

DRAFT

**BOARD OF GOVERNORS**

MINUTES OF MEETING NUMBER THREE HUNDRED EIGHTY-EIGHT OF THE BOARD OF GOVERNORS OF ALGONQUIN COLLEGE, WHICH WAS HELD ON MONDAY, APRIL 7, 2003 AT 5:00 P.M. IN THE ROSSER BOARD ROOM, "C" BUILDING, WOODROFFE CAMPUS

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Present: Mr. Mike Keller, Chair

Mr. Vini Bhindi  
Mr. Ric Cameron  
Mr. James Chadwick  
Mr. Steve Georgopoulos  
Mr. Robert Gillett  
Ms Jacquelin Holzman  
Mr. Pat Kennedy  
Ms Cathy Kirkpatrick (via teleconference)  
Mr. Herb Kreling  
Mrs. Nurjehan Mawani  
Mr. Wayne McIntyre  
Mr. Dave Stapley  
Mr. David Wallace  
Mrs. Shirley Westeinde

Regrets: Mr. Robert Madore

Ms Wendy Nicklin

Vice Presidents seated at the table:

Mr. John Hamilton, Finance and Administration  
Mrs. Raymonde Hanson, Academic

Resource Personnel and Observers:

Mr. Barry Brock  
Mr. Brian Burns  
Mr. Pierre de Champlain  
Mrs. Dawn Dubé  
Ms Linda Fielding

Ms Lise Filiatrault  
Mr. Kent MacDonald  
Mr. Christopher Occhiuzzi  
Mr. Luc Presseau  
Mrs. Deborah Rowan-Legg  
Ms Marilyn Stratton - Zimmer

Brenda McCutcheon  
Recording Secretary

The Chair called the meeting to order at 5:00 p.m. and welcomed all in attendance.

### **03-19 CONFLICT OF INTEREST DECLARATION**

None declared.

### **03-20 PRESENTATION OF THE 2003 - 2004 BUDGET**

The President noted that the narrative summaries accompanying each area outlined the major challenges faced by College staff in preparing this Budget. Mr. Gillett added that the proposed 2003 - 2004 Budget does not reflect the recent provincial budget announcement as that is simply a statement of intent until approved by the Legislature. The President concluded by commending staff across the entire College for their efforts in taking a difficult situation and coming up with a balanced Budget for presentation to the Board.

Mr. Hamilton observed that the proposed 2003 - 2004 Budget is a cash flow budget unlike the audited Financial Statements which are done on an accrual basis and bear no resemblance to the Budget document. For example, in the Budget, debt payment servicing includes both principal and interest while the Financial Statements show interest and depreciation as an expense, but do not reflect principal payments. The Vice President led members through the Budget document as follows:

#### **COLLEGE SUMMARY - Page 3**

- The proposed 2003 - 2004 Budget predicts a zero balance at year end.
- The Special Contingency fund has increased by \$500,000 to \$1.5 million which shows up on this page under Operating Expenses and on page 20 under Special Contingency.
- Capital spending is constant year over year.
- Tuition Fees are up \$4 million over last year. Of that, \$400,000 comes from the allowed 2% increase less the 30% hold back. There are modest increases projected for Continuing Education and International. The balance is the increase in numbers from Double Cohort.
- Grants are up \$2.8 million or approximately 5.3%.
- The increase in Ancillaries is primarily the result of revenues from the third

Residence coming on stream in this fiscal year.

- For ACERRA, the College has taken a deliberate decision to minimize the risk in the operating budget, in a wildly fluctuating corporate training market, by showing a zero balance budget with equal revenues and expenses. Any profits earned by ACERRA will be applied to the subsequent budget year. The College could not have predicted the demise of ATI when previously, it brought in \$1.4 million in profits. This slip year financing is used by other colleges and is acceptable by the Ministry.
- Other revenues include such things as GST recovery, interest, IT fee, contract training, CE service fee and CE incidental fees.
- The decrease of approximately \$900, 000 in other revenues is the result of a one time grant for Photonics development in last year's budget but is no longer provided in 2003 - 2004 together with a reduction in GST recovery, a reduction in donations and testing fees.
- Under expenses, projected salary increases are included as both unions are engaged in collective bargaining. 21 vacant positions will be staffed within this budget year. There will also be 7 new Academic positions.
- Fringe benefits will increase as a function of salary increases.
- Ancillaries expenses are projected to increase by \$3.6 million against a revenue increase of \$2.9 million largely as a result of a one time expense of \$400,000 to outfit a convenience and food outlet store as part of the third Residence and \$75,000 for a security fence behind the Residence along Navaho Drive. Also included in the Ancillaries expenses is the approved debt payment on the \$2 million renovations to the Food and Beverage Operations which will be paid back at a rate of \$500,000 per year.
- Other Operating expenses include such things as electricity, cleaning, debt on the Police and Public Safety Institute of \$1 million a year in principal and interest, laptop purchases, instructional supplies and contingency funds.
- \$4.6 million in Capital projects is consistent with the amount at Q3 in the 2002 - 2003 Budget.
- Areas of risk include Continuing Education, International recruitment because of the current state of world affairs, and Ancillaries should the College not achieve the predicted Double Cohort numbers as that would have a direct impact on revenues.

