

OCAD University

2017/18 Operating Budget and Accompanying Schedules and Notes

OCAD University
2017/18 Operating Budget
Summary
(000s)

OCAD University Unrestricted Operations

	2016/17 Budget	2016/17 Estimated Actual	2017/18 Budget	% Increase (Decrease) of Est. Actual
A) OPERATING				
Revenue (Schedule 1)	63,073	60,955	64,602	6.0
Expenditures (Schedule 2)	(62,070)	(61,931)	(66,321)	7.1
Contingency (Note 17)	(500)	-	(500)	
Surplus (deficit) prior to extraordinary allocations	503	(976)	(2,219)	
B) EXTRAORDINARY ALLOCATIONS				
Furniture, Fixtures and Equipment (Note 16)	(250)	0	0	
University Fund(Note 18)	(600)	(335)	(200)	
Surplus (deficit) for the year after extraordinary allocations	(347)	(1,311)	(2,419)	
C) REMEDIAL ACTION PLAN (Note 19)				
Surplus (deficit) for the year after remedial action plan	(47)	125	100	
D) UNRESTRICTED NET ASSETS				
Unrestricted accumulated Surplus(Deficit) beginning of the year	(225)	(225)	(100)	
Unrestricted accumulated Surplus (Deficit) end of year	(272)	(100)	0	

OCAD University
2017/18 Operating Budget
Schedule of Revenues ('000s)

	2016/17 Budget	2016/17 Estimated Actual	2017/18 Budget	% Increase (Decrease) of Est. Actual
Government Grants (Note 1)				
Core Operating Grants				
Operating	17,919	17,974	17,880	(0.5)
Undergraduate enrolment growth	784	0	0	-
Graduate Studies enrolment growth	2,244	2,196	2,381	8.4
Subtotal Core Operating Grants	20,947	20,170	20,261	0.5
Differentiation Envelope				
Performance Fund	89	46	89	93.5
Quality Investment Fund	913	915	913	(0.2)
Digital Futures Differentiation grant	2,000	2,000	2,000	-
Subtotal Differentiation Grants	3,002	2,961	3,002	1.4
Special Purpose Grant				
Accessibility Fund for Students with Disabilities	293	293	293	-
Aboriginal Visual Culture-Growth Initiatives	264	269	264	(1.9)
Other Grants	96	96	96	-
Subtotal Special Purpose Grant	653	658	653	(0.8)
Total Grants	24,602	23,789	23,916	0.5
Tuition Fees (Note 2)				
Undergraduate	28,674	29,326	30,889	5.3
Graduate Studies	3,152	2,880	3,527	22.5
Total Tuition Fees	31,826	32,206	34,416	6.9
Miscellaneous Fees (Note 3)				
Admission Rebate/ Fees	317	350	317	(9.4)
Class Fees	483	465	483	3.9
Production Materials Fees	171	161	161	-
User Fees	449	442	429	(2.9)
Student Service Support Fees	1,466	1,444	1,450	0.4
Academic Print Services	290	290	290	0.0
Academic Equipment & New Technology Fee	118	115	118	2.6
Total Miscellaneous Fees	3,294	3,267	3,248	(0.6)
Investment Income (Note 4)	104	104	389	274.0
Rental Income (Note 5)	178	89	89	-

Donations/Sponsorships (Note 6)	1,050	500	700	40.0
Joint Venture Distribution (Note 8)	0	0	1,144	-
Other Income (Note 7)	1,869	1,000	1,000	-
Waterfront Campus-Executive Training (Note 9)	0	0	(300)	-
University Fund-Revenue Offset	150	0	0	-
Total Revenues	63,073	60,955	64,602	6.0

Schedule 2

Schedule of Expenditures
(000s)

	2016/17 Budget	2016/17 Estimated Actual	2017/18 Budget	% Increase (Decrease) of Est. Actual
Academic Compensation (Note 10)	28,314	27,980	29,816	6.6
Academic Administration Compensation (Note 11)	8,125	8,125	8,342	2.7
Non-Academic Compensation (Note 12)	11,533	11,633	12,108	4.1
Total Compensation	47,972	47,738	50,266	5.3
230 Richmond Street Rent (Note 8)	0	0	1,738	-
Non-Compensation (Note 13)	11,732	11,859	11,515	(2.9)
Student Assistance Fund (Note 14)	1,372	1,340	1,465	9.3
Debt Service Costs (Note 15)	994	994	971	(2.3)
Debt Service Cost – Joint Venture Consolidation (Note 8)			366	-
Total Expenditures	62,070	61,931	66,321	7.1

OCAD University
2017/18 Operating Budget
Background Notes and Assumptions

Revenues (Schedule 1)

1. Government Grants

In 2017/18 the Ministry will be implementing a new University Funding Formula. The existing grant allocation will be divided into three classifications:

- I. Core Operating Grants (enrolment based)
- II. Differentiation Envelope
- III. Special Purpose Grants

Schedule 1 (Schedule of Revenues) has reclassified existing grant envelopes into these three classifications.

