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# 2024—2025 Budget

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We acknowledge the land for sustaining us and for providing us with the necessities of life. This territory is covered by the Dish with One Spoon treaty and the Two Row Wampum treaty, which emphasize the importance of joint stewardship, peace and respectful relationships. As we reflect on land acknowledgments, let us remember that we are all stewards of the land and of each other.

We recognize the land on which we gather has been and still is the traditional territory of several Indigenous nations, including the Anishinaabe, the Haudenosaunee Confederacy, the Wendat, the Métis and the Mississaugas of the Credit First Nation. Since time immemorial, numerous Indigenous nations and Indigenous peoples have lived on and passed through this territory.

Sheridan affirms it is our collective responsibility to honour the land, as we honour and respect those who have gone before us, those who are here and those who have yet to come. We are grateful for the opportunity to be learning, working and thriving on this land.

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## 1.0 Introduction

This report presents Sheridan's 2024/25 proposed operating budget and 5-year capital budget forecast. Included are details on revenue resources and spending, which indicate Sheridan is on the path to sustainable growth. Despite this positive outlook, there remain some key considerations that may impact this budget.

**Government Policy** – Most notably, on January 22, 2024, Immigration, Refugees and Citizenship Canada (IRCC) announced a temporary two-year cap on international student enrolment, which will decrease the number of study permits approved in Canada during this period, and potentially beyond. This decision has created significant uncertainty in the post-secondary education sector due to the volatility of projected enrolments, which drive most revenues.

Tuition and ancillary fees are set in accordance with the Ministry of Colleges and Universities (MCU) [Binding Policy Directive](#). The tuition portion of fees were subject to a 10% decrease for the 2019-2020 academic year and have remained frozen at those levels. The cumulative impact of this policy has been a loss of over \$80 million in domestic tuition revenue over the past 5 years. Additionally, operating funding has been frozen for many years, which reflects a decline in real terms due to inflation. Furthermore, under the Strategic Mandate Agreement, the government has moved to a performance-based funding model, which puts up to 25% of this funding at risk on an annual basis.

**Capital Requirements** – Sheridan has identified \$261 million in capital project requirements over the next five years; a number that increases to \$553 million when projected out over a ten-year period. Due to the limited external funding sources available for these capital needs, Sheridan will need to set aside approximately \$31-38 million each year from its operating budget to build the resources required to execute on the capital plan. As part of the Campus Master Plan, Sheridan also intends to build two new buildings: the Centre for Healthy Communities and the Centre for Digital Innovation. These projects are estimated to cost between \$190 to \$280 million each. Sheridan is working to complete the functional design stages of these projects in preparation for attracting potential partners and/or external funding sources.

**Expense Management** – With greater uncertainty regarding enrolment revenue, expense management and cost containment are critically important.

High inflation continues to be a concern that impacts Sheridan's spending. As Sheridan seeks to grow enrolment, the challenge will be to do so efficiently, finding opportunities to scale and optimize current resources. This is important to ensuring the college's long-term financial sustainability and ability to prepare for future uncertainty.

The following are the key strategies designed to support Sheridan's fiscal sustainability efforts:

1. **Focus on sustainable growth:** Includes an enhanced marketing and recruitment strategy focused on both domestic and international student recruitment; an international recruitment diversification strategy focused on new markets; and international scholarship incentives and other financial aid offerings.
2. **Development of long-term fiscal sustainability goals:** Includes alignment with a new multi-year enrolment plan, and a focus on strategic entrepreneurship and revenue diversification.

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3. **Expense management and process efficiencies:** Strategies will be developed and implemented in the 2024/25 fiscal year to ensure that resources are being used efficiently and that Sheridan is achieving appropriate value for money.

## 2.0 Budget Overview

This section of the report describes the various components that make up Sheridan's overall consolidated budget.

This budget cycle experienced additional challenges due to the IRCC announcement referenced in Section 1. Additional time was taken to carefully assess the impact of the announcement, the financial consequences, and the additional risks to the budget process.

In response to the IRCC announcement and due to the uncertainty around achieving enrolment targets in 2024/25, a cautious approach to the budget was taken. A revised budget savings exercise was undertaken across the college to mitigate the forecasted reductions in enrolment. All business units completed a review of salaries and benefits and non-salary costs to determine where permanent savings or cost reductions could be found. Difficult decisions were made to achieve over \$34 million in cost reductions so that the 2024/25 operating budget could proactively mitigate the impact of projected enrolment loss into the 2025/26 fiscal year. Business units will continue to review all aspects of their operations for additional cost savings and process efficiencies. This will ensure future budgets generate operating surpluses to maintain the long-term financial sustainability of the college.

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## 2.1 2024/25 Operating Budget

Table 1 summarizes the proposed 2024/25 operating budget. Subsequent sections of the report provide further details for each line item.

Table 1 – 2024/25 Operating Budget

(in \$ thousands)	2023/24 Approved Budget	2024/25 Proposed Budget	Year over Year Change
<b>REVENUES</b>			
Tuition	271,067	328,188	57,121
Government Grants	90,218	84,790	(5,428)
Student Fees	42,936	53,836	10,900
Ancillary Operations	15,911	17,144	1,233
Other	22,230	31,696	9,466
Amortization of deferred contributions	19,500	24,100	4,600
<b>TOTAL REVENUES</b>	<b>461,862</b>	<b>539,754</b>	<b>77,892</b>
<b>EXPENSES</b>			
Salaries & Benefits	273,048	296,271	23,223
Supplies & Services	132,722	167,545	34,823
Strategic Investments	9,000	9,792	792
Operating Contingency	4,879	5,000	121
Amortization of capital assets	21,000	23,398	2,398
Expenses related to deferred contributions	10,500	15,000	4,500
<b>TOTAL EXPENSES</b>	<b>451,149</b>	<b>517,006</b>	<b>65,857</b>
<b>SURPLUS / (DEFICIT)</b>	<b>10,713</b>	<b>22,748</b>	<b>12,035</b>
<b>Contribution to Capital Requirements</b>	<b>10,713</b>	<b>22,748</b>	<b>12,035</b>
<b>NET SURPLUS / (DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.2 Operating Budget – Activities Based Budget (ABB)

The operating budget shows the revenues and expenses associated with Sheridan’s day-to-day operations. The budget includes tuition, fees, operating grant, ancillary, and other revenues. Additionally, the budget includes salaries and benefits, supplies, services, fees, utilities, and other operational expenses as well as investments for strategic priorities and an operating contingency.

The budget has been developed in accordance with the ABB Framework. The following are the ABB guiding principles under which this budget was developed.

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**Transparency and Accountability** – Sheridan’s budget related activities will promote transparency wherever possible and promote accountability for budget management.

**Financial Sustainability** – Sheridan’s budget related activities will be driven by the need to ensure long term fiscal sustainability.

**Fairness and Equity** – Sheridan’s budget will ensure fairness and equity across all business units to ensure a consistent experience for students and stakeholders.

**Alignment with Institutional Plans** – Sheridan’s budget is a means to allocate resources to support Sheridan’s strategic plan and the initiatives and objectives within it.

The Activities Based Budget Allocation is included in Table 2. The following are key highlights:

- The Revenue Units and Ancillary Units’ financial performance is measured by contribution margin. The contribution margin is calculated as the direct revenues less the direct expenses. The total contribution margin must cover the Central Fund and Shared Services net expense.
- Revenue units are budgeted to realize a contribution margin of \$166.1 million. Ancillary Units are budgeted to achieve a contribution margin of \$4.8 million.
- The Shared Service Units’ financial performance is measured against the budgeted net expense of \$107.5 million.
- The Central Fund includes college-wide revenues and expenses, including:
  - Non-cash accounting related revenue and expense adjustments (amortization and depreciation)
  - Tuition deferral
  - Investment income
  - International health insurance
  - Long term debt payments
  - Bad debt expense
  - Municipal taxes
  - Several other smaller revenues and expenses.

