

2015/16 Budget summary from Alan Simms, Vice-President, Administration & Finance

The budget is a financial roadmap for the university for the coming year and is based on core revenue and expenditure assumptions.

The three guiding principles used to achieve a balanced budget were:

- Protect the student experience
- Maintain academic excellence
- Avoid across-the-board reductions

Strategic investments

The university will continue to make disciplined strategic investments in 2015/16 in the following areas:

- Adding new tenure-track positions
- Reducing teaching load for studio faculty members
- Creating space for a consolidated Student Hub and increasing student services in the Health & Wellness Centre
- Developing an integrated information system, known as Project Chroma
- Supporting online, blended and experiential learning
- Supporting marketing and recruitment activities

Key assumptions

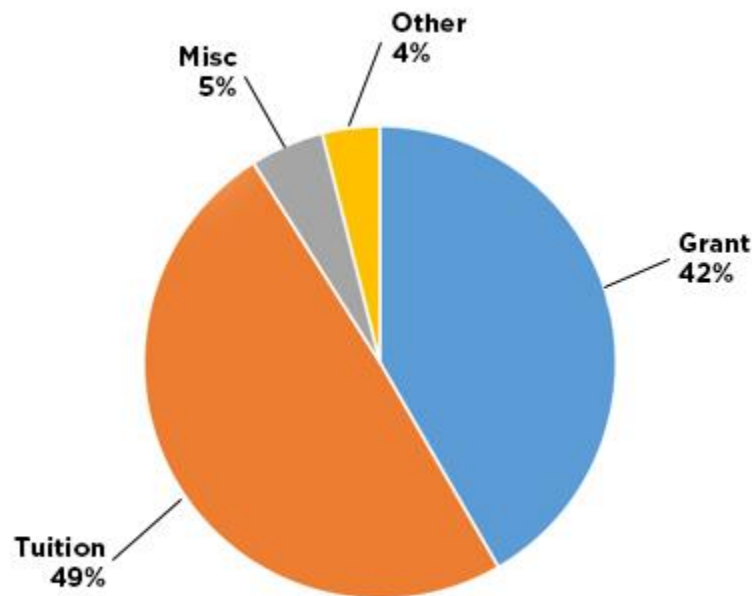
- **Government funding:**
 - Unlike the two previous years, the Province of Ontario's 2015/16 budget did not reduce or increase base operating grants for universities.
- **Surplus:** In the 2014/15 budget year, the university expected to post a \$1 million accumulated surplus.
- **Tuition increase:** Tuition for students – domestic and international – will increase by three per cent, as approved by the Board of Governors earlier this year. The increase for domestic students is in line with guidelines set by the Ministry of Training, Colleges and Universities aimed at supporting quality academic resources and student financial aid.
- **Joint-venture real-estate partnership:** In May 2015, the University entered into a joint-venture partnership involving OCAD University's 230 and 240 Richmond St. West property. The transaction entails the sale of 50 per cent of the property and a long-term lease-back to OCAD University of 60,000 square feet in 230 Richmond St. West. It will be segregated from the University's operating

statements for accounting and legal reasons. The joint venture allows the university to repurpose space at 115 McCaul St. for academic use and develop student services at 230 Richmond St. West. More information will be communicated soon on a series of moves that will be undertaken thanks to the new partnership.

- **Cost savings and freezes:** Savings and freezes of \$3 million are required in order to project a balanced budget for 2015/16 using reasonable revenue and expenditure assumptions. This remedial action avoids across-the-board cuts, but will require units to make discretionary expenditure reductions; for example only, to travel expenditures.

