

OCAD University

**2016/17 Operating Budget and
Accompanying Schedules and Notes**

OCAD University
2016/17 Operating Budget
Summary
(000s)

OCAD University Unrestricted Operations

	2015/16 Budget	2015/16 Estimated Actual	2016/17 Budget	% Increase (Decrease) of Est. Actual
A) OPERATING				
Revenue (Schedule 1)	61,139	59,920	63,073	5.3
Expenditures (Schedule 2)	(60,189)	(60,120)	(62,070)	3.2
Contingency (Note 17)	(1,150)	-	(500)	
Surplus (deficit) prior to extraordinary allocations	(200)	(200)	503	
B) EXTRAORDINARY ALLOCATIONS				
Furniture, Fixtures and Equipment (Note 16)	(800)	(800)	(250)	
University Fund(Note 18)			(600)	
Surplus (deficit) for the year after extraordinary allocations	(1,000)	(1,000)	(347)	
C) REMEDIAL ACTION PLAN (Note 19)				
Surplus (deficit) for the year after remedial action plan			300	
			(47)	
D) UNRESTRICTED NET ASSETS				
Unrestricted accumulated Surplus(Deficit) beginning of the year	1,067	1,067	67	
Unrestricted accumulated Surplus (Deficit) end of year	67	67	20	

OCAD University
2016/17 Operating Budget
Schedule of Revenues ('000s)

	2015/16 Budget	2015/16 Estimated Actual	2016/17 Budget	% Increase (Decrease) of Est. Actual
Government Grants (Note 1)				
Operating	18,013	18,059	17,919	(0.1)
Performance Fund	89	49	89	81.6
Enrolment Growth Fund	926	162	784	484.0
Accessibility Fund for Students with Disabilities	293	293	293	-
Quality Investment Fund	913	914	913	-
Graduate Studies	2,093	1,904	2,244	17.9
Aboriginal Visual Culture-Growth Initiatives	264	264	264	-
Digital Futures Differentiation grant	2,000	2,000	2,000	-
Other Grants	96	96	96	-
Total Grants	24,687	23,741	24,602	3.6
Tuition Fees (Note 2)				
Undergraduate	27,545	27,700	28,674	3.5
Graduate Studies	2,685	2,656	3,152	18.7
Total Tuition Fees	30,230	30,356	31,826	4.8
Miscellaneous Fees (Note 3)				
Admission Rebate/ Fees	312	350	317	(9.4)
Class Fees	476	476	483	1.5
Production Materials Fees	168	157	171	8.9
User Fees	442	442	449	1.6
Student Service Support Fees	1,444	1,444	1,466	1.5
Academic Print Services	286	286	290	1.4
Academic Equipment & New Technology Fee	116	118	118	-
Total Miscellaneous Fees	3,244	3,273	3,294	0.6
Investment Income (Note 4)	104	104	104	-
Rental Income (Note 5)	256	232	178	(23.3)
Donations/Sponsorships (Note 6)	1,000	1,000	1,050	5.0
Other Income (Note 7)	1,618	1,214	1,869	54.0
University Fund-Revenue Offset (Note 8)			150	-
Total Revenues	61,139	59,920	63,073	5.3

OCAD University
2016/17 Operating Budget
Schedule of Expenditures
(000s)

	2015/16 Budget	2015/16 Estimated Actual	2016/17 Budget	% Increase (Decrease) of Est. Actual
Academic Compensation (Note 9)	27,822	27,522	28,314	2.9
Academic Administration Compensation (Note 10)	7,461	7,615	8,125	6.7
Non-Academic Compensation (Note 11)	11,368	11,368	11,533	1.5
Total Compensation	46,651	46,505	47,972	3.2
Non-Compensation (Note 12)	11,097	11,083	11,732	5.9
Restructuring/Retirement Incentive Plan (Note 13)	100	200	0	(100.0)
Student Assistance Fund (Note 14)	1,299	1,290	1,372	6.4
Debt Service Costs (Note 15)	1,042	1,042	994	(4.6)
Total Expenditures	60,189	60,120	62,070	3.2

**OCAD University
230/240 Richmond Street Joint Venture
Operations (000's)**

	2015/16 Estimated Actual	2016/17 Budget
Revenues		
Amortization of Gain on Sale of 50% of 230/240 Richmond Street	132	132
Investment Income	282	282
Cash Inflows from Joint Venture ⁽¹⁾	(103)	864
Total Revenues	311	1,278
Expenditures		
Lease Payments	1,761	1,576
Debt Interest Payments ⁽²⁾	900	883
Total Expenditures	2,661	2,451
Surplus (Deficit) for the year	(2,350)	(1,181)
Restricted Surplus (Deficit), Beginning of the year	3,531	1,181
Restricted Surplus (Deficit), End of the year	1,181	0

- (1) Cash inflows from the Joint Venture are projected to be received upon 230/240 Richmond Street being fully tenanted and stabilized in 2017.
- (2) Debt interest payments were funded in 2014/15 prior to the Joint Venture transaction by lease payments from tenants.
- (3) The start-up operations of the Joint Venture and related 230 Richmond rent payments and debt payments are financed by internally restricted net assets in 2015/16 and 2016/17 and not included in the operating budget (Schedules 1 & 2). Beginning in the 2017/18 fiscal year after the 240 building is fully tenanted, the operations will be consolidated within the University operating budget.