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Table 2 – Activities Based Budget Allocation

Functional Unit (in \$ thousands)	Revenue	Expenses	Contribution Margin
<b>Revenue Units:</b>			
FAAD	64,308	44,309	19,999
FAHCS	58,361	32,649	25,712
FAST	99,550	54,391	45,159
FHASS	39,862	22,695	17,167
PSB	89,561	32,037	57,524
CAPS	7,460	6,968	492
<b>Total Revenue Units</b>	<b>359,102</b>	<b>193,049</b>	<b>166,053</b>
<b>Shared Service Units:</b>			
International Overhead to be Allocated	50,870	-	50,870
Advancement	881	2,258	(1,377)
Business Services	-	454	(454)
Communications, Public Affairs and Marketing	-	9,790	(9,790)
Facilities	5	20,928	(20,923)
Finance	56	5,832	(5,776)
Human Resources	-	6,842	(6,842)
Integrated Learning Services	2,339	5,887	(3,548)
Inclusive Communities	145	2,264	(2,119)
Information Technology	8,336	17,935	(9,599)
Legal	-	1,761	(1,761)
Library and Tutoring	3,411	9,174	(5,763)
Office of VP Student Experience and Enrolment Management	-	941	(941)
Office of the Registrar	5,674	19,400	(13,726)
President's Office	-	1,274	(1,274)
Provost and Vice President Academic Office	497	3,545	(3,048)
Research	8,174	12,904	(4,730)
Security and Risk Management	-	6,514	(6,514)
SPARK	-	5,060	(5,060)
S-Sense	-	927	(927)
Strategy and Global Engagement	-	46,394	(46,394)
Student Affairs	13,082	20,908	(7,826)
<b>Total Shared Service Units</b>	<b>93,470</b>	<b>200,992</b>	<b>(107,522)</b>
Ancillary Units	18,774	13,926	4,848
Central Fund	68,408	109,039	(40,631)
<b>Total 2024/25 Budget</b>	<b>539,754</b>	<b>517,006</b>	<b>22,748</b>



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## 2.3 Capital Budget

The Capital budget provides a 5-year plan for infrastructure spending that includes projects that are typically one-time in nature and are considered assets. For example, this budget includes new construction projects, major renovations, and equipment purchases.

## 2.4 Reserves

Reserves reflect the total amount of money that has been set aside on Sheridan's balance sheet for future spending. This funding source is the result of cumulative year-end surpluses from previous fiscal years. The capital budget relies significantly on the use of reserves as a funding source (and the proposed budget shows purposeful allocations to reserves to fund future capital). It is important to note that according to accounting standards, use of reserves is not considered revenue. Thus, spending from reserves will show as an in-year deficit on the income statement and will capture the amount funded from reserves below the bottom-line. Government policy does allow colleges to use reserves to achieve a balanced budget.

## 2.5 Risk and Uncertainty

There are a few significant uncertainties that could impact actual financial performance to budget, including government policy changes, enrolment, inflation, and staffing. The most significant risk is uncertainty due to the new IRCC study permit allocation announcement in January 2024 and the resulting limits on total international enrolments. In addition, significant risk exists regarding applications that must be received before the total IRCC cap is reached, after which no further permits will be issued.

With the financial impact of these uncertainties nearly impossible to predict, the budget includes a \$5 million operating contingency to protect against potential negative impacts.

## 3.0 Enrolment Planning

Enrolment is the main driver of Sheridan's budget and historically enrolment trends have been predictable. However, the recent IRCC policy changes will continue to impact international student enrolment and influence competition for domestic enrolment in 2024-25 and beyond.

### International Student Restrictions and Demand

In January 2024, the federal government announced an overall cap and reduction in the number of new international students it will allow to study in Canada over the next two years. To implement this policy, the Ministry of Colleges and Universities (MCU) has allocated seats by institution for the 2024 calendar year, with Sheridan's allocation frozen at Fall 2023 levels. This policy also revoked the post-graduation work permit eligibility for international graduates of college programs delivered through public-private partnerships, including Sheridan's partnership with the Canadian College of Technology and Trades (CCTT) in Fort Erie. These policy changes essentially cap Sheridan's international student enrolment at current levels for 2024-25.

These changes have disrupted the recruitment cycle for the Spring 2024 and Fall 2024 intakes, as new study permit applications were closed between January-March 2024 while the policy's implementation mechanisms were developed.

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Finally, the federal government has also introduced other policy changes over the past six months that are negatively impacting international student demand, including doubling the amount of financial resources that study permit applicants must demonstrate, reducing the number of hours that international students can work off-campus, and imposing additional steps in the study permit application process including Letter of Acceptance (LOA) verification and Provincial Attestation Letter (PAL) generation.

## Competition for Domestic Students

There is also significant competition for domestic students. Due mainly to demographic trends related to a declining school aged population in Ontario, the college sector has experienced a decade of gradually declining domestic enrolment. To compound these challenges, universities are also competing with colleges due to credential overlap (colleges offering degrees and universities offering graduate certificates). Over the past year, Sheridan has outperformed local college rivals by maintaining or increasing market share due largely to the effectiveness of our marketing and recruitment efforts.

### 3.1 Enrolment Strategies

Sheridan has implemented and continues to enact several enrolment strategies to respond to the enrolment threats outlined above including the following:

#### Reducing Barriers

- Entrance Scholarships – Sheridan offers a scholarship to all incoming international students to remain competitive with similar strategies at other GTA institutions (\$1,000-\$3,000 depending on credential). Sheridan provides additional scholarships for specific programs and specific markets to support an enrolment diversification strategy.
- Effective strategic enrolment planning process.
- Tuition Bursary – Beginning in Fall 2024, Sheridan implemented a tuition bursary of up to \$1,000 (amount varies based on student need) for new and returning domestic students. This initiative supports conversion and retention efforts. To qualify, students must confirm their program, pay their deposit, and register before key deadlines throughout the year.
- Admission staff were reorganized to process both domestic and international applications (previously the domestic and international staff were separate). This change has streamlined processes, reduced turnaround time, and added the ability to track and measure progress by program.
- Leveraged an onshore international supervisor to assist with the recruitment of international students in Canada (who are PAL exempt), establish partnerships with K-12 schools and agents in Canada, and create a strong brand and presence for Sheridan in newcomer centres, events, and the community. The onshore international and newcomer markets now represent 18% and 16% of enrolment, respectively.
- Established account management for both international and domestic recruitment, promoting stronger ties between recruiters and their markets.
- Initiated the utilization of new recruitment tools such as *One Day* (text to video messages) to respond to the different ways students want to be contacted.
- Conducting a review of all programs with supplemental application processes, like portfolios and entrance tests, to review any potential barriers to application.

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- Revised the structure and planning of Open House to a two-day event to maximize impact for each campus, offer more personalized experiences for visitors, and introduce more planning around communications and marketing.
- Offered free applications (no application fee) to both international and domestic applicants.
- Reorganizing recruitment staff to cover new potential markets, notably east and central Toronto.

## Demand and Capacity

- Sheridan has increased the Spring 2024 term intake by 1,900 seats, a term with typically lower enrolments levels.
- Ongoing reviews of program offerings have been completed to ensure they are relevant, in demand, and financially viable.
- Partnered with *Risepoint* to realize “Sheridan Online” to expand markets and offer fully online programs, responding to the changing demands of our students for remote learning.

