

OCAD University

2018/19 Operating Budget and Accompanying Schedules and Notes

OCAD University
2018/19 Operating Budget
Summary
(000s)

	2017/18 Estimated Actual	2018/19 Budget
A) OPERATING		
Revenue (Schedule 1)	67,256	72,534
Expenditures (Schedule 2)	(69,017)	(73,620)
Contingency (Note 16)	(350)	(700)
Surplus (deficit) prior to extraordinary allocations	(2,111)	(1,786)
B) EXTRAORDINARY ALLOCATIONS		
Furniture, Fixtures and Equipment (Note 15)	0	(200)
Academic Plan	0	0
Surplus (deficit) for the year after extraordinary allocations	(2,111)	(1,986)
C) REMEDIAL ACTION PLAN (Note 17)	3,519	780
Surplus (deficit) for the year after remedial action plan	1,408	(1,206)
D) UNRESTRICTED NET ASSETS		
Unrestricted accumulated Surplus(Deficit) beginning of the year	(1,408)	0
Unrestricted accumulated Surplus (Deficit) end of year (Note 18)	0	(1,206)

Schedule 1

**OCAD University
2018/19 Operating Budget
Schedule of Revenues ('000s)**

	2017/18 Estimated Actual	2018/19 Budget
Government Grants (Note 1)		
<i>Core Operating Grants</i>		
Operating	18,130	17,981
Graduate Studies enrolment growth	2,356	2,712
<i>Subtotal Core Operating Grants</i>	20,486	20,693
<i>Differentiation Envelope</i>		
Performance Fund	89	89
Quality Investment Fund	913	913
Digital Futures Differentiation grant	2,000	2,000
<i>Subtotal Differentiation Grants</i>	3,002	3,002
<i>Special Purpose Grant</i>		
Accessibility Fund for Students with Disabilities	293	293
Aboriginal Visual Culture-Growth Initiatives	264	264
Other Grants	96	96
<i>Subtotal Special Purpose Grant</i>	653	653
Total Grants	24,141	24,348

Tuition Fees (Note 2)		
Undergraduate - Domestic	20,610	21,508
Undergraduate - International	10,904	14,286
Graduate Studies – Domestic	2,360	2,534
Graduate Studies - International	868	995
Total Tuition Fees	34,742	39,323
Miscellaneous Fees (Note 3)		
Admission Rebate/ Fees	317	334
Class Fees	484	510
Production Materials Fees	161	170
User Fees	429	452
Student Service Support Fees	1,449	1,525
Academic Print Services	290	305
Academic Equipment & New Technology Fee	118	124
Total Miscellaneous Fees	3,248	3,420
Investment Income (Note 4)	389	389
Rental Income (Note 5)	102	102
Donations/Sponsorships (Note 6)	700	700
Joint Venture Distribution (Note 7)	1,822	1,872
Other Income (Note 8)	800	850

Creative City Campus (CCC) Loan Interest: Financing Strategy	800	800
Amortization of Gain on Sale of 50% of 230/240 Richmond Street and 205 Richmond Street	250	250
Capital Project Loan Interest/ Waterfront License	262	480
Total Revenues	67,256	72,534

OCAD University
2018/19 Operating Budget
Schedule of Expenditures
(000s)

	2017/18 Estimated Actual	2018/19 Budget
Academic Compensation (Note 9)	29,800	32,608
Academic Administration Compensation (Note 10)	8,491	8,892
Non-Academic Compensation (Note 11)	12,042	12,843
Total Compensation	50,333	54,343
Non-Compensation (Note 12)	11,958	11,971
230 Richmond Street Lease Amortization (Note 7)	1,739	1,800
205 Richmond Street Lease Amortization (Note 7)	1,610	1,933
Student Assistance Fund (Note 13)	1,465	1,571
Debt Service Costs (Note 14)	1,912	2,002
Total Expenditures	69,017	73,620

OCAD University

2018/19 Operating Budget

Background Notes and Assumptions

Revenues (Schedule 1)

1. Government Grants

In 2017/18 the Ministry implemented a new University Funding Formula. The existing grant allocation is 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 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 starting point of each University’s corridor is the 16/17 enrolment.
- 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**
In addition to Special Purpose Grants supporting operating expenses, the University will receive \$1.085M in 2018/19 in funding towards initiatives supporting expansion of the activities in the Centre for Emerging Artists and Designers and initiatives towards career readiness for undergraduate and

graduate students. These grants are allocations by the Ministry for specific restricted purposes.

