL NET ASSETS</b>	<b>94,718,346</b>	<b>94,631,346</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>357,571,892</b>	<b>363,802,814</b>
<b>OPERATIONS:</b>		
Grant Revenue	115,035,832	107,410,976
Tuition Fees	109,091,246	97,726,943
Other Student Fees	4,662,849	4,708,215
Contractual and other fee-for-services	4,440,634	6,417,638
Ancillary Revenue	15,121,013	14,017,695
Other Revenue	7,891,588	8,280,075
<b>TOTAL REVENUE</b>	<b>256,243,162</b>	<b>238,561,542</b>
Salaries and Wages	126,754,857	109,224,943
Employee Benefits	27,896,878	23,823,691
Transportation and Communication	3,443,292	3,554,247
Services	43,878,103	39,191,428
Supplies and Minor Equipment	10,541,710	12,571,167
Ancillary Services - Expenditures	9,962,571	10,125,217
Amortization Expense	17,249,250	15,164,336
Other Expenditures	16,516,501	12,435,923
<b>TOTAL EXPENSES</b>	<b>256,243,162</b>	<b>226,090,952</b>
<b>TOTAL OPERATIONS SURPLUS</b>	<b>-</b>	<b>12,470,590</b>

## Section 6: 2018–2019 Enrolment Targets

### Full Time Enrolments (Domestic & International)

	<b>Spring</b>	<b>Fall</b>	<b>Winter</b>	<b>Total</b>	<b>% Increase over 2017/18</b>
2017/18 Total Actual Enrolments	2,453	13,328	13,056	28,837	
2018/19 Financial Plan Target	2,711	13,632	13,620	29,963	
Year over Year Semester Growth	258	304	564	1,126	3.9%

# Section 7: Approved 2018-2019 Budget Book

## 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 alumni, convocation, technology enhancement and the David Braley Athletic and Recreation Centre (DBARC) fee. Compulsory ancillary fees are governed by the MAESD "Tuition and Ancillary Fees" operating procedure. The Mohawk Student Association (MSA) is included in the decision making process for fee levels.
- 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. Each year, a balanced budget is prepared such that budgeted expenditures equal budgeted revenue. The operating budget includes amortization of capital assets and, interest costs associated with the repayment of debt financing.

College expenses include but are not limited to:

- Salaries and fringe benefits
- Supplies and materials
- Commodities (e.g., hydro, diesel fuel and gasoline)
- Contracted services
- 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 academic related overhead costs.

These expenses are paid for by revenue 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 because enrolment influences the Ontario Ministry of Advanced Education and Skills Development (MAESD) operating grant, tuition fees and ancillary revenue. The operating grants and tuition fees account for 79% percent of total revenue.

### **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 and continuing education students. The fees are collected for activities MAESD deems are not directly related to academics. Compulsory ancillary fees account for approximately 5% percent of total revenue and have equal, offsetting expenses.

Compulsory Ancillary Fees are governed by the MAESD “Tuition and Ancillary Fees Reporting” operating procedure and mandates that student governing bodies be involved in decisions regarding compulsory ancillary fees. The proposed revenue and expenses were presented to and approved by the MSA.

### **What is a Capital Budget and Forecast?**

Mohawk College’s Capital Budget and Forecast outlines the college’s capital plans for upcoming years and identifies how to pay 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, board reserves and debt financing. In addition to new initiatives, the existing infrastructure continues to age and require 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, board reserves), accessibility to provincial grant programs and fundraising opportunities.

## Financial Policies & Practices

---

College budget policy is influenced by Generally Accepted Accounting Principles and MAESD 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:

### Balanced Financial Plan

Under its governing legislation, the college is required and will prepare a balanced annual financial plan each year, whereby revenue and expenditures net to zero.

### Academic Contribution Margins

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 42.5% of revenue as an overall contribution to the college (the "Contribution Margin"). The contribution is allocated towards learning resource centres, innovation and research and academic related overhead costs. The academic expenditure budgets are created in relation to revenue targets.

### Compulsory Ancillary Fees

In addition to tuition fees, all students are required to pay compulsory ancillary fees. Compulsory ancillary fees are charged to postsecondary and continuing education students for activities MAESD deems not directly related to academics. Compulsory Ancillary Fees are governed by the MAESD "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.

Compulsory ancillary revenue and offsetting expenses are presented separately from the college's operating budget. This level of reporting provides the board with an understanding of how the fees collected will be utilized. Any fees unspent in the current year may be deferred to the following year.

### Approval of Capital, Renovation and Maintenance Projects

Requests for the use of funds to be directed towards capital, renovation and maintenance projects are submitted through the Capital Planning Committee (CPC). Criteria for capital, renovation and maintenance project requests require that:

- Expenses should be one-time in nature
- Requests should be in excess of \$5,000

Capital requests must align with the strategic priorities of the college. The criteria used to evaluate the projects include:

- Direct support of business priorities
- Improvements related to health and safety
- Legislative requirements (e.g., accessibility)
- Maintaining infrastructure

The funding sources for capital, renovation and maintenance projects are subject to annual MAESD approved funding allocations and the college's operating budget availability. As such, the CPC will review the financial impact of each priority project and prioritize projects to be presented to MEG based on financial availability.

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

All capital, renovation and maintenance 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 may be used to support such things as reductions in enrolment, major repairs etc. The contingency attempts to prudently 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 subject to internal restrictions imposed in a formal manner by resolution of the Board of Governors. These restrictions represent specific projects, new initiatives or future obligations. Internal restrictions form part of the budget following board approval.