## Engagement

- Hired a contract programmer to continue building Sheridan’s customer relationship management system (Salesforce) to increase effectiveness and reach of recruitment efforts.
- Sheridan has also improved response times to admissions decisions from two weeks to two to three days.
- More digital connections have been offered through webinars and online events to accommodate when/where prospects want to engage.

## 3.2 Enrolment - Sheridan GTA Campuses

Figure 1 shows the 10-year enrolment history for Sheridan GTA campuses, while Figure 2 provides the budgeted enrolment forecast for 2024/25. Both figures exclude collaborative and CCTT enrolments. The following are the key enrolment highlights as they relate to Sheridan’s budget:

- Domestic enrolments have declined by 1,999 students from 2015/16 (the year domestic enrolment peaked) to 2023/24. This represents a 12% decline or 1.3% per year. In addition to the tuition loss from fewer students, the provincial government mandated a 10% cut to domestic tuition fees in 2019/20 and has implemented a freeze since that time.
- Total domestic enrolment, after years of gradual decline, grew year-over-year in 2023/24, with this growth expected to continue in 2024/25. Year-over-year growth for 2024/25 is projected to be 944 students or 6%. New domestic student intakes are expected to grow 7% year-over-year, with returning students projected growth of 6%.
- International enrolments have grown by 9,257 students from 2015/16 to 2023/24. This represents a growth rate of 165% or 18% per year.
- For 2024/25, international enrolments are forecasted to grow by an additional 747 students, reflecting an increase of 5% over 2023/24. The majority of this increase is due

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to returning students that started in 2023/24, as overall new student intakes are capped at 2023/24 levels.

Figure 1 - Enrolment History

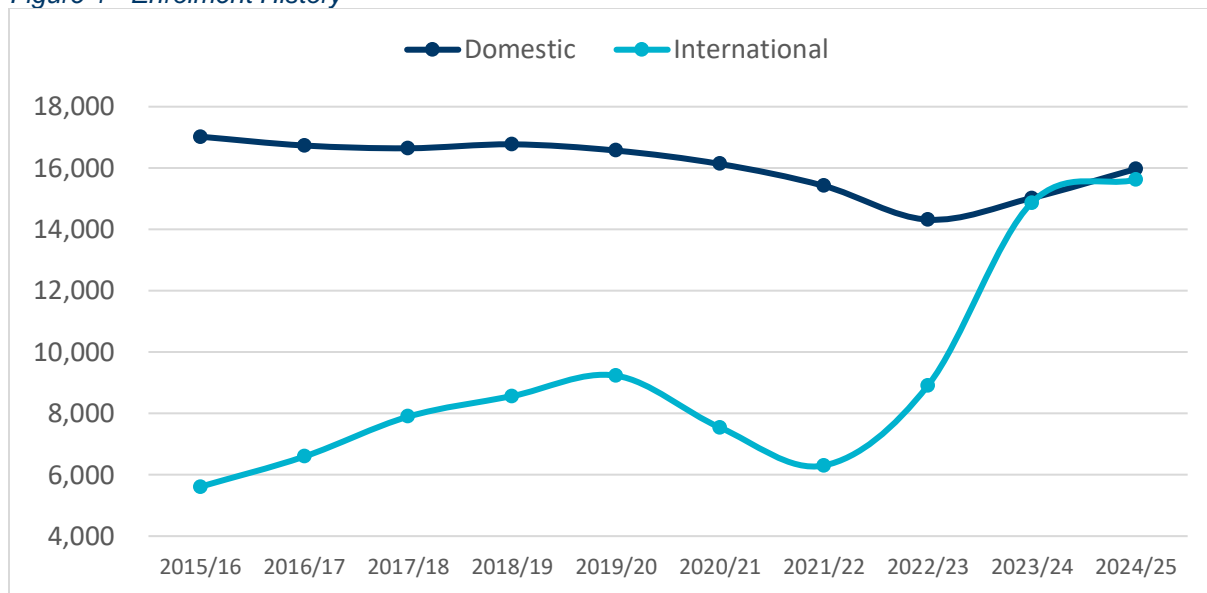
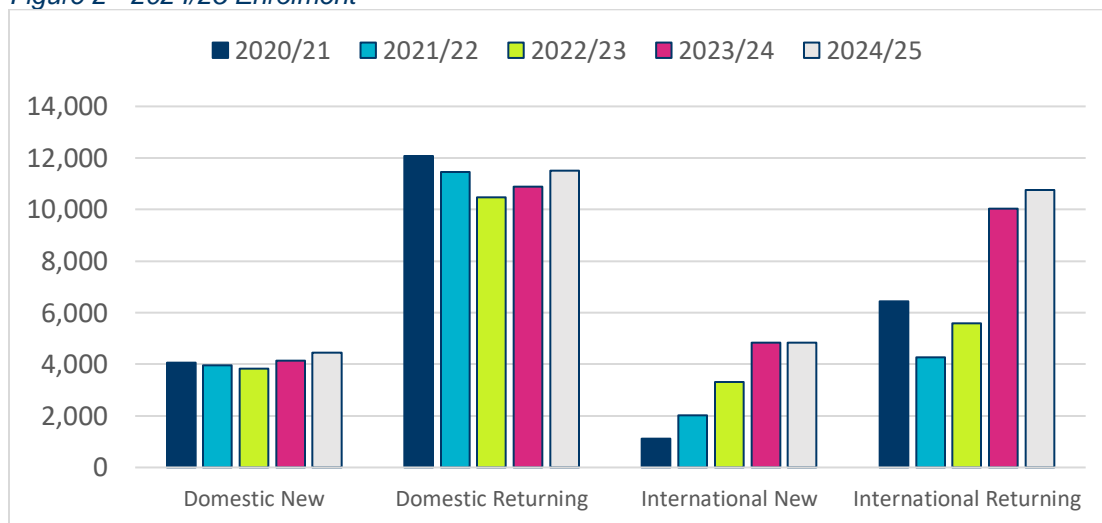


Figure 2 - 2024/25 Enrolment



### 3.3 Enrolment - Sheridan at CCTT

Sheridan's partnership with CCTT launched with the first cohort of international students beginning their studies in November 2023. With momentum building into the winter term, the federal government announced in late January 2024 the revocation of post-graduation work permit eligibility for international graduates of college programs delivered through public-private partnerships. As a result, there are no further intakes planned for CCTT after the spring 2024 term. Existing students will continue to be supported as they complete their studies into 2025/26.

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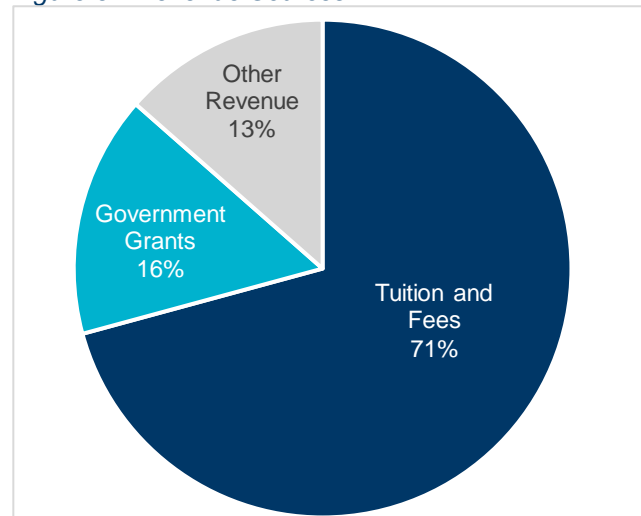
International enrolments for 2024/25 are projected to be 1,170, including 320 new students for the spring intake.