As part of the new funding formula and for the next two years no university will receive less grant funding than the its 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. In March 2017 the Board of Governors approved a two-year increase (17/18 and 18/19) of 3% per year for domestic students. The Board of Governors approved a base tuition increase of 5% for all international students. The tuition fee rate increases (as approved by the Board in March 2017/March 2018) contained in the 18/19 budget are summarized in the table below.

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

	2017/18	2018/19	Difference
Domestic	6,540	6,736	196
International	21,437	22,509	1,072

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

	2017/18	2018/19	Difference
Domestic	6,355	6,546	191
International	20,585	21,614	1,029

c) Projected Enrolment (FTEs): Undergraduate

	2016/17 Actual	2017/18 Actual	2018/19 Budget
Domestic			
Summer	209	185	205
Fall/Winter	3,038	2,980	3,030
Total Domestic	3,247	3,165	3,235
International			
Summer	31	36	34
Fall/Winter	413	487	616
Total International	444	523	650
Total	3,691	3,688	3,885

d) Projected Enrolment: Graduate (FTEs):

	2016/17 Actual	2017/18 Actual	2018/19 Budget
Domestic	174.1	190.3	208.1
International	45.8	43.8	51.5
Total	219.9	234.1	259.6

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 from the lease to 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. Joint Ventures and 230 Richmond Street and 205 Richmond Street Lease Amortization

Beginning in the 2017/18 fiscal year after the 240 Richmond Street building was fully tenanted, net revenues from the 230/240 Joint Venture, lease amortization rent expense of 230 Richmond Street and interest on debt pertaining to 230/240 Richmond Street were consolidated with other OCADU revenue and expense operations. Prior to 2017/18 the net transactions were funded by one time internally restricted net assets. As part of the Capital financing strategy for the Creative City Campus and Waterfront projects an additional Joint Venture (205 Richmond Street) was entered into in August 2017 that provided \$10.8M for the project financing. Net revenues from the Joint Venture and 205 Richmond Street lease amortization rent expense are consolidated within the operating budget.

8. 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.

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.

Academic compensation expenses are budgeted to increase by 9.4% over 17/18.

2017/18 Estimated Actual	29,800
Progression-Through-The-Ranks (PTR)/benefit premiums/ATB	1,057
Additional Faculty to support enrolment growth	607
Teaching Load Reduction	1,144
2018/19 Academic Compensation Budget	32,608

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.

Academic administration compensation expenses are budgeted to increase by 4.7% over 17/18.

2017/18 Estimated Actual	8,491
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB	171
Administrative Leave	150
Professional Gallery	80
2018/19 Academic Administration Compensation Budget	8,892

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

Non-academic compensation expenses are budgeted to increase over 2017/18 by 4% in the ordinary course and by 6.6% with one-time Project Chroma wind-up costs are included.

2017/18 Estimated Actual	12,042
Progression-Through-The-Ranks (PTR)/benefit costs, ATB	536
Project Chroma Phased Windup	200
International Student Support	65
2018/19 Non-Academic Compensation Budget	12,843

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. Non-compensation expenditures are projected to increase by \$13,000 over 17/18 estimated actual:

Major Increases:

Utilities/condominium fees (113 and 49/51 McCaul and Learning Zone) (5%)	80
Security & Cleaning	75
University Memberships	50
Executive Search	66
Graduate Scholarships	52
Provision for inflation increase (1%)	120
Total Major Increases:	443

Major decreases are space rental and 205 Richmond 230/240 Richmond expenses financed by the joint ventures \$231,000.

13. 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 (\$1,571,000) will fulfill the student access guarantee unmet need.

14. 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), 230 Richmond Street W (purchased in March 2010) and debt financing of the expansion of the Professional Gallery and renovations to 230/240 Richmond Street.

15. Furniture, Fixtures and Equipment (funded from the operating budget) and including digital technologies

	17/18 Est. Actual	18/19 Budget
Total	0	200

16. Contingency

The provision for contingency is \$700,000 (see Budget Summary) and addresses unexpected revenue shortfalls/expenditure pressures from enrolment fluctuations, deferred maintenance, weather related costs and other occurrences.

17. Remedial Action

An amount of \$780,000 has been incorporated of additional expenditure reductions to be implemented without across the board reductions.

18. Unrestricted Accumulated Deficit

The University as part of the five year multiyear financial forecast has projected the elimination of the accumulated deficit by the end of the 2020/21 fiscal year primarily through revenues from enrolment increases and a cost containment strategy.