OCAD University
2016/17 Operating Budget
Background Notes and Assumptions

Revenues (Schedule 1)

1. Government Grants

- a) **Base Grant**
The Provincial Government announced in the March 2012 Budget reduction in grant funding equivalent to 1.3% in 13/14 and 2.3% in 14/15. Provincial grants will also be reduced by the equivalent of \$750 per FTE for new international students and \$75 per FTE for all international students beginning in 2013/14. In 2015/16 there were no further base grant reductions. Provincial grants in 2016/17 will be flat lined at 2015/16 levels.
- b) The Performance Fund is allocated to universities based on each institution's ranking within each of the performance measure areas (i.e. employment six months after graduation, employment two years after graduation, and graduation/completion rate). Institutions that fall into system average ranges receive funding based on their share of overall system undergraduate basic income units (BIUs).
- c) The Enrolment Growth Fund (funding for year-over-year change in domestic enrolment over 11/12 levels) is based on the provincial government's commitment to OCADU per the preliminary Strategic Mandate Agreement(SMA) between the University and MTCU to fund new undergraduate enrolment growth in 16/17 at 100 cents on the dollar (full funding). OCAD U's domestic enrolment is projected to increase by 52 FTEs over 15/16 levels due to increase in projected first year intake in 2014/15 and 2015/16 flowing through to upper years in 2016/17.
- d) The Accessibility Fund for Students with Disabilities for 16/17 is estimated at 15/16 levels.
- e) In May 2005, the provincial budget announced multi-year allocations of operating funding over the 05/06 base year. An element of the multi-year plan was towards a Quality Investment Fund.
- f) Grant revenues for graduate programs are based on \$12,680 per domestic student FTE. The University as part of the SMA with the MTCU which among other measures contemplates full funding of 177 FTE's for 2016/17.
- g) The Aboriginal Visual Culture grant is an annual commitment towards implementation of a new curriculum program.

- h) The Ministry has provided OCAD U with a permanent \$2M differentiation grant to implement OCAD U's Digital Futures Initiative.
- i) Other grant revenue will be received from successful grant applications from Federal & Provincial ministry, a past example is the Productivity & Innovation Fund.

2. Tuition Fees and Enrolment

Included in tuition fees are full-time, part-time and summer student fees.

- a) The provincial government announced at the end of March 2013 a four year domestic tuition framework with an overall cap on tuition increases of 3% per year. Maximum allowable increases for Arts & Science undergraduate programs is 3%. International student tuition fees continue to be deregulated. The Board of Governors approved a base tuition increase of 4% plus \$750 per head for all new international students to offset the International Student Recovery Grant reduction and \$75 per FTE to offset reductions in the grant to fund the University municipal tax levy. The tuition fee rate increases (as approved by the Board in March 2016) contained in the 16/17 budget is summarized in the table below:

- b) Tuition Fees for 1st Year Undergraduate Full-Time Students (10 half-credits):

	2015/16	2016/17	Difference
Domestic	6,165	6,350	185
International	19,446	20,224	778

Tuition Fees for Upper Year Undergraduate Full-Time Students (10 half-credits):

	2015/16	2016/17	Difference
Domestic	5,990	6,170	180
International	18,673	19,420	747

- c) Projected Enrolment (FTEs): Undergraduate

	2014/15 Actual	2015/16 Actual	2016/17 Budget
Domestic			
Summer	272	216	224
Fall/Winter	3,296	3,240	3,284
Total Domestic	3,568	3,456	3,508
International			
Summer	27	28	22
Fall/Winter	302	313	325
Total International	329	341	347
Total	3,897	3,797	3,855

Intake required to achieve undergraduate projections:

	2013/14	2014/15	2015/16	2016/17
Design	618	573	670	670
Art	467	368	333	340
LASSIS	35	49	53	95
Total	1,120	990	1,056	1,105

d) Projected Enrolment: Graduate

	2014/15 Actual	2015/16 Actual	2016/17 Budget
FTEs	193.4	214.8	215

Note: Overall graduate student enrollment is achieving expectations, however, the extent to which domestic graduate FTE enrollment is less than a budget assumption of 177 FTE will affect the University's revenue assumptions. This is because of the associated government grant provided for each domestic graduate FTE that will not be received if domestic graduate FTEs are less than projected. Further confirmation of Graduate enrollments will be available at the end of June, 2016.

3. **Miscellaneous Fees**

Included in Miscellaneous Fees are Ontario University Application Centre fee rebates, and other admission fees, class fees, user fees (e.g. late payment fees, instalment fees, petition fees, etc.), an Academic Equipment and New Technology fee, Production Materials fees and Student Support fees (e.g. literacy, laptop program, Health & Wellness, Career Centre, Orientation fees, etc.). In general revenues from miscellaneous fees are projected to increase over 15/16 due to projected increases in enrolment.