### **Financial Health Indicators**

The college's financial health indicators will reflect and align with the Financial Sustainability Metrics as outlined in the college's 2017-2020 Strategic Mandate Agreement (SMA) with MAESD. The 2017-2020 SMA signed by the college acknowledged that financial sustainability and accountability are critical to achieving institutional mandates and realizing Ontario's vision for the postsecondary education system. To that end, seven metrics were identified to assess the financial health and sustainability of each institution:

1. Annual Surplus/Deficit
2. Net Income to Revenue Ratio
3. Accumulated Surplus/Deficit
4. Net Assets to Expense Ratio
5. Quick Ratio
6. Debt Servicing Ratio
7. Debt to Asset Ratio

## 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 (Sept-Dec 2017)

- Budget Directions approved by Board of Governors
- Academic enrolment planning and contribution margin targets
- Non-Academic starting point was 2017/18 original base budget
- Compulsory Ancillary Fee proposals
- Capital equipment and project submissions



### Review

#### Review (Jan-Mar 2018)

- Submission of operating investment proposals
- Community Access & Engagement, Applied Research and Ancillary business operations detail reviews
- Capital Planning Committee (CPC) prioritize submissions
- Mohawk Executive Group (MEG) review of operating, fee supported and capital budget plans
- Board approval of tuition fees and compulsory ancillary fees



### Approval

#### Approval (Mar-Apr 2018)

- MEG approval of operating budget and capital plan
- Communication with management teams
- Recommendation to Audit, Finance & Infrastructure Committee
- Board of Governors approval of overall 2018/19 Financial Plan

## 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

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 strategic mandate agreement, academic plan and international strategy.

The SEM Planning Committee oversees the forecasting of enrolments which are ultimately approved by MEG. The committee is represented by staff from across the organization, including Administration, Deans and Associate Deans, Finance, Institutional Research, Registrar and Scheduling.

Enrolment Planning is the basis upon which operating budget revenue is calculated for the college. In developing the 2018/19 budget, substantial effort was placed on reviewing academic activity through the SEM tool and committee. Each existing program was examined and forecasted for both domestic and international enrolments, recognizing historical trends in enrolment, changing community needs and demographic shifts.

Retention of students was also analyzed at length to ensure projections reflected likely attrition rates. International student enrolments were projected with added emphasis.

Key marketing directions will see Mohawk continuing to dominate the Hamilton market. Increased focus will be placed on the recruitment of non-direct students as well as strategic outreach into regions where the youth market is growing. The college will work to increase enrolment among Aboriginal, International and the Access population. As well, marketing will work with the academic area to identify program opportunities that will assist in attracting our target audiences with special emphasis on postgraduate certificates and continuing education programming.

International Education is closely integrated into the enrolment planning process to ensure the recruitment targets are synchronized with the enrolment plans developed by the Academic areas.

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



## Investment Strategies

Financial Managers were given the opportunity to submit investment proposals requesting funding in support of new service expectations or expanded responsibilities in their respective areas. An investment pool of \$6M was available to support these requests. Financial Managers presented investments for consideration by MEG. Each investment proposal was linked to the Strategic Plan and anticipated outcomes were identified by linking to the 2018/19 business priorities and how the investment proposal will be measured against the 5-year metrics.

Decisions were also based upon whether the request was one-time in nature or ongoing. After a thorough and detailed review process, the approved investments will support the following initiatives:

- Internationalization
- New Program Development
- College Quality Assurance Audit Process (CQAAP) Review
- College Student Success Innovation Centre
- Job Ready Guarantee
- IBM Partnership
- Future Ready Campus Master Plan
- Investment in Human Resources to Implement Bill 148
- Information Technology Deferred Maintenance and Strategy

## Unpredictable Revenue

Budgeting best practices encourages the avoidance of building a dependence upon unpredictable revenue. While all revenue sources have some degree of volatility, the financial impact resulting from changes in international enrolments is more pronounced given the higher value of the tuition fees associated with each student. With a projected overall enrolment increase of 3.9% and the high tuition value for international students, the financial plan includes a contingency for domestic and international enrolments.

## Approved Operating Budget at a Glance

---

The college, while recognizing changes in the economic and demographic environment, continues to maintain a balanced budget on an ongoing basis. By this, we mean total operating expenditures equal total operating revenue.

### Operating Plan Highlights

The proposed 2018/19 Financial Plan has been developed in accordance with the approved budget directions and thoroughly reviewed by MEG.

- The Plan delivers a balanced budget. Gross revenue and expenditures are budgeted at \$256M, including amortization of capital assets.
- The Plan was developed around delivering educational programming to 14,982<sup>1</sup> postsecondary full-time equivalents (FTE).
- The full-time staffing complement for 2018/19 is 1,037, representing 418 Faculty, 212 Administrative staff and 407 Support staff<sup>2</sup>.
- Throughout the budget deliberations, the full-time complement was increased by a net 32 regular full-time permanent positions over the 2018/19 initial staffing plan.

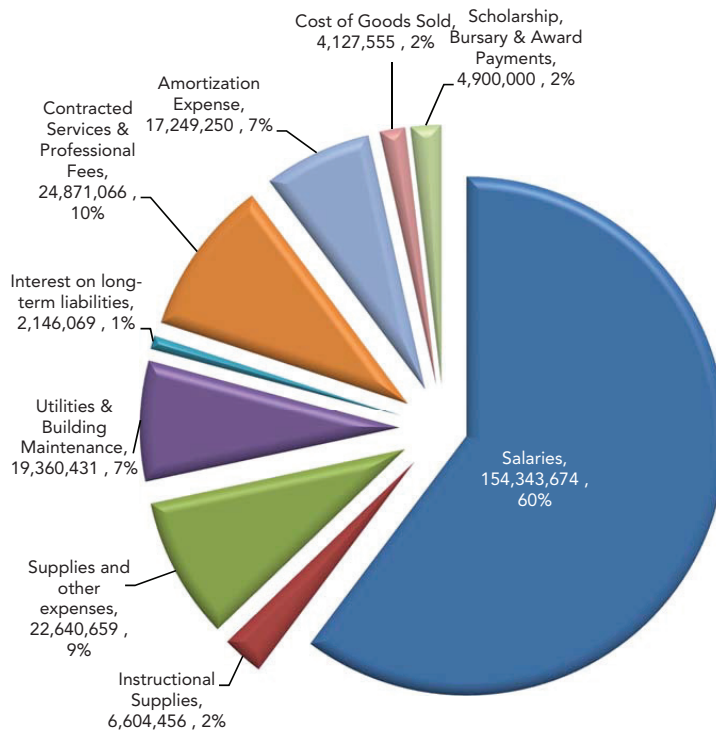
---

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

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

## Total Expenditures by Object (\$256 Million)

The pie chart below illustrates the college’s 2018/19 Approved Operating Budget expenditures by cost component. Human Resource costs (full-time, part-time and benefits) account for \$154M or approximately 60% of the total expenditure budget.