## 4.0 Operating Budget - Revenue

The first step in creating the 2024/25 operating budget is development of the revenue forecast. Approximately 71% of Sheridan's overall revenue comes from Tuition and Student Fees (see Figure 3). Only 16% of the operating funds come from the provincial government. The remaining 13% of revenues come from ancillary operations, research, investment income, other revenues, and amortization of deferred contributions.

This section will present a breakdown of each of the revenue components: tuition, student fees, government grants, ancillary operations, research and other.

Figure 3 – Revenue Sources



### 4.1 Tuition and Student Fees

The MCU Binding Policy for Tuition and Fees governs the setting of tuition and fee rates for Ontario colleges. A tuition freeze remains in effect for domestic students, so there is no increase to domestic tuition rates for 2024/25.

International tuition rates are exempt from this policy. After freezing international rates in 2023/24, a 2% increase for 2024/25 was approved by Sheridan's Board of Governors in April 2024.

Tuition and Fee assumptions are as follows:

- The Ministry mandated domestic tuition freeze will continue.
- International tuition fees will increase by 2%.
- Tuition set-aside refers to Ministry binding policy that requires approximately 10% of domestic tuition revenues to be spent on financial aid for students.
- Sheridan's new partnership with the CCTT launched in November 2023. However, given the federal government's policy change revoking the post-graduation work permit eligibility for international graduates of college programs delivered through public-private partnerships, there are no planned new student intakes after the spring term.
- Tuition deferral refers to the portion of the winter semester in April which represents a new fiscal year. Each fiscal year includes revenue from the previous year's winter semester and defers revenue from the current year's winter semester to the following fiscal year.

Highlights of the main year-over-year changes as shown in Table 3 are:

- Tuition revenues are \$57.1 million higher than the 2023/24 budget which can be broken down as follows:

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- \$48.1 million in increased international tuition revenue due to enrolment growth and tuition fee rate increases.
  - \$10.9 million in increased revenue from the CCTT partnership.
  - \$5.0 million in increased domestic tuition revenue (including tuition set-aside) due to enrolment growth.
  - \$1.6 million decrease in collaborative program revenue as the Culture, Communication, Information and Technology joint program with the University of Toronto (Mississauga) is no longer being offered and continues to wind down.
  - \$5.3 million less due to the tuition deferral related to the timing of the Winter 2025 term relative to the fiscal year.
- Student fees are expected to be \$10.9 million higher than 2023/24. This is due to a combination of:
    - 6% overall enrolment growth.
    - Change in treatment of the Athletics Building and Capital ancillary fee. This was previously recognized as externally restricted funds with all activity flowing through the balance sheet. Beginning in 2023/24, the fee is accounted for as operating revenue resulting in a year-over-year budget increase of \$2.1 million.

*Table 3 – Tuition and Fees Revenue*

Tuition & Fees Revenue (in \$ thousands)	2023/24 Approved Budget	2024/25 Proposed Budget	Year over Year Change
Domestic – Full-time	54,772	61,006	6,234
Domestic – Part-time	5,580	5,783	203
International – Full-time	203,167	250,939	47,772
International – Part-time	4,283	4,643	360
Collaborative Programs	5,026	3,429	(1,597)
Tuition Set-Aside	(5,682)	(7,168)	(1,486)
CCTT Partnership	8,100	18,998	10,898
Tuition Deferral from prior year	20,251	28,660	8,409
Tuition Deferral to following year	(24,430)	(38,102)	(13,672)
<b>Total Tuition Revenue</b>	<b>271,067</b>	<b>328,188</b>	<b>57,121</b>
Compulsory Institutional Fees	27,308	35,710	8,402
Program Fees	11,119	12,179	1,060
User fees and charges	4,509	5,947	1,438
<b>Total Student Fees Revenue</b>	<b>42,936</b>	<b>53,836</b>	<b>10,900</b>

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The Activities Based Budget Allocation shown in Table 4 includes the following adjustments:

- International tuition overhead of 20% is allocated to Shared Service Units to account for the incremental costs of supporting international students, including expenses such as international agent commission and entrance scholarships.
- Tuition set-aside is accounted for in the Central Fund as these amounts are dictated by Ministry policy and are outside the control of Sheridan business units.
- The tuition deferral is accounted for entirely in the Central Fund. This is designed to minimize budget volatility that is due solely to timing differences between the fiscal year and academic year calendar.
- Student fee revenues are allocated to the business unit most responsible for providing the services intended from those fees.
- Cross teaching allocation reflects the teaching activity that is performed by the Faculty of Humanities & Social Sciences (FHASS) for post-secondary programs, namely general education, and breadth courses.

Table 4 – Tuition and Fees ABB Allocation

Tuition & Fees Revenue (in \$ thousands)	FAAD	FAHCS	FAST	FHASS	PSB	CAPS	Revenue Unit Total	Central Fund	Shared Service Units	Grand Total
Domestic – Full-time	19,685	10,918	10,958	11,997	7,299	-	60,857	150	-	61,007
Domestic – Part-time	395	812	896	383	850	2,218	5,554	(40)	270	5,784
International – Full-time	18,360	27,572	67,350	9,263	77,246	-	199,791	1,200	49,948	250,939
International – Part-time	182	493	2,075	273	626	72	3,721	-	922	4,643
Collaborative Programs	3,369	-	-	-	-	-	3,369	60	-	3,429
Tuition Set-Aside	(2,153)	(1,293)	(1,240)	(860)	(876)	(161)	(6,583)	(587)	-	(7,170)
CCTT Partnership							-	18,998	-	18,998
Tuition Deferral from prior year							-	28,660	-	28,660
Tuition Deferral to following year							-	(38,102)	-	(38,102)
<b>Total Tuition Revenue</b>	<b>39,838</b>	<b>38,502</b>	<b>80,039</b>	<b>21,056</b>	<b>85,145</b>	<b>2,129</b>	<b>266,709</b>	<b>10,339</b>	<b>51,140</b>	<b>328,188</b>
Student Fees:										
Compulsory Institutional Fees	-	-	-	-	-	-	-	8,527	25,603	35,709
Program Fees	4,732	1,976	1,904	298	741	25	9,676	386	2,118	12,180
User fees and charges	168	-	-	-	-	211	379	2,305	3,258	5,947
<b>Total Student Fees Revenue</b>	<b>4,900</b>	<b>1,976</b>	<b>1,904</b>	<b>298</b>	<b>741</b>	<b>236</b>	<b>10,055</b>	<b>11,218</b>	<b>30,979</b>	<b>53,836</b>

## ABB Methodology:

- Tuition revenue initially flows to the faculty of registration.
- 20% of international tuition revenue is allocated to Shared Service Units to reflect the incremental costs of supporting international students.
- Tuition revenues are allocated from faculties to FHASS to reflect the general education and breadth courses that are delivered.
- Tuition set-aside is allocated from faculties to the Central Fund to provide for Ministry required financial aid programs.
- The tuition deferral is allocated to the Central Fund to minimize the annual volatility that is due to the timing of the academic calendar vs the fiscal year.
- Student fees are allocated directly to the business unit that provides those services.



## 4.2 Government Operating Grants

2024/25 will be the fifth and final year of Sheridan's Strategic Mandate Agreement 3 with the provincial government and the performance-based funding model. Other key assumptions and year-over-year changes include:

- The combined Core Operating grant and Performance funding amounts of \$85.6 million are consistent year-over-year. For 2024/25, the performance-based funding portion increases to 72% of this amount with the remaining 28% in the core operating grant.
- The International Student Recovery fee is \$2.2 million higher due to growing international enrolments. The Ministry recovers \$375 per international student per term.
- Special purpose grants are down compared to 2023/24 primarily due to one-time nursing grant expansion funds. Other special purpose grants change slightly due to activity levels.
- The Ministry of Labour, Immigration, Training and Skills Development (MLTSD) provides funding for apprenticeship and employment services. The Community Employment Services and Canada Ontario Job Grant activities have not been renewed for 2024/25 resulting in a \$1.3 million funding reduction. Sheridan was not awarded funding for two pre-apprenticeship training initiatives, resulting in a further reduction of \$1.0 million. There are offsetting expense reductions related to these activities.
- Other operating grants include School College Work Initiative, municipal childcare and WSIB training. In 2023/24 Sheridan successfully secured multi-year funding from Employment and Social Development Canada for initiatives that support women apprentices in eligible Red Seal Trades.
- Sheridan also receives limited capital grant funding from the MCU. This has been included in the capital budget.