4. **Investment Income**

Investment income is derived from Ontario Savings Bonds and savings account bank interest.

5. **Rental Income**

In 2015/16 Rental income was comprised of income from 205 Richmond Street, and 74/76 McCaul (Aboveground Art Supplies). Rental income is declining due to the tenant at 205 Richmond Street leaving and the space vacated being utilized by OCADU Academic programming.

6. **Donations/Sponsorships**

Included in this area are unrestricted and restricted external donations/sponsorships toward university operating funds paid out from endowment funds and long-term restricted funds. Also included are externally restricted and unrestricted donations/sponsorships from the upcoming philanthropy campaign. These donations/sponsorships do not include donations associated with scholarships, bursaries and gifts-in-kind.

7. Other Income

Included in this area are revenues from Continuing Studies, business development initiatives, the Grange Bistro, sale of supplies in the Academic Computer Centre, facility rentals, library membership fees, fines, book sales, ATM rebates, revenues from the 317c computer and book store and Research overhead. Other income is projected to increase over 15/16 primarily due to increased net revenues from Continuing Studies and additional entrepreneurial activities.

8. University Fund- Revenue Offset

Included in this area are estimates of revenue returns from initial investments from the University Fund.

Expenditures (Schedule 2)

9. Academic Compensation

Includes salaries, benefits and professional development for faculty, technicians, teaching assistants, class assistants, markers, and staff in the Library, Visual Resources, Academic Computer Centre, Lap Top Program, Graduate Studies and Fabrication Studios.

2015/16 Budget	27,822
Progression-Through-The-Ranks (PTR)/Faculty merit pay/benefits	454
Additional Faculty to support enrolment growth	271
Academic Support	25
Voluntary Retirement Incentive Program (net)	24
Other salary adjustments	(282)
2016/17 Academic Compensation Budget	28,314

10. Academic Administration Compensation

Includes salaries, benefits and professional development for Deans, Assistant and Associate Deans, Program Chairs, Faculty Support Staff, Studio Manager, CIADE, Professional Gallery, Centre for Advising & Campus Life and Office of the Vice-President, Academic.

2015/16 Budget	7,461
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB	278
Administrative Leave	150
Graduate Studies-Dean	82
Other salary adjustments	154
2016/17 Academic Administration Compensation Budget	8,125

11. Non-Academic Compensation

Includes salaries, benefits and professional development for administrative staff in: Registrar's Office, Student Affairs, Finance, Human Resources, University Relations, Development and Alumni Relations, Marketing & Communications, Facilities Planning & Management, Diversity & Equity, IT Services, Risk Management, Campus Services & Security, Admissions & Recruitment, Offices of the President and Vice-President, Finance & Administration.

2015/16 Budget	11,368
Progression-Through-The-Ranks (PTR)/benefit costs, ATB	315
Unfilled positions	(150)
2016/17 Non-Academic Compensation Budget	11,533

12. Non-Compensation

Includes all university non-compensation expenditures, i.e. physical plant maintenance, class supplies, travel, memberships, visiting lecturers, office supplies, printing, program development, publications, marketing, legal and audit fees, utilities, insurance, overtime, temporary help etc., plus compensation for models and student monitors.

Utilities/condominium fees(113 and 49/51 McCaul and Learning Zone)	78
Security & Cleaning (expanded scope)	50
Professional Gallery Expansion	37
New Design for Health Graduate Program start- up costs	269
Executive Recruitment	150
Total Major Increases:	584

13. Restructuring/Retirement

Funding has not been set aside for restructuring payments and grievance settlements.

14. Student Assistance Fund

The Ministry has introduced a “new student access guarantee” policy which requires the university to finance any direct educational costs above what is provided through government assistance programs (unmet need). Existing government/OCADU assistance programs in addition to the student assistance fund are University/College Bursary Funds, Ministry OSAP and other bursary funding programs (Ontario Trust for Student Support). Preliminary indications are that existing OCADU tuition set-aside funds (\$1,372,000) will fulfill the student access guarantee unmet need.

15. Long-term Debt-Service Costs

This cost is the interest on long-term debt (from financing for the SuperBuild project and for partial financing of the acquisition of 205 Richmond St. W. (purchased September 2007). Interest costs are projected to decrease in 16/17 over 15/16 due to the decline in debt principal.

16. Furniture, Fixtures and Equipment (funded from the operating budget)

	15/16 Est. Actual	16/17 Budget
Total	800	250

In 2016/17 the allocation from the operating budget to capital expenditures will be targeted towards Furniture, Fixtures and Equipment in the Academic Programs.

In the prior two years, funding had been allocated towards the capital renovation projects at 230 Richmond and 115 McCaul.

17. Contingency

The provision for contingency is \$500,000 (see Budget Summary) and addresses unexpected revenue shortfalls/expenditure pressures from enrolment fluctuations, deferred maintenance, weather related costs and other occurrences.

18. University Fund

An amount of \$600,000 (to be offset by \$150,000 in return on investment revenues) has been set aside for strategic initiatives.

19. Remedial Action

An amount of \$300,000 (.5% of the operating budget) has been incorporated of additional expenditure reductions to be implemented without across the board reductions.