#### DEDICATED FUNDS AND CONTINGENCIES - Page 20

- The General Contingency fund has been reduced by \$50,000 from Q3 as the College felt that a few large and unusual items which occurred in 2002 - 2003 were unlikely to reoccur. There was a break in a heating line to the Early Learning Centre which cost \$130,000 to repair. The College also purchased a couple of houses in Pembroke adjacent to our property which were charged to this account.
- Leave Replacement is up \$200,000 over last year. There were an unprecedented number of claims for sick leave in 02/03, double that of other

years. Human Resources is reviewing the situation to ascertain if it were a one time blip or the beginning of a trend. Meanwhile, it is prudent to increase this account.

- Salary Reserve is up \$600,000 over 02/03. This fund is used for staff who are reclassified or for any arbitration settlement. There are also additional monies beyond the percentage in the Budget for wage increases as both collective agreements are in negotiation for September 1<sup>st</sup>.
- Mandated student aid has increased by \$400,000 as a result of the increase in students associated with Double Cohort. \$1.5 million will be dispersed to work related projects and \$1.7 million to student bursaries.
- The Special Contingency fund has increased by \$500,000 to \$1.5 million.

*There was a reference to \$400,000 in a Rural Grant in the base Budget. Is that amount included in the 2003 - 2004 Budget?* Yes. In the Ministry briefing statement following the economic statement, it was announced that none of the base grants would be reduced; it seemed a reasonable risk to include that amount in the Budget. Once the Legislature has approved the provincial budget, adjustments will be made and presented to the Board as part of the Q1 update.

*What is meant by mandated Student Aid?* A few years ago, the government permitted colleges to increase tuition fees by up to 10%. When they saw what the impact of these increases was on students, the government decreed that 30% of any increase was to be held back for student aid, dedicated to bursaries or an employment fund. Now, that increases in tuition fees are restricted to 2% a year, the 30% hold back means that fees only increase by 1.4%.

*Is there any accumulation of sick leave or vacation leave?* The College is working on eliminating accrued vacation leave. At one time, all three employee groups were entitled to accumulate sick leave credits. In 1979, Support Staff were no longer permitted to accumulate sick leave credits and the same practice was applied to Administrative Staff in 1981. Academic employees hired after 1991, no longer accumulate sick leave credits. Those employees who are entitled to be reimbursed for sick leave credits are paid out of a provincial fund administered by the Council of Regents and the fund is taken off the top of the CAAT's General Operating Grant. The liability for accrued vacation leave is at \$4 million down from \$6 million two years' ago. This amount will show up as a note in the audited Financial Statements.

## CAPITAL PROJECTS - Page 21

- The government now provides two grants: one for equipment of \$700,000 and the other for facilities renewal of \$900,000 for a total of \$1.6 million.
- Evergreening and IT projects are at \$1.9 million compared to \$2.1 million the previous year. At one time, the College evergreened its computers every three years, now it is closer to five years to reflect changing industry standards.
- Non IT equipment is at \$900,000.
- Service improvements of \$150,000 are projected for new systems and programs in Human Resources driven by the work of the Strategic Plan. Many

areas make reference for the need to improve the capabilities of staff.

- Monies for new program development are down compared to last year.
- If the Budget is approved, E building will be decommissioned early in this fiscal year.
- \$1.1 million or the balance of the PeopleSoft implementation of the new financial system is included in the new Budget for a total of \$1.6 million over two years. The current Ross system will not be supported after December 2003. The new system will come into effect January 2004.