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Table 5 – Government Grant Revenue

Government Grant Revenue (in \$ thousands)	2023/24 Approved Budget	2024/25 Proposed Budget	Year over Year Change
<b>MCU Operating Grants:</b>			
Core Operating Grant	34,236	24,394	(9,842)
Performance Funding	51,354	61,196	9,842
International Student Recovery	(9,330)	(11,499)	(2,169)
Joint Programs	290	-	(290)
<b>MCU Special Purpose Grants</b>			
Clinical Education	92	92	-
Nursing Expansion	900	-	(900)
Access Fund for Students with Disabilities	1,100	1,100	-
Grant in lieu of Municipal taxation	1,000	800	(200)
Ontario Postsecondary Access and Inclusion	311	309	(2)
Mental Health Funds	235	235	-
Credit Transfer Institutional Grant	219	228	9
Campus Safety	144	145	1
Indigenous Funds	110	110	-
Other	59	-	(59)
<b>MLTSD Funding:</b>			
Provincial Apprenticeship Training	2,556	2,552	(4)
Pre-Apprenticeship	1,422	382	(1,040)
Second Career	270	65	(205)
Canada-Ontario Jobs Grant	178	-	(178)
Literacy and Basic Skills	2,247	2,247	-
Employment Services	1,162	-	(1,162)
<b>Other government revenues:</b>			
WSIB Training	15	100	85
School College Work Initiative	1,506	940	(566)
Municipal Childcare Grant	142	716	574
ESDC Women in Red Seal Trades	-	678	678
<b>Total Grant Revenues - Operating</b>	<b>90,218</b>	<b>84,790</b>	<b>(5,428)</b>

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The Activities Based Budget Allocation is shown in Table 6.

Table 6 – Government Grant Revenue ABB Allocation

Government Grant Revenue (in \$ thousands)	FAAD	FAHCS	FAST	FHASS	PSB	CAPS	Revenue Unit Total	Central Fund	Shared Service Units	Grand Total
Core Operating Grant	20,457	17,812	17,890	18,878	9,027	1,526	85,590	-	-	85,590
International Student Recovery	(900)	(1,568)	(3,830)	(336)	(4,865)	-	(11,499)	-	-	(11,499)
Special Purpose	(90)	(65)	2,169	(34)	(487)	-	1,493	1,950	1,819	5,262
Other Operating	-	-	987	-	-	940	1,927	85	15	2,027
Other Government Contracts:							-			-
Literacy and Basic Skills	-	-	-	-	-	2,247	2,247	-	-	2,247
Employment Services	-	-	382	-	-	-	382	65	-	447
Other government revenues:							-			-
Municipal Daycare Grant	-	716	-	-	-	-	716	-	-	716
<b>Total Grant Revenues</b>	<b>19,467</b>	<b>16,895</b>	<b>17,598</b>	<b>18,508</b>	<b>3,675</b>	<b>4,713</b>	<b>80,856</b>	<b>2,100</b>	<b>1,834</b>	<b>84,790</b>

## ABB Methodology:

- The core operating grant and performance funding envelopes are allocated to faculties based on the 2024/25 forecasted weighted funding units. These revenues are further allocated from faculties to FHASS to reflect the general education and breadth of courses that are delivered.
- International student recovery is allocated based on the 2024/25 enrolment plan.
- All other envelopes are allocated to the business unit that provides the service.

## 4.3 Ancillary Operations

Ancillary operations include parking, food services, residence, bookstore, OneCard, conference services and print services. Ancillary revenues are forecasted to be \$1.2 million higher than last year. Specific highlights include:

- Residence revenues are expected to increase by \$0.6 million due to a 3% base residence fee increase and operating at full capacity.
- Food revenues are forecast to increase as the number of students and staff on campus continues to rise.
- Parking revenues are forecast to be \$0.3 million higher due to modest fee increases and increased volume returning to campus.
- The conference centre and services are expected to grow by \$0.2 million due to increased event activity.

Table 7 – Ancillary Operations Revenue

Ancillary Operations Revenue (in \$ thousands)	2023/24 Approved Budget	2024/25 Proposed Budget	Year over Year Change
Residence	12,273	12,901	628
Food Services	115	216	101
Parking	2,560	2,910	350
Bookstore and Printing	224	191	(33)
OneCard*	5	9	4
Conference Centre & Services	734	917	183
<b>Total Ancillary Operations Revenue</b>	<b>15,911</b>	<b>17,144</b>	<b>1,233</b>

\*There is also a OneCard compulsory institutional fee that is included instead in the revenues in Section 4.1

## 4.4 Other Revenues

Other Sheridan revenue sources include research grants, investment income and other sources. Assumptions are as follows:

- Research revenues are forecast to be up by \$1.3 million in 2024/25.
- Investment income is forecasted to be \$10.3 million higher than the 2023/24 original budget due to ongoing elevated interest rates. Investment income does not include returns from the endowment fund – these flow directly to the endowment fund on the balance sheet and are not recognized as revenue.
- Amortization of deferred contributions for capital assets refers to revenues that were received to acquire capital assets that must be divided over the expected useful life of the asset. For example, if Sheridan received a \$1 million contribution for a piece of equipment that is expected to last 10 years, then \$100,000 of revenue is recognized each year.
- Amortization of deferred contributions for expenses of future periods refers to externally restricted contributions that were received but are then recognized as revenues at the same time as the related expense is incurred (e.g., contributions for a non-endowed scholarship are recognized as revenues when the actual scholarship is awarded to a student).
- There is a decrease of \$2.2 million for other revenue primarily as a result of re-classifying revenue to more specific categories for 2024/25. Other revenues include childcare fees, athletics non-student fees, corporate training, theatre ticket sales and other miscellaneous revenues.

Table 8 – Other Revenue

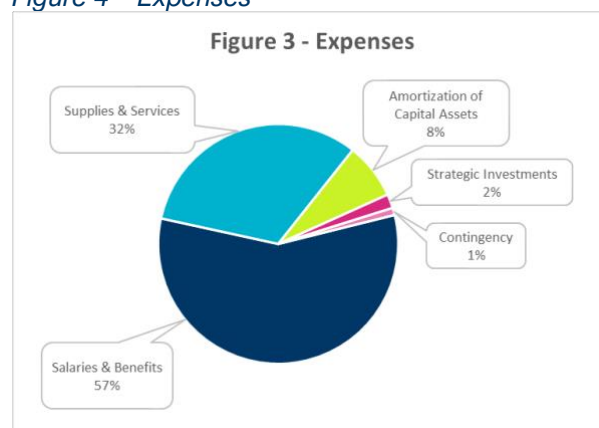
Other Revenue (in \$ thousands)	2023/24 Approved Budget	2024/25 Proposed Budget	Year over Year Change
Research	6,482	7,795	1,313
Investment Income	10,383	20,725	10,342
Amortization of deferred contributions for capital assets	9,000	9,100	100
Amortization of deferred contributions for expenses of future periods	10,500	15,000	4,500
Other Revenue	5,365	3,176	(2,189)
<b>Total Other Revenues</b>	<b>41,730</b>	<b>55,796</b>	<b>14,066</b>

## 5.0 Operating Budget - Expenses

This section of the report will provide an overview of the operating expense budget. Salaries and benefits make up 57% of Sheridan’s expenses. A further 32% are spent on supplies and services. The other 11% is spent on depreciation of capital assets, expenses related to deferred contributions, strategic initiatives, a contribution to capital and an operating contingency.