## Expenditure Highlights

**Human Resources:** The 2018/19 plan projects 60% of the budgeted expenditures are full-time and part-time human resources.

**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. Administrative staff salaries are budgeted in accordance with the current review of administrative salaries.

**Fringe Benefits:** The 2018/19 employee fringe benefit rates are as follows: 25% for full-time and 14% for part-time employee. Employer deductions include both legislated (e.g., CPP, EI etc.) and discretionary (e.g., health and life insurance) fringe benefits as well as contributions to a defined benefit pension plan (CAAT).

**Full-Time Equivalents (FTE):** The 2018/19 initial full-time staffing plan consists of 1,005 permanent FTE positions across the faculty, administrative and support groups. Through the consideration of investment proposals, MEG recommended an increase of 32 new full-time positions for a total of 1,037 permanent positions at a cost of \$111M, as shown on the table below. Increases to the staffing plan support existing growth, prepares for future growth in enrolments, and supports our leadership role in social inclusion, Aboriginal, sustainability and internationalization.

## 2018–19 Staffing Plan

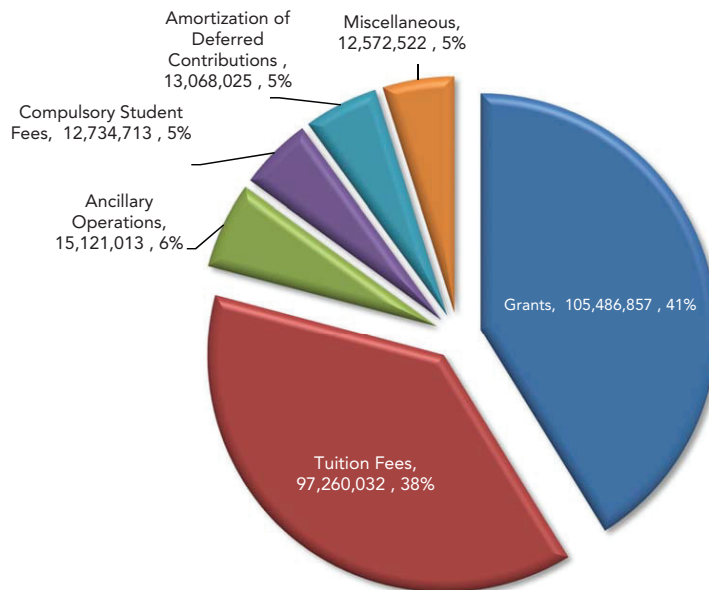
	FACULTY		ADMINISTRATIVE		SUPPORT		TOTAL	
	Count	\$	Count	\$	Count	\$	Count	\$
<i>Initial Full Time Staffing Plan</i>	412	51,584,913	207	25,984,211	386	31,235,730	1005	108,804,854
<i>Final MEG Approved Staffing Plan</i>	418	52,170,444	212	26,486,086	407	32,151,047	1037	110,807,577

**Contribution Margins:** The overall contribution margin targets were established for the different academic streams: Postsecondary 42.5%, Apprenticeship 30% and Continuing Education 40%.

**Non-Salary Expenditures:** Non-salary expenses associated with running operations includes supplies, utilities, maintenance, contract services, insurance, financing charges, travel, professional development and promotion. Generally speaking, the 2018/19 non-salary operating budget allocations represent the 2017/18 approved initial levels adjusted for one-time investments. Finance assessed expenses that impact all areas of the college which include utilities, credit card commission, insurance, legal and US exchange rate implications.

## Where the Money Comes From (\$256 Million)

The Mohawk College operating budget of \$256M is balanced with the use of a variety of revenue sources. The following pie chart shows the funding sources of the 2018/19 Approved Operating Budget.



The college's single largest revenue source comes from MAESD in the form of grants. In 2018/19, \$105M or 41% of the college's total funding will be operating grants. The Corridor Operating Grant (COG), which was introduced in 2017/18, will replace the General Purpose Operating Grant (GPOG). During the transition, years of 2018/19 and 2019/20 the college will be funded at the greater of COG or GPOG. The GPOG comprises base and growth funding envelopes and these allocations are based on complex calculations involving a rate per weighted funding unit and averages of prior year enrolments. The COG is calculated in a similar manner as the GPOG; however, it will become the baseline grant in 2019/20 and onwards.

MAESD has notified the college of \$8M of support under the Supporting Quality Programs and Student Outcomes program. This funding is to help support quality and student outcomes, and to help towards implementing the provisions of the Fair Workplace Better Jobs Act.

Tuition revenue was modelled directly from the enrolment plan and approved fees schedule. Deans and Associate Deans used the SEM planning tool to model enrolments and resulting revenue. The enrolment plan projects the delivery of full-time postsecondary domestic and international education for 29,963 enrolments (14,982 FTEs).

The MAESD mandate of a four-year tuition fee framework, that caps the average annual tuition fee increase at 3%, has been extended for a further two years. The "2018/19 Tuition Fees" report approved by the Board of Governors on November 8, 2017 outlined the fee increases for first year students, returning students, regular programs, high demand, etc. with the overall enrolment mix yielding an increase of 3% and therefore, not exceeding the allowable limit.