*Half of the \$6.3 million in Capital Projects will be spent on IT related projects if PeopleSoft is included. Most industries try to spend up to 30% on IT. Will this be a significant benchmark for the College when it is done?* Yes. The Ottawa Citizen ran an article a few months ago comparing general access to computers by students and Algonquin came out ahead of the two local universities in this regard. The College has been prudently spending money in this area since 1997.

*You mentioned that the College was moving to four to five years in evergreening as opposed to the three years of a few years' ago. Will that not come around and bite us in the future?* The College had no other choice given the other capital constraints. This Budget allocates \$900,000 for non IT equipment and there are demands in excess of \$9 million in that area alone. If the College were to receive monies from the proposed \$60 million Quality Assurance Fund, some of that would be directed to equipment purchases.

## STUDENT LIFE AND HUMAN RESOURCES

Ms Marilyn Stratton-Zimmer, Acting Vice President, highlighted improvements and concerns within this area:

- With the advent of younger students this Fall, Student Affairs is offering an expanded orientation program including a session for parents.
- The "Let's Talk" retention program will continue.
- Health Services will add a Nutritionist to its staff this Fall as well as an active Health Prevention Program.
- The Centre for Students with Disabilities is dependent on the Ministry grant for its operation and increased demands for service have not been matched by increased funding.
- Counselling has started offering evening services twice a week which will continue next year.
- The Test Centre has moved away from formal testing to using other mechanisms to determine the best candidates. The Peer Tutoring service will continue. 8,000 sessions were provided in 02/03.
- A number of improvements were begun in 02/03 to increase service to clients and as they were positively received, will be continued.
- In Human Resources, new monies have been allocated to succession planning, staff retention and development.

Area 1 was commended for the introduction of an Orientation Session for parents and the addition of a Nutritionist to Health Services.

Government grants for Area 1 reflect funding for Safety and Students with Disabilities. Revenues are derived from Health Services and the Test Centre.

## FINANCE AND ADMINISTRATION

Mr. Hamilton highlighted improvements and concerns within his area:

- Discount fees for the use of credit cards are anticipated to increase 40% over 02/03. As the College improves its systems to permit students to have greater ease of access, the payment of fees by credit cards has increased significantly. The Ministry does not permit colleges to add the cost of using a credit card to their fees. *There are many promotional benefits tied to credit card use. As the cost of using credit cards increases, colleges may wish to lobby the Ministry for permission to add the cost to student fees.* Students appreciate the ease of using credit cards to pay their fees. It is a cost to the College of doing business. *Does the College have an affinity card?* Yes, with the Alumni Association, not with the Students' Association. It is something that may be investigated as credit card use becomes more significant. When the moratorium on fees is lifted, this matter can be addressed through further fee adjustments.
- Six months' operating costs for the Rideau Campus are included as the College waits for the Ministry of the Environment to produce the letter permitting the College to sell the campus. These costs are not large as the campus is essentially moth-balled. *When the ATC was under construction, \$3 million from the sale of Rideau Campus was included as part of the funding for this project. Since that did not materialize, is there an outstanding debt for the ATC?* No. The College paid the balance of the construction costs out of operating funds. Algonquin's application to SuperBuild 3 envisages \$3 million from the sale of Rideau. It is anticipated that the College will receive in the neighbourhood of \$8 million net from this sale.
- A year ago, the College saw the risks inherent in electricity costs and hedged its position. This year, the College will hedge its position around the purchase of natural gas.
- There is provision for the establishment in the third Residence of a combination food outlet similar to Bits and Bytes and a convenience store.
- While there will be more demand from the Double Cohort for service in the Registrar's area, there are no funds to enhance the service at the front counter. The situation will be monitored closely and adjustments made if necessary.
- Financial Services will experience a decline in service as a result of the extensive training staff are required to undergo to implement PeopleSoft. As the system is implemented and staff return to their regular jobs, service levels will improve. The College Community has been made aware of this challenge.

- Grants include government grants in lieu of taxes which are fed back to the municipalities and the Rural grant. Other revenues include GST recovery, interest income and the IT fee. Salaries reflect increases in salary rates as unfilled positions are being filled.