- a) Core Operating Grant
A corridor mechanism has been established to provide funding predictability to Universities and government during a time of stable or declining enrolments and a medium for joint enrolment planning. The corridor is based on a five year moving average with a 3% “buffer” from the corridor midpoint before funding could potentially be impacted. As part of the current strategic mandate agreement process (SMA2) the Ministry is negotiating the starting point of each Universitys’ corridor.
- b) Differentiation Envelope
The priorities of this envelope are the development of plans and outcomes as part of the strategic mandate agreement (SMA2) process. For each university to address:
 - i. Student experience
 - ii. Innovation in teaching and learning experience
 - iii. Access and equity
 - iv. Research excellence & impact
 - v. Innovation economic development & community engagement
- c) Special Purpose Grants
These grants are allocations by the Ministry for specific restricted purposes.

As part of the new funding formula no University in the next two years will receive less grant funding then the current 2016/17 level.

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 December 2016 a two 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 6% 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 in the spring of 2016. The tuition fee rate increases (as approved by the Board in March 2017) contained in the 17/18 budget is summarized in the table below:

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

	2016/17	2017/18	Difference
Domestic	6,350	6,540	190
International	20,224	21,437	1,213

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

	2016/17	2017/18	Difference
Domestic	6,170	6,355	185
International	19,420	20,585	1,165

- c) Projected Enrolment (FTEs): Undergraduate

	2015/16 Actual	2016/17 Actual	2017/18 Budget
Domestic			
Summer	216	209	210
Fall/Winter	3,240	3,038	2,963
Total Domestic	3,456	3,247	3,173
International			
Summer	28	31	28
Fall/Winter	313	413	493
Total International	341	444	521
Total	3,797	3,691	3,694

Intake required to achieve undergraduate projections:

	2014/15	2015/16	2016/17	2017/18
Total Intake	990	1,006	1,020	1,082

- d) Projected Enrolment: Graduate (FTEs):

	2015/16	2016/17	2017/18
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	Actual	Actual	Budget
Domestic	177	174.1	187.8
International	33.4	45.8	53.0
Total	210.4	219.9	240.8

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.).

4. Investment Income

Investment income is derived from savings account bank interest and short term investments.

5. Rental Income

Rental income is comprised of income 74/76 McCaul (Aboveground Art Supplies).

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 capital, 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, and Research overhead.

8. Joint Venture and 230 Richmond Street Rent

Beginning in the 2017/18 fiscal year after the 240 Richmond Street building is fully tenanted, net revenues from the Joint Venture rent expense of 230 Richmond Street and interest on debt pertaining to 230/240 Richmond Street have been consolidated with other OCADU revenue and expense operations. Prior to 2017/18 the net transactions were funded by one time internally restricted net assets.

9. Waterfront Campus (Executive Training)

Subject to Board of Governor approval in June 2017, planning for the launch of an Executive Training Program at the Campus for the Connected World will be operationalized. The 2017/18 budget provides net start- up costs with

anticipation of operating net revenues flowing to the 2018/19 operating budget and beyond.

Expenditures (Schedule 2)

10. 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.

2016/17 Budget	28,314
Progression-Through-The-Ranks (PTR)/Faculty merit pay/benefits	462
Additional Faculty to support enrolment growth	247
Academic Support	50
Other salary adjustments	743
2017/18 Academic Compensation Budget	29,816

11. 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.

2016/17 Budget	8,125
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB	297
Administrative Leave(16/17)	(150)
Other salary adjustments	70
2017/18 Academic Administration Compensation Budget	8,342

12. 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, Campus Services & Security, Admissions & Recruitment, Offices of the President and Vice-President, Finance & Administration.

2016/17 Budget	11,583
Progression-Through-The-Ranks (PTR)/benefit costs, ATB	425
Other salary adjustments	100
2017/18 Non-Academic Compensation Budget	12,108

13. 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.

Major Increases:

Utilities/condominium fees(113 and 49/51 McCaul and Learning Zone)	78
Security & Cleaning (expanded scope)	50
Professional Gallery Expansion	37
Total Major Increases:	165

Major Decreases:

New Design for Health Graduate Program 16/17 start- up costs	269
Total Major Decreases:	269

14. Student Assistance Fund

The Ministry student access guarantee policy 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 (\$1,465,000) 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) and 230 Richmond Street W (purchased in March 2010).

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

	16/17 Est. Actual	17/18 Budget
Total	0	0

There is no provision for FF&E funding from the operating budget. Capital Program budgets have provisions for eligible FF&E.

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. Academic Plan

An amount of \$200,000 has been set aside for strategic initiatives.

19. Remedial Action

An amount of \$2,519,000 (3.7% of the operating budget) has been incorporated of additional expenditure reductions to be implemented without across the board

reductions.