As a result, the full-time postsecondary and international tuition revenue increased by \$10.3M over the 2017/18 actuals which is attributable to an increase in both the domestic and international tuition rate and enrolment projections. Continuing education revenue is slightly higher than in 2017/18 due to the growth in distance education deliveries.

Tuition revenue varies directly with in-year enrolment activity and failure to attain the planned enrolments poses a risk to the Financial Plan. This is more pronounced with international enrolments, given their tuition is four times greater than domestic. Recognizing this risk, staff have appropriately planned mitigating contingencies for both domestic and international enrolment.

Ancillary revenue is derived from the campus stores, residence, food services, printing and campus copying, summer camp, conferences, parking and DBARC operations. The projected net contribution from ancillary operations of \$3.8M represents 25% of total \$15.1M revenue.

The Centre for Community Partnerships & Experiential Learning offers a broad range of programs including employment services, academic upgrading, City School, school-college works initiatives and enhanced language training. The projected net contribution of \$859K represents 10% of total \$8.4M revenue.

Innovation and Research initiatives include, Medic, Energy and Additive Manufacturing projects; primary funding sources are the Natural Sciences & Engineering Research Council of Canada and Panorama. The college's operating budget will support \$922K net contribution for administrative functions.

## Fee Supported Budget

---

In addition to tuition fees, all students are required to pay compulsory ancillary fees. These fees generate approximately \$13M, which is 5% of total revenue. The fees have equal, offsetting expenses and are critical in supporting services including, technology enhancement, health, athletics, counselling, convocation and alumni.

Compulsory ancillary fees are governed by the MAESD "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. The fee supported budgets presented to the Board of Governors are in compliance with the binding policy directive. The following table represents the 2018/19 Compulsory Ancillary Fee gross budget plan.

Name of Fee	2018/19 Planned in year revenue \$(000)	*2019/20 Planned in year revenue \$(000)
<b>Postsecondary Fees - College:</b>		
Alumni	\$ 381	\$ 387
Assessment for Success	\$ 432	\$ 437
Convocation	\$ 470	\$ 479
Student Success Fee (formerly Student Experience Fee)	\$ 2,403	\$ 2,442
ID Card	\$ 433	\$ 439
Student Centre Building	\$ 156	\$ 158
Technology Enhancement	\$ 2,268	\$ 2,312
Transcript	\$ 210	\$ 213
Access Copyright	\$ 127	\$ 127
Student Life (formerly Athletics)	\$ 2,156	\$ 2,278
DBARC	\$ 2,596	\$ 2,656
Sustainability Initiatives Fee	\$ 154	\$ 157
<b>Sub-total Postsecondary Fees - College</b>	<b>\$ 11,786</b>	<b>\$ 12,085</b>
<b>Postsecondary Fees - MSA:</b>		
Student Activity	\$ 3,196	\$ 3,375
HSR Bus Pass	\$ 2,687	\$ 2,964
Health and Dental Plan	\$ 2,710	\$ 2,759
<b>Sub-total Postsecondary Fees - MSA</b>	<b>\$ 8,593</b>	<b>\$ 9,098</b>
<b>Total Postsecondary Fees</b>	<b>\$ 20,379</b>	<b>\$ 21,183</b>
<b>Continuing Education Fees:</b>		
Academic Service Fee	\$ 446	\$ 452
Student Experience and Activity Fee (College)	\$ 264	\$ 267
Technology Enhancement	\$ 20	\$ 21
Access Copyright	\$ 14	\$ 14
Capital Campaign	\$ 34	\$ 35
Student Bursary	\$ 34	\$ 35
Recreation Centre Fee	\$ 34	\$ 35
Student Activity Fee (MSA portion)	\$ 119	\$ 120
<b>Total Continuing Education Fees</b>	<b>\$ 965</b>	<b>\$ 979</b>
<b>Apprenticeship Fees:</b>		
Apprenticeship Service Fee - College	\$ 97	\$ 99
Apprenticeship Service Fee - MSA	\$ 33	\$ 34
<b>Total Apprenticeship Fees</b>	<b>\$ 130</b>	<b>\$ 133</b>
<b>Total Fees Collected</b>	<b>\$ 21,474</b>	<b>\$ 22,295</b>
<b>* 2018/19 enrolment used to estimate 2019/20 planned revenue</b>		

## Capital Budget

---

The 2018/19 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 ministry grants, student levies, fundraising, research grants, 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 student body.

The board approved Joyce Centre for Partnership and Innovation (Joyce Centre), which began in 2016/17 and will be financed by the Federal Government Strategic Investment Fund, donations, board reserves, debt financing, and Brantford campus sale proceeds is nearing completion. The capital plan also includes the new parking lots at Fennell and Stoney Creek campuses, upgrades to the McIntyre Performing Arts Centre (MPAC), a provision for an investment in a virtual reality centre, greenhouse gas reduction program, 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. Project charters were developed defining project deliverables, risks, milestones, staffing and financial requirements. The committee prioritized capital projects and performed an overall assessment of facilities' support requirements. The criteria used to evaluate the projects include:

- Direct support of 2018/19 business priorities
- Improvements related to health & safety or accessibility
- Legislative requirements
- Maintaining infrastructure

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.

Debt financing of \$12M has been sought for the Joyce Centre to help finance the cost of the \$54.25M project. Advances were received during 2017/18 with the remainder expected in 2018/19. The 'Debt Servicing' ratio and the 'Debt to Assets' ratio will be well within their respective MAESD benchmarks

### 2018–19 Capital Additions & Funding Sources

The total gross capital value of additions is \$48M and is summarized in the table below. Campus Renewal is \$23M or 48% of the total and includes the Joyce Centre, new parking lots at Fennell and Stoney Creek campuses, upgrades to the MPAC and a provision for a Virtual Reality Centre. Facilities renewal projects are \$15M or 31% and include \$4.5M for essential deferred maintenance, \$7.3M for the Greenhouse Gas Reduction Program, academic classroom and lab upgrades, renovations to meet the Accessibility for Ontarians with Disabilities Act (AODA), and health and safety requirements. There is continued investment in information technology and academic equipment.