## STRATEGIC DEVELOPMENT GROUP

The President highlighted improvements and concerns within his area:

- Public Relations will be doing business as usual with only minor reductions in funding.
- The Marketing budget has been reduced by \$200,000 which may limit our flexibility of advertising.
- International enrolment is targeted to increase by 10%; the College has experienced a significant wave of students in ESL. Risks include the war in Iraq and SARS. Algonquin's student population from China is growing rapidly. With the United States at war, a number of foreign students who might have gone there are choosing instead to come to Canada.
- Tuition fees represent fees from International students; other revenues are generated by Algonquin Productions.

*Given the current state of the world, is it reasonable to expect a 10% increase in International enrolment?* The College is experiencing a good response from India. Growth from China is going up exponentially. The American market is also increasing. The Middle East is more problematic as the College is unsure who will be permitted to leave. The Russian market is starting to grow but requires a great deal of work.

*What are tuition fees for International students?* About \$8,000 higher than the regular tuition fee. International students pay the full cost of their education; they are not subsidized by the provincial government.

## ACADEMIC SERVICES

Mrs. Hanson highlighted improvements and concerns within her area:

- In accordance with the Academic Strategic Plan, this will be the third year of Gen Ed programs being offered online to 6,000 students.
- Venture and development funds have taken a reduction of \$200,000 from last year. Should there be savings in-year in the Academic area, they will be redirected to that area.
- Given the priority the College places on retention, a Retention Coordinator has been hired to provide a focus for this initiative.
- The Academic area is proceeding with the growth of hybrid courses which should see the equivalent of 350 full-time students taking courses online.
- Program subsidization has been reduced from \$5.4 million in 00/01 to \$3.64 million in 01/02 and to \$2.2 million in 03/04 in line with the direction provided

by the Board.

- Programs which lack demand have either been suspended or substituted with programs offered using a different delivery. Deans had specific targets to improve those programs providing less than a 25% contribution.

*Are there any programs at the College not attracting the number of students required to reach capacity and is the College marketing these programs aggressively?* As the Academic area prepared its budget, it used as the framework the Academic Strategic Plan approved by the Board together with the Plan to deal with Double Cohort and Enrolment Growth. The Plan projected a 9% increase in post secondary and post diploma students or 1,000 new level one students and 400 new returning students. This January, the College experienced an unanticipated growth in enrolment. Page 23 outlines the number of students anticipated by School in post secondary and post diploma programs. The totals provided are by semester. In order to accommodate this growth, the College has increased the number of sections where there existed a potential for growth as well as increased the number of winter intakes where possible. The new programs on page 13 are expected to generate an additional 400 students not counted on page 23. These students will be supported in part through their tuition fees and the \$200,000 in venture capital. The College will also begin to offer some applied degree programs. In order to offer this number of programs, of the 33 vacant faculty positions, 21 will be staffed, 12 positions will be closed and 7 new positions added. The College does not recycle vacant positions; they are abolished and new ones created where they are needed. The 7 new positions are associated with the new programs.

*Will the 9% growth target match the system average?* It may not as enrolment in the GTA is growing by leaps and bounds. Demographics in the Ottawa area are not growing at the same rate as the GTA. Toronto colleges have a wider pool of applicants to attract. As long as a college achieves 5.3% growth, it will not impact its funding. For every Toronto college that does well, another Ontario college is doing less well. Algonquin will achieve the 5.3% target for this year. It is the years beyond the Double Cohort where we may experience difficulty in attracting sufficient students to match GTA growth rates.

*Where would the 7 brand new positions appear in the revised complement list?* Under approved positions; however, it is hard to track the movement of positions as some were vacant but still counted. At Q3, there were 690 positions in the Academic Area; 12 were closed and 7 new ones added for a net reduction of 5 which is reflected in the 685 positions for the 03/04 Budget year.

Revenues include tuition fees, contract training, CE fee etc. The College got out of the Job Connect program in Ottawa but has continued it in Pembroke and Perth.

*The Motive Power Technician Truck Coach program which was suspended, was that an apprenticeship program?* Yes. The Apprenticeship Branch determines how many seats to purchase and because there were not sufficient numbers, the program was suspended. The regular Motive Power Technician program is still running.

Mr. Hamilton advised that the budget for the President's Office/Board of Governors is a status quo budget as costs remain constant.