Section 5.1 provides an overview of the salaries and benefits budget, followed by an overview of the non-salary expense budget in Section 5.2. Section 5.3 details strategic investments for 2024/25.

Figure 4 – Expenses



### 5.1 Salaries and Benefits

Salaries and benefits are budgeted based on collective agreement provisions. Full-time budgets are calculated centrally on a position-by-position basis while part-time budgets are calculated by departments. Other assumptions are as follows:

- Full-time faculty costs are projected to increase by \$7.8 million. An additional 3% increase has been assumed as the collective agreement expires in 2024/25.
- Part-time faculty costs are projected to increase by \$3.6 million due to the enrolment growth budgeted for next year.
- The other employee groups have expected year-over-year increases due to the Bill 124 mediation settlement and other grid movement changes.
- Post-employment obligations include vacation pay, sick leave and employee future benefits. These rates vary year-to-year and range from a recovery to an expense. The budget is set at \$0 for these items as they are uncertain until year end.

Table 9 – Salary and Benefits

Salary & Benefits (in \$ thousands)	2023/24 Approved Budget	2024/25 Proposed Budget	Year over Year Change
Faculty - Full Time	79,749	87,627	7,878
Faculty - Part Time	53,217	56,841	3,624
Administration	55,734	61,468	5,734
Support - Full Time	62,971	67,855	4,884
Support - Part Time	21,377	22,480	1,103
<b>Total Salary &amp; Benefits</b>	<b>273,048</b>	<b>296,271</b>	<b>23,223</b>

## 5.2 Non-Salary

Non-salary budget assumptions are as follows:

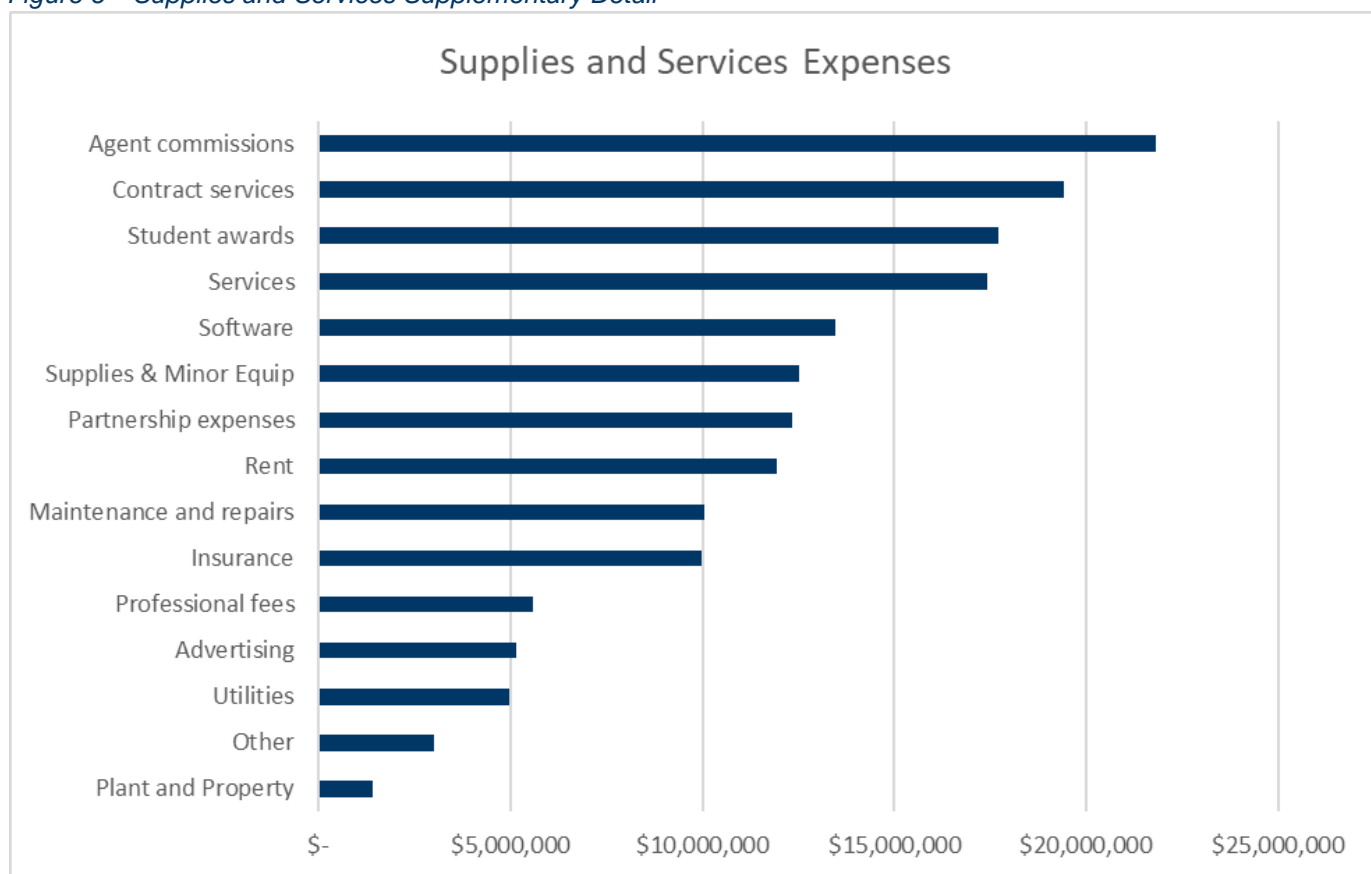
- Supplies and services include a wide range of expenditures such as contract services, supplies, utilities, maintenance and repairs, insurance, travel and meals, IT devices, student kits and materials, and financial aid – see Figure 5. These expenses are forecast to increase by \$34.8 million. The primary drivers for this increase include:
  - \$12.3 million more for partnership expenses which represents the partnership revenue share amount for CCTT.
  - \$11.7 million more for student awards. This is primarily tied to an increase in international entrance scholarships as an incentive strategy in this highly competitive market and enrolment growth.
  - \$4.7 million more for international agent commissions tied to international enrolment growth.
  - \$1.8 million more for maintenance and repairs which is driven primarily by operating expenses resulting from capital projects.
  - \$1.5 million more for international health insurance (offsetting fee revenue) due to international enrolment growth.
  - \$1.5 million more for professional fees which is driven primarily by operating expenses resulting from capital projects.
- Strategic investments will be discussed in further detail in the next section.
- An operating contingency has been added to the budget to address the risks related to enrolment growth and other uncertainties.
- Depreciation of capital assets is based on current assets plus expected additions in 2024/25.
- Expenses related to future periods are the offset for amortization of deferred contributions described in Section 4.4. (e.g., contributions for a non-endowed scholarship are recognized as revenues when the actual scholarship is awarded to a student – this amount represents the scholarship amount.)

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Table 10 – Non-Salary Expenses

Non-Salary Expenses (in \$ thousands)	2023/24 Approved Budget	2024/25 Proposed Budget	Year over Year Change
Supplies and Services	132,722	167,545	34,823
Strategic Investments	9,000	9,792	792
Amortization of Capital Assets	21,000	23,398	2,398
Expenses Related to Future Periods	10,500	15,000	4,500
Contingency	4,879	5,000	121
<b>Total Non-Salary Expenses</b>	<b>178,101</b>	<b>220,735</b>	<b>42,634</b>

Figure 5 – Supplies and Services Supplementary Detail



## 5.3 Strategic Operating Investments

Sheridan is launching a refreshed strategic plan in the spring of 2024. The strategic objectives and goals of the plan are presented in Table 11.