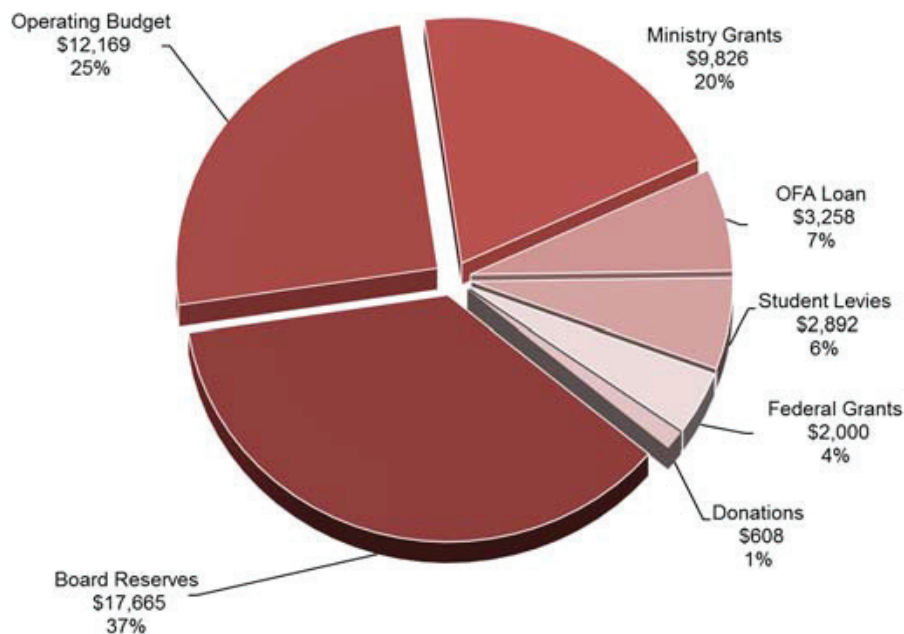
### 2018–19 Capital Plan Additions by Major Category

	Gross Costs (\$ 000's)	% of Total
Campus Renewal	23,078	48
Facilities Renewal College-wide	15,003	31
Facilities Renewal Academic	2,041	4
Academic Equipment	2,595	5
Information Technology – College-wide	2,804	6
Information Technology – Academic	2,897	6
<b>Total</b>	<b>48,418</b>	<b>100</b>

Operating funds support \$12.2M or 25% of the total capital additions. Federal grants and Ontario Financing Authority (OFA) loan totaling \$5.3M or 11% of the plan are solely for the Joyce Centre. Other funding sources include Ministry grants for apprenticeship renewal \$1.4M, Greenhouse Gas Reduction Program \$7.3M, essential deferred maintenance \$691K, and academic equipment \$426K; student levies for information technology enhancements \$2.5M; and donations for facilities renewals at all three campuses.

Board reserve funding is \$17.7M or 37% of the plan. Capital projects include the Joyce Centre of \$11.5M, new parking lots at Fennell and Stoney Creek campuses of \$3.2M, upgrades to the MPAC of \$1.065M and a provision for a Virtual Reality Centre of \$1.9M.

### GRAPH - 2018/19 Funding Sources for Capital Additions (\$000's)



## Debt Capacity

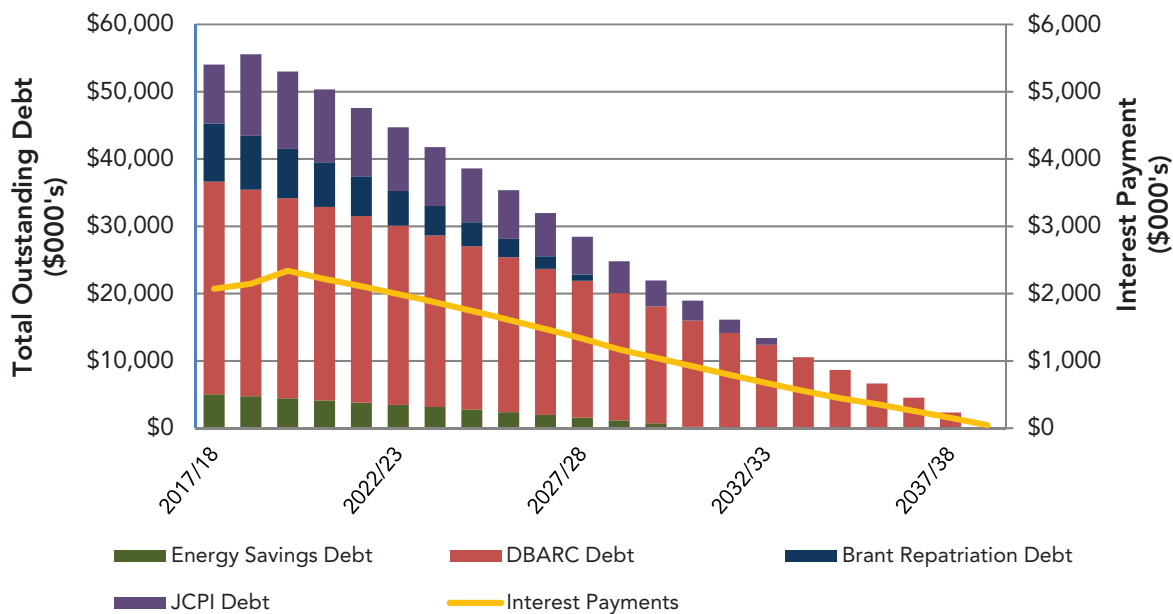
The college’s debt level is projected to be \$56M at March 31, 2019, which comprises the DBARC \$31M, Brantford Campus Repatriation \$8M, Energy Savings \$5M and the new debt for the Joyce Centre \$12M. The debt financial health indicators for the next three year period provide the following projected results compared to MAESD benchmarks:

- **Debt to Assets ratio:** Average 30% projection is below 35% benchmark (favourable)
- **Debt Service ratio:** Average 1.82% projection is below 3% benchmark (favourable)

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.