Comments/questions included:

- *Is there a negative side to government funding decisions?* While there were no negative announcements in terms of the current budget, until the recent provincial budget is approved, it was prudent to prepare the 03/04 Budget using existing numbers.
- *Does the College have the monies to address legal challenges?* Since students increasingly are seeking legal redress when they are unhappy with College programs, the legal account was increased accordingly. There is always a risk of legal action and monies can also be taken from contingency funds.
- *With regard to ACERRA, when the Board approved the Academic Strategic Plan, all programs were required to make a contribution, yet this Budget does not appear to require ACERRA to make a contribution.* This Budget has reduced some of the risk reflected in past budgets. There has been a slow down in corporate training and fast track programs. ACERRA is ear marked as break even for 03/04 even though the College anticipates it will be profitable to several hundred thousand dollars. The profits generated in the 03/04 fiscal year will be known at the end of the fiscal year and allocated to the 04/05 fiscal year. The College will do the same thing in the 04/05 Budget. Algonquin's major competitor is CDI, a publically traded company, which has lost \$2.5 million in the past year. While ATI has been moth-balled, the web site is still active and the telephone is answered. Should the market heat up, the program can be ramped up quickly.
- *When ACERRA was presented to the Board, there were four sections: one of which was the Management Centre and one ATI. Are the remaining three sections functional?* ATI has been moth-balled. Another section, Consulting, was inherited from Calian. After six months, this section was disbanded. ACERRA was left with e-learning, computer training in classrooms and management training. Over the past three to four months, the entire group was merged. The sales groups have been blended and a sales person is assigned to a specific organization for all types of corporate training.
- *Initially, ACERRA was restricted from bidding on federal contracts. Has that issue been resolved?* Yes. ACERRA does quite a bit of business with DFAIT, DND, Canadian Blood Services etc.
- *Is ACERRA involved in any significant outside of this area?* ACERRA did bid on coordinating the delivery of a municipal training program across the province, together with the delivery of service to each municipality. ACERRA was successful in the coordinating bid and, as a result, is limited to delivering not more than 50% of the training activity. This is one example of areas in which ACERRA is trying to grow.

Comparing compliment positions between the 2002 - 2003 and 2003 - 2004

Budgets, Governor Kennedy observed that the only real net increase between last year and this appears to be in the Administrative area. Since neither the President nor the Vice Presidents had copies of 2002 - 2003 budget with them, it was agreed to take the question under advisement and report back at next week's Board meeting.

## **RESOLUTION**

MOVED AND SECONDED - Westeinde and Cameron

that the Board of Governors approve the 2003 - 2004 budget as presented.

CARRIED

## **03-21 INFORMATION ON THE PROVINCIAL BUDGET SPEECH**

The President reported that there were nine points to the budget announcement by the provincial government:

- The Double Cohort operating grant has been increased by \$75 million, up \$5 million from the original forecast. Algonquin's share will be a further \$375,000.
- A Quality Assurance Fund of \$60 million will be established in 03/04 increasing to \$100 million by 06/07. Algonquin's share will be \$4.5 million. There will be some strings attached to the use of this money.
- More monies will be allocated to the Ontario Student Opportunity Trust Fund which provides matching funds by the province. The money raised by the College's Bursary Golf Tournament will be eligible for matching funding.
- Funding will be increased to the Learning Opportunities Trust Fund.
- The Apprenticeship Branch will fund employers up to \$250 a month to take apprentices. The program will begin with cooks and machinists.
- \$5 million has been added to the TV Ontario Challenge Fund, an R & D fund.
- \$3 million has been set aside for training to work with autistic individuals.
- Tuition reimbursement for Nursing students who agree to work in remote areas.
- All other funding continues as currently exists. However, it is unclear if funding for programs such as ATOP or the rural grant will be rolled into the base operating grant. If that should happen, Algonquin's share would be impacted.
- Funding for KPIs continues and the government hopes to add three more factors.

The President concluded that until the government calls the Legislature back and approves this budget, it is simply a statement of intent. None of the above funding is reflected in the Budget approved today.

*Will colleges know before the end of June whether or not there is capacity in the system to accept the Double Cohort numbers? By May 15<sup>th</sup> colleges will have a*

good idea of how many students have accepted the first round offers and what capacity is left. The problem is that students have until the end of June to accept university offers. There may be a bounce back to colleges at that time which colleges may be unable to accept. Firm numbers of confirmed registrations should be known by the end of July.

There being no other items of business, adjournment was moved by Mr. Cameron and seconded by Mr. Kennedy at 6:20 p.m.

Should you find any errors or omissions, please let us know .

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