Table 11 – Strategic Objectives and Goals

Objective	Goals
Trailblazing Education	<p>1. Transformative learning opportunities: Expand participation in our ecosystem of transformative learning opportunities.</p> <p>2. Flexible learning experiences: Create flexible, engaging and accessible learning and service experiences.</p> <p>3. Program evolution: Anticipate and meet the emerging needs of our industry and community partners through agile program evolution.</p>
Organizational Excellence	<p>4. Agile processes and systems: Enhance organizational agility, efficiency and effectiveness by reimagining our processes, technologies and organizational design.</p> <p>5. Flourishing workforce: Attract and retain a talented, engaged and diverse workforce.</p> <p>6. Infrastructure and sustainability: Renew our infrastructure to enhance student experiences and reduce our environmental footprint.</p>
Sustainable Growth	<p>7. Alternative revenue generation: Grow revenue from alternative sources.</p> <p>8. Enrolment growth and diversification: Diversify and increase enrolment while prioritizing the needs of our students, communities and the labour market.</p> <p>9. Anchor institution: Cement Sheridan’s place as a valued institution with our community, industry and government partners, and build stronger relationships with Indigenous communities.</p>

Sheridan has undergone a comprehensive process to identify year 1 strategic objectives under the new strategic plan and the requirement for associated resources. Specific investments include the following:

- \$9.8 million for new strategic investments. Notable investments include:
  - \$4.3 million for springboard projects to support technology transformation. This is in addition to the springboard operating budget of \$4.1 million. These projects include a PeopleSoft 9.2 upgrade, payroll project, admissions streamlining and enhancements, and the curriculum management lifecycle tool.
  - \$1.5 million for Sheridan Online implementation
  - \$1.4 million for enhanced marketing and brand presence initiatives
  - \$1.0 million for S-Sense innovative implementation
  - \$0.3 million for Indigenous engagement

## 6.0 Capital Budget

The five-year outlook for capital spending includes major capital projects (approved and proposed), minor capital projects and the corresponding funding sources. In support of capital priorities, Sheridan is undertaking several activities during the planning cycle to enhance the outcomes of the capital plan. These activities include supporting the implementation of the Campus Master Plan and advancement of its first major capital projects, the development of

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best-practice asset management plans, capital needs assessments and reviewing asset service levels and benchmarks. This long-term plan will be continually refined and improved each year.

## 6.1 Major Capital Projects

Sheridan will be embarking on a number of significant capital projects over the long-term that are of strategic significance to the College. The following is a description of proposed projects.

### **Davis: Centre for Healthy Communities**

- Functional design work to commence in 2024/25
- \$276 million total cost, exploring possible partnership financing opportunities
- Anticipated at 150,000 – 200,000 sq. ft.
- Flexible learning space, interdisciplinary and collaborative space focused on allied health programming
- Opportunity for adjacent partnership building and new transit hub

### **Trafalgar: Centre for Digital Innovation**

- Functional design work to commence in 2025/26
- \$191 million total, exploring possible partnership financing opportunities
- Anticipated at 130,000 sq. ft.
- Collaborative, interdisciplinary learning spaces, flexible spaces, welcome centre, and support space
- Opportunity for adjacent partnership building and new transit hub.

Note: For the aforementioned projects, the capital plan has identified funding for design costs only. Funding strategies are currently being evaluated to support the total project costs. Additionally, the implementation and phasing of other Trafalgar and Davis Campus Master Plan activities are currently being reviewed and will be identified and incorporated into the subsequent long-term plan. Further funding will be required to move these additional Campus Master Plan activities forward.

## 6.2 Minor Capital Projects

The following is a description of the various minor capital project types. There are 108 minor capital projects planned for 2024/25, totalling \$38.1 million. \$11.5 million will be funded through operations and are included in the operating budget. The remaining \$26.6 million will be funded through reserves, government grants, program and ancillary fees, and research grants.

**Site Infrastructure** includes projects such as parking lots & roads, grounds & landscaping and other site infrastructure.

**Building Infrastructure** includes mechanical / electrical upgrades, residence improvements, fire safety upgrades, emergency power, roofing work and walls & foundation.

**Space Adaptations** includes academic classroom improvements, general campus improvements, ancillary space adaptations and accessibility, AODA, health & safety.

**Furniture, fixtures, and equipment** includes academic equipment renewal, ancillary needs, and general college-wide needs.



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**Studies and software** include common facilities related consulting and planning work such as implementing an asset management program.

**Ancillary projects** include projects that support the campus academic mission by providing housing for students, parking, food services and other self-supporting initiatives that enhance and support the campus environment.

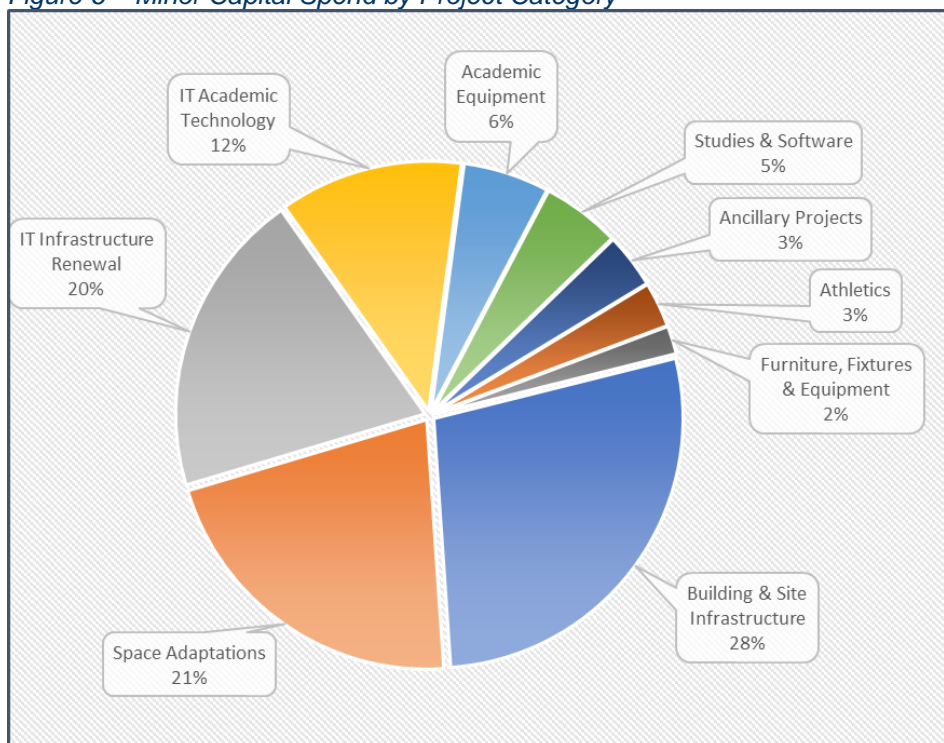
**Athletics projects** include the construction, maintenance and updating of athletics and recreation facilities and spaces at all three campuses, including equipment and furniture needs.

**IT infrastructure renewal** includes campus network, server upgrades, computer replacements and major software replacements.

**IT academic technology** includes technology within academic classrooms and labs, such as printing equipment, computer-based, and specialized technology.