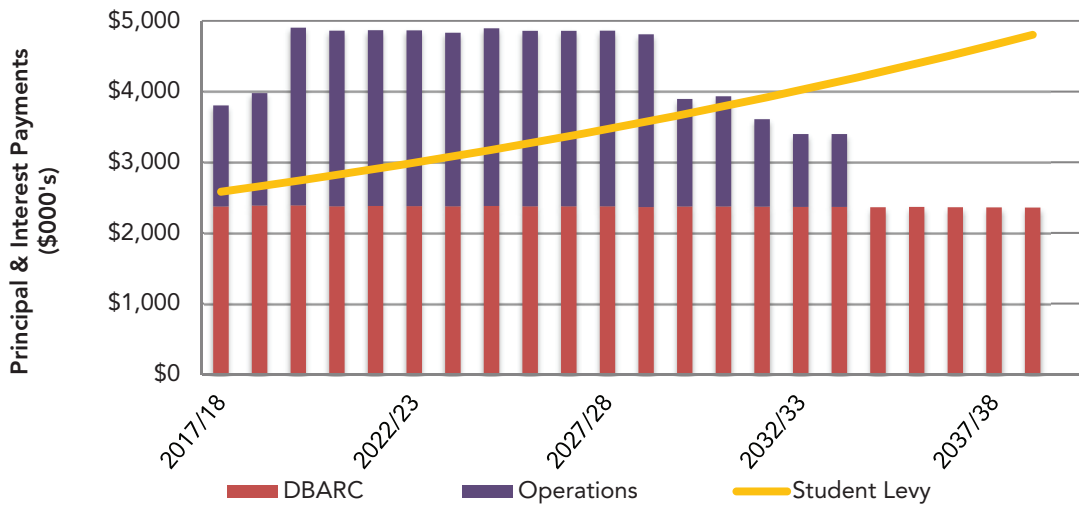
The following graph reflects the projected debt level and interest expense for the next twenty years.

### 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 annual levy started to be enough to cover the annual principal and interest payments in fiscal 2017/18. The college should be fully repaid by 2032/33 (15 years). Savings from operations cover the energy savings loan (lower utility costs) and the Brantford repatriation loan (closure of Brant-Elgin Street campus), and increased revenue from opening the new Joyce Centre will cover the costs of the related loan.

## GRAPH – Sources of Funds for Loans



## Multi-Year Infrastructure Capital Projections

The Essential Deferred Maintenance items and Multi-Year Infrastructure Capital projections are provided on the following two tables. The college plans to continue to fund \$3.8M per year from operations for priority essential deferred maintenance items.

## Essential Deferred Maintenance Items

Maintenance Categories	2018/19 \$	2019/20 \$	2020/21* \$	2021/22* \$	2022/23* \$	Total \$
Project Planning	425,000	300,000	300,000	300,000	300,000	1,625,000
Interior Finishes	130,000	130,000	130,000	130,000	200,000	720,000
Mechanical/HVAC/Plumbing	1,800,000	1,760,000	1,945,000	840,000	3,132,000	9,477,000
Electrical	910,000	590,000	50,000	50,000	50,000	1,650,000
Conveyance	-	-	495,000	-	-	495,000
Fire Safety	600,000	360,000	-	-	-	960,000
Security	435,000	150,000	150,000	150,000	150,000	1,035,000
Site: Roads, Sidewalks, Hardscape	30,000	30,000	50,000	50,000	50,000	210,000
Building Envelope	170,000	1,180,000	1,380,000	2,980,000	618,000	6,328,000
<b>TOTAL</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>4,500,000</b>	<b>22,500,000</b>

\* - years 2020/21 to 2022/23 are shown for future consideration

## Multi-Year Infrastructure Capital Projections

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	\$	\$	\$	\$	\$	\$
<b>Joyce Centre for Partnership &amp; Innovation</b>						
OFA Loan	3,257,540	-	-	-	-	3,257,540
Federal Grants	2,000,000	-	-	-	-	2,000,000
Donations	155,344	-	-	-	-	155,344
	<u>5,412,884</u>	-	-	-	-	<u>5,412,884</u>
<b>Joyce Centre for Partnership &amp; Innovation - additional requirements</b>						
Board Reserves - Permanent	11,500,000	-	-	-	-	11,500,000
	<u>11,500,000</u>	-	-	-	-	<u>11,500,000</u>
<b>New Parking Lots (Fennell &amp; Stoney Creek)</b>						
Board Reserves - Permanent	3,200,000	-	-	-	-	3,200,000
	<u>3,200,000</u>	-	-	-	-	<u>3,200,000</u>
<b>McIntyre Performing Arts Centre Upgrades</b>						
Board Reserves - Permanent	1,065,000	-	-	-	-	1,065,000
	<u>1,065,000</u>	-	-	-	-	<u>1,065,000</u>
<b>Virtual Reality Centre</b>						
Board Reserves - Permanent	1,900,000	-	-	-	-	1,900,000
	<u>1,900,000</u>	-	-	-	-	<u>1,900,000</u>
<b>Century Manor Improvements</b>						
Board Reserves - Permanent	-	750,000	2,000,000	2,000,000	2,000,000	6,750,000
	<u>-</u>	<u>750,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>6,750,000</u>
<b>Greenhouse Gas Reduction Program</b>						
MAESD Greenhouse Gas Reduction Program	7,318,762	-	-	-	-	7,318,762
	<u>7,318,762</u>	-	-	-	-	<u>7,318,762</u>
<b>Essential Deferred Maintenance*</b>						
Operating Budget	3,809,100	3,809,100	3,809,100	3,809,100	3,809,100	19,045,500
MAESD Facility Renewal Program	690,900	690,900	690,900	690,900	690,900	3,454,500
	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>22,500,000</u>
<b>Capital Planning Committee</b>						
Operating Budget	8,360,202	-	-	-	-	8,360,202
Student Levies	2,892,038	-	-	-	-	2,892,038
MAESD Apprenticeship Enhancement Fund	1,390,643	-	-	-	-	1,390,643
MAESD Capital Equipment Renewal Fund	426,100	-	-	-	-	426,100
Donations	452,028	-	-	-	-	452,028
	<u>13,521,011</u>	-	-	-	-	<u>13,521,011</u>
<b>TOTALS</b>	<u>48,417,657</u>	<u>5,250,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>73,167,657</u>