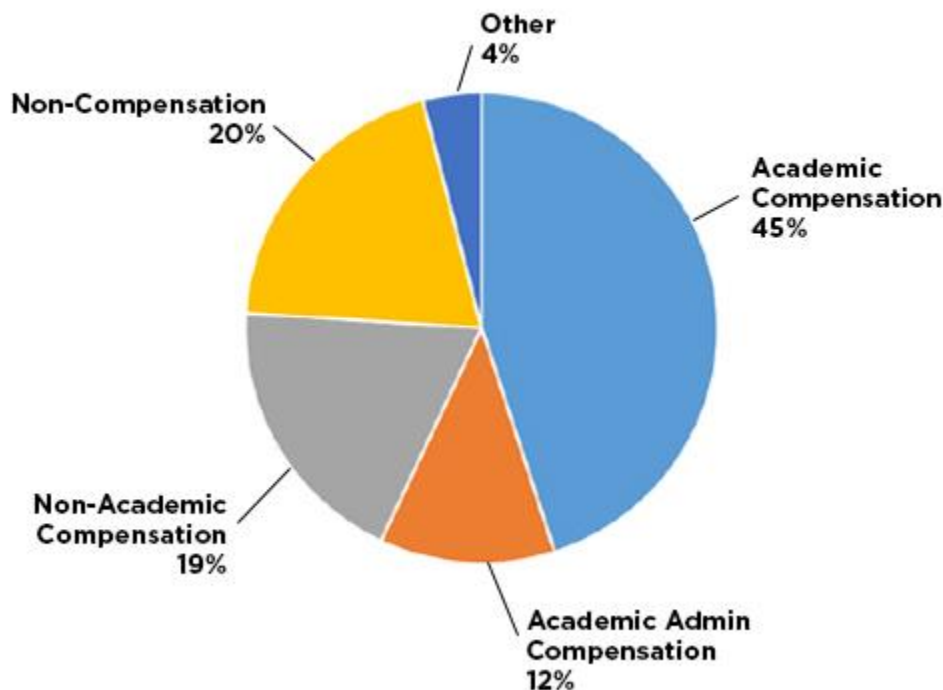
The following pie chart indicates the university's heavy reliance on enrolment-driven revenues; over 90 per cent of revenues derive from tuition and government grants.

Fiscal Year 2014/15 Revenues by Major Category



At the same time, almost 80 per cent of expenditures are compensation-based: see pie chart below. This translates into a challenge for the university and for universities generally – an inability to react quickly to, or in lockstep with, dips in enrolment-based revenues.

Fiscal Year 2014/15 Expenditures by Major Category



Budget process and remedial action

Early projections in fall 2014, related to enrolment-based revenues and to then-known expenditure items such as collective bargaining settlements, suggested that approximately \$3 million in budget savings would need to be identified in order for the university to deliver a balanced budget for fiscal year 2015/16.

A Consolidated Budget Advisory Committee (CBAC) was struck with a focus on recommending a plan for the requisite remedial action.

The process also involved managers from across the university to provide ideas from their respective areas. The CBAC members are:

- Acting Dean, Faculty of Art
- Dean, Faculty of Design
- Dean, Faculty of Liberal Arts & Sciences
- Associate Vice-President, Students
- Associate Vice-President, Research / Dean, Graduate Studies
- Associate Vice-President, University Relations
- Director, Finances
- Director, Human Resources

- Vice-President, Development
- Vice-President, Administration & Finance (Co-Chair)
- Vice-President, Academic (Co-Chair)

The remedial action plan was developed in keeping with the three key principles of protecting student experience; maintaining academic excellence; and avoiding across-the-board cuts. It included the following initiatives:

- A freeze for 2015/16 of 25 per cent of unit discretionary expenditures
- Offsetting certain operating expenses (particularly related to scholarships) with fundraising initiatives
- Achieving a variety of administrative efficiencies related to organizational structure or delivery of support services
- The amortization of certain major expenditures that provide benefit over a longer period of time – i.e., related to Project Chroma and particular capital expenditures

The overall plan has been incorporated into the 2015/16 operating budget, which in turn has been approved by the president, the Finance Committee of the Board of Governors, and by the Board of Governors on June 15, 2015.

Next steps

CBAC members will build on their 2015/16 experience by working over the summer on a budget process review and on multi-year planning. Multi-year forecasts are an integral part of the process for setting annual budgets. The review of the university's Academic Plan will fundamentally inform multi-year planning initiatives and next year's budget development. OCAD U's leadership will continue to lobby the provincial government for increased formula funding.