**Academic equipment** includes needs for teaching and research that enhance academic programs, classrooms, and labs.

Figure 6 – Minor Capital Spend by Project Category



## 6.3 Capital Funding Sources

The following is a description of the various funding sources:

**Government Grants** – Sheridan receives regular annual capital funding from the Ministry through three grants: Facilities Renewal Program, College Equipment and Renewal Fund and

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Apprenticeship Enhancement Fund. There are usually other opportunities from time-to-time to access capital grant programs from either the federal or provincial governments.

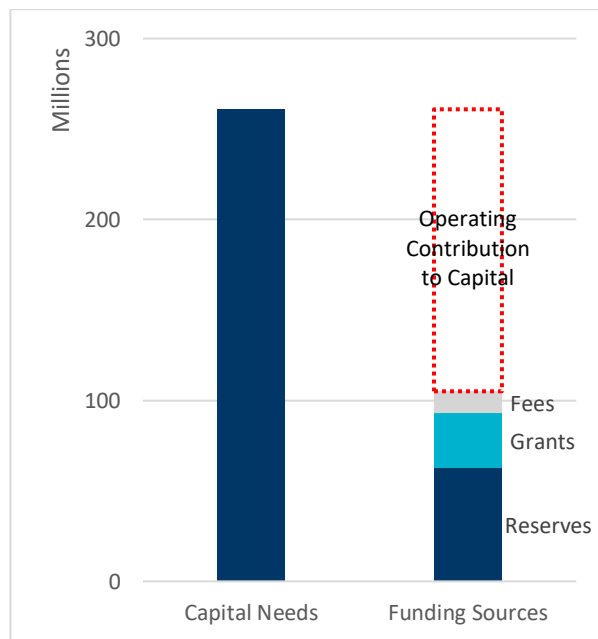
**Internally Restricted Reserves – Infrastructure Funds** – Sheridan will continue to use a fund-based approach to pay for infrastructure renewal needs. Various funds have been set up in reserves to pay for long-term infrastructure needs. Each year, these funds will be drawn down based on infrastructure spending and then topped up with a contribution from the operating budget.

**Athletics Building and Capital Fee** – This institutional ancillary fee is charged to each student per term and supports the construction, maintenance, and updating of athletics and recreation facilities and spaces at all three campuses. These fees are managed through an internally restricted reserve.

**Program Fees** – Fees collected by students in specific programs to purchase equipment, software and technology in specialized spaces. These fees are managed through an internally restricted reserve.

**Operating Budget Contribution to Capital** – The capital budget will rely on a regular, annual contribution from the operating budget to the capital budget. This amount will be included in each annual operating budget and then transferred to the capital budget as a funded source.

## 6.4 Capital Funding Gap



Sheridan has significant capital requirements including \$261 million for 5-year capital needs. Over the next 5 years, the following funding sources have been identified: \$63 million from capital reserves, \$30 million from grants, and \$12 million from student fees.

This leaves a capital funding gap of \$156 million over the next five years. This works out to an average operating contribution to capital of \$31 million per year. Over a ten-year period, this funding gap increases to over \$384 million, or an average of \$38 million per year.

These figures do not include the total costs to build the two front-running major capital projects. The goal is to have these projects “shovel-ready” in hopes of attracting external funding.

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Table 12 – Five-Year Capital Plan

Summary Capital Investment Plan (in \$'000s)	Year 1	Year 2	Year 3	Year 4	Year 5	Total Plan
	2024/25	2025/26	2026/27	2027/28	2028/29	
<b>Major Capital</b>	<b>6,225</b>	<b>5,175</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>12,100</b>
Davis Centre for Healthy Communities (functional design costs only)	6,225	2,675	-	-	-	8,900
Trafalgar Centre for Digital Innovation (functional design costs only)	-	2,500	700	-	-	3,200
<b>Minor Capital</b>	<b>38,148</b>	<b>56,637</b>	<b>51,923</b>	<b>48,709</b>	<b>53,371</b>	<b>248,789</b>
Facilities - Site Infrastructure	748	4,900	5,009	5,790	9,219	25,666
Facilities - Building Infrastructure	9,859	16,635	17,404	15,606	21,000	80,504
Facilities - Space Adaptations	8,196	10,150	6,650	6,850	6,350	38,196
Facilities - Furniture, Fixtures & Equipment	699	700	500	500	500	2,899
Facilities - Studies and Software	1,943	600	300	1,165	350	4,358
Academic Equipment Renewal	2,129	2,129	2,129	2,129	2,129	10,644
Business Services	1,358	3,873	5,248	940	172	11,592
Athletics	1,118	1,650	1,300	2,700	2,450	9,218
IT - Academic Technology	4,541	8,375	7,291	6,983	5,741	32,930
IT - Infrastructure	7,557	7,625	6,092	6,047	5,461	32,781
<b>Grand Total</b>	<b>44,373</b>	<b>61,812</b>	<b>52,623</b>	<b>48,709</b>	<b>53,371</b>	<b>260,889</b>

Funding Sources						
	Year 1	Year 2	Year 3	Year 4	Year 5	Total Plan
	2024/25	2025/26	2026/27	2027/28	2028/29	
<b>Major Capital</b>	<b>6,225</b>	<b>5,175</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>12,100</b>
Long Term Debt	-	-	-	-	-	-
Operating Contribution to Capital - Major Projects	-	-	-	-	-	-
Government Grants-Municipal	1,500	1,000	-	-	-	2,500
Government Grants-Provincial	-	-	-	-	-	-
Government Grants-Federal	-	-	-	-	-	-
Reserves	4,725	4,175	700	-	-	9,600
Partnership Funding	-	-	-	-	-	-
<b>Minor Capital</b>	<b>38,148</b>	<b>56,637</b>	<b>51,923</b>	<b>48,709</b>	<b>53,371</b>	<b>248,789</b>
Government Grants	5,429	5,314	5,314	5,314	5,314	26,685
Research Grants	770	240	-	-	-	1,010
Reserves	6,875	14,060	8,178	8,226	15,734	53,072
Athletics Capital Fund	468	1,000	650	2,050	1,800	5,968
Ancillary Internal Loan	-	-	-	-	-	-
Program Fees	1,539	1,688	1,470	757	757	6,210
External Partnership Funds	-	-	-	-	-	-
Operating Contribution to Capital	23,067	34,336	36,311	32,363	29,767	155,844
<b>Total Funding Sources</b>	<b>44,373</b>	<b>61,812</b>	<b>52,623</b>	<b>48,709</b>	<b>53,371</b>	<b>260,889</b>

## Appendix 1 - Glossary

The following acronyms and terms are used throughout this report.

- **FAAD** – Faculty of Animation, Arts & Design
- **FAHCS** – Faculty of Applied Health & Community Studies
- **FAST** – Faculty of Applied Science & Technology
- **FHASS** – Faculty of Humanities & Social Sciences
- **PSB** – Pilon School of Business
- **CAPS** – Continuing and Professional Studies
- **IRCC** – Immigration, Refugees and Citizenship Canada
- **CCTT** – Canadian College of Technology and Trades
- **Business Unit** means the group of departments for an area, overseen by the Budget Owner. The three types of business units are: Revenue Units, Shared Service Units and Ancillary Units.
- **Revenue Unit** means business units at Sheridan associated with the generation of revenue from academic programming, of which course delivery is a primary activity.
- **Shared Service Unit** means business units at Sheridan that provide services to the college, such as the Library and Learning Services, Human Resources, Student Affairs, IT, etc. They are not associated with the generation of revenue from academic programming or ancillary operations.
- **Ancillary Unit** means business units at Sheridan that serve and enhance the institution's mission by providing goods or services other than academic programming and research, to students, faculty, or staff on a fee-for-service model.
- **Central Fund** Contains money centrally to fund institutional costs, strategic initiatives, and redistribution to units.