### SUMMARY OF SOURCES OF CAPITAL

							%
Board Reserves - Permanent	17,665,000	750,000	2,000,000	2,000,000	2,000,000	24,415,000	33%
Operating Budget	12,169,302	3,809,100	3,809,100	3,809,100	3,809,100	27,405,702	37%
Ministry Grants	9,826,405	690,900	690,900	690,900	690,900	12,590,005	17%
OFA Loan	3,257,540	-	-	-	-	3,257,540	4%
Student Levies	2,892,038	-	-	-	-	2,892,038	4%
Federal Grants	2,000,000	-	-	-	-	2,000,000	3%
Donations	607,372	-	-	-	-	607,372	1%
<b>Totals</b>	<u>48,417,657</u>	<u>5,250,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>	<u>73,167,657</u>	<u>100%</u>

\* - years 2020/21 to 2022/23 are shown for future consideration

## The Outlook: 2019/20 – 2020/21 Financial Plan

Staff have simulated multi-year balanced financial plans. The years 2019/20 to 2020/21 have been modelled based on enrolments planned for 2018/19, which are projected to remain relatively stable. This activity drives expense plans based on Mohawk's strategic directions. Costs vary directly with planned activity which has been captured in all out-years. The results of the planning process allowed staff to plan for other out-year pressures, including capital building and increases in operating costs associated with major projects. Multi-year projections also allow for more informed and timely maintenance and renovation schedules.

	2016/17 Actual	2017/18 Actual	2018/19 Budget	2019/20 Outlook	2020/21 Outlook
	\$	\$	\$	\$	\$
<b>Revenue:</b>					
Grants	96,800,418	98,387,310	105,486,857	97,328,196	97,461,094
Tuition Fees	79,251,854	86,928,108	97,260,032	101,275,612	105,573,985
Ancillary Operations	14,594,366	14,017,695	15,121,013	15,423,433	15,731,902
Compulsory Student Fees	11,477,436	11,489,913	12,734,713	13,053,081	13,379,408
Amortization of Deferred Contributions - Capital	7,436,374	8,024,028	8,168,025	7,859,996	7,160,202
Amortization of Deferred Contributions	4,926,907	4,776,132	4,900,000	5,000,000	5,100,000
Miscellaneous	23,206,528	14,938,356	12,572,522	12,823,972	13,080,452
<b>Total Revenue</b>	<b>237,693,883</b>	<b>238,561,542</b>	<b>256,243,162</b>	<b>252,764,291</b>	<b>257,487,042</b>
<b>Salaries &amp; Benefits:</b>					
Salary-Academic	55,093,175	55,180,532	65,414,782	66,723,078	68,057,539
Salary-Admin	20,642,499	22,029,429	26,854,532	27,391,623	27,939,455
Salary-Support	29,067,382	32,076,242	34,213,773	34,898,048	35,596,009
Fringe Benefits	23,492,287	23,827,903	27,860,587	28,128,924	28,691,502
Subtotal - Salaries & Benefits	128,295,343	133,114,106	154,343,674	157,141,672	160,284,506
<b>Non Salary Expenses:</b>					
Instructional Supplies	6,099,798	6,417,588	6,604,456	6,736,545	6,871,276
Supplies and other expenses	17,045,988	20,424,707	18,696,643	18,070,576	18,431,987
Utilities & Building Maintenance	17,464,318	18,922,196	19,360,431	18,702,463	19,075,624
Interest on long-term liabilities	2,575,285	2,071,984	2,146,069	2,339,239	2,215,352
Contracted Services & Professional Fees	19,484,141	21,288,782	24,871,066	20,268,487	20,673,857
Amortization Expense	14,451,134	15,164,336	17,249,250	18,206,405	17,514,124
Cost of Goods Sold	4,042,314	3,911,121	4,127,555	4,210,106	4,294,308
Scholarship, Bursary & Award Payments	4,926,907	4,776,132	4,900,000	5,000,000	5,100,000
Miscellaneous & Contingencies	-	-	3,944,016	2,088,799	3,026,008
Subtotal - Non Salary Expenditures	86,089,885	92,976,846	101,899,488	95,622,619	97,202,537
<b>Total Expenditures</b>	<b>214,385,228</b>	<b>226,090,952</b>	<b>256,243,162</b>	<b>252,764,292</b>	<b>257,487,043</b>
<b>Net Surplus</b>	<b>23,308,655</b>	<b>12,470,590</b>	<b>-</b>	<b>-</b>	<b>-</b>

The outlook for Ontario colleges will be impacted over time by an aging demographic forcing greater reliance on international enrolments and non-traditional learners, including the Access population and mature students. Increased competition from other educational institutions offering similar services and programs will require Mohawk to provide greater focus on delivering value-added programming. Partnerships with other institutions, such as with McMaster, enhances Mohawk's competitive position within the industry.

Within Mohawk, the commitment to continuous improvement in terms of quality and efficiency has enabled it to invest resources in best practices including future ready processes and program review. These investments will help reduce the overall cost base of operations.

### Outlooks for 2019/20 and 2020/21

The \$8M grant for 2018/19 to support quality and student outcomes, and to help towards implementing the provisions of the Fair Workplace Better Jobs Act is not anticipated to continue beyond 2018/19. The remainder of revenue is projected to increase by an average of 2% over 2019/20 and 2020/21. We have assumed that MAESD will extend the tuition fee framework allowing for an assumed increase of 3% per year. The college's operating grant is forecasted under the new Core Operating Grant (COG) based on the enrolments for 2015/16, 2016/17 and an estimate of enrolment for 2017/18. Ancillary operations are assumed to increase at 2% and compulsory ancillary fees at 2%.

Staffing costs will be monitored with a target of an average rate of 60% of total expenditures, which is in line with previous fiscal years. The level of staffing will continue to be under close review with comparisons to other colleges. Non-salary expenses are projected to increase 2% per year with some exceptions including interest on long-term debt and amortization expense. Amortization is based on capital projections with identified funding sources.

With the above high level baseline assumptions that include the multi-year capital infrastructure plan, there should continue to be room for an investment pool ranging from \$3M to \$5M per year.

Overall, Mohawk is positioned to be financially sound provided that:

- there are no adverse financial implications with the new provincial funding model, part time support staff certification, or with Bill 148;
- enrolments and retention strategies are successfully managed with the goal of at least maintaining domestic while increasing international enrolment levels;
- program rationalization exercises are performed annually;
- the college continues with cost efficiency and containment strategies; and
- staffing levels remain under close review.

If these conditions are met, then the college should have financial capacity for the multi-year capital infrastructure plan and funds to be innovative and to launch and sustain new programs.

# Glossary of Terms

## **Approved Budget**

The final budget passed by the Board of Governors with detail adjusted by departments to show how they will operate within the fund-wide and department-wide numbers approved in that budget.

## **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.

## **Benchmarking**

Determining the quality of one's products, services and practices by measuring critical factors (e.g., how fast, how reliable a product/service is) and comparing the results to highly regarded competitors.

## **Benefits**

Payments to which participants may be entitled under a pension plan, including pension, health and dental benefits.

## **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 both in the current year and (long-term) over several years in the future. The budgeted costs provide needed infrastructure, parking, building construction or classroom/office rehabilitation and other related items. Funding is received from various sources.

## **Capital Equipment**

Physical plant and equipment with an expected life of five years or more.

## **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 (operating grant plus tuition less direct and indirect academic costs) allows for investment in program development, program review and accreditation activities and, recognizes continued support for investments made in research and academic overhead.

**Cost**

The amount of resources required for a business program, product, activity or service to produce an output, regardless of where the resources are accounted for. Direct costs can be identified specifically with a particular final cost objective (e.g., direct service, program or product), and usually appear in the budget of the program that provides the product or service. Indirect costs are incurred for a common or joint purpose benefiting more than one cost objective (e.g., direct service, program or product), but are not readily assignable to the cost objectives specifically benefited; they may be found elsewhere in the budget of the department that provides the product or service, or in the budgets of other departments that support that department.

**Debt Payment**

The payment of principal and interest on borrowed funds such as bonds or debentures.

**Expenditure**

The disbursement of appropriated funds to purchase goods and/or service. Expenditures include current operating expenses that require the current or future use of net current assets, debt service, and capital outlays. This term designates the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, 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.

**Forecast**

The projection of revenue and expenditures to year end.

**Full-Time Equivalent Position (FTE Position)**

A measure of effective authorized positions, indicating the percentage of time a position or group of positions is funded. For an individual position, 1.00 FTE is usually equal to 2,080 hours of work per year. FTE takes into account the number of hours per week and portion of the year the position is funded.  $FTE = (\text{hours worked per week} / 40) \times (\text{months funded} / 12)$ . For instance, a year-around full-time position has an FTE of 1.00. A full-time position funded for 6 months (1/2 year) has an FTE of 0.5, as does a 20-hour-per-week year-around position.

**Generally Accepted Accounting Principles (GAAP)**

Nationally-recognized uniform principles, standards, and guidelines for financial accounting and reporting, governing the form and content of many financial statements of an entity. GAAP encompasses the conventions, rules, and procedures that define accepted accounting principles at a particular time, including both broad guidelines and detailed practices and procedures.

**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.

**Investment Proposal**

Financial managers submitted Investment Proposals in the form of a business case typically representing one-time requests to support specific strategic initiatives or operational priorities. MEG reviewed the investment proposals and prioritized initiatives within the funding allocation.



**Key Performance Indicators (KPI)**

The Ministry of Advanced Education and Skills Development (MAESD) 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

**Liability**

A financial obligation of the college to third parties.

**Long-Term Debt**

Debt that matures greater than one year after it is issued.

**One-Time Item**

An item to be funded from prior years' surplus and only approved for the current budget year.

**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
CE	Continuing Education
CFIS	MAESD's College Financial Information System
COG	Core Operating Grant
CPC	Capital Planning Committee
CPP	Canada Pension Plan
CQAAP	College Quality Assurance Audit
DBARC	David Braley Athletic Recreation Centre
EV	Electric Vehicle
EI	Employment Insurance
FTE	Full-Time Equivalent (may be used to describe full-time equivalent positions or full-time equivalent students)
GPOG	General Purpose Operating Grant
JRG	Job Ready Guarantee
JCPI/Joyce Centre	Joyce Centre for Partnership & Innovation
KPI	Key Performance Indicators
MAESD	Ontario Ministry of Advanced Education and Skills Development
MCEC/MCE	Mohawk College Enterprise Corporation
MEG	Mohawk Executive Group
MPAC	McIntyre Performing Arts Centre
MSA	Mohawk Student Association
OFA	Ontario Financing Authority
PSW	Personal Support Worker
SEM	Strategic Enrolment Management
SNP	Six Nations Polytechnic
SMA	Strategic Mandate Agreement