

OCAD University

2019/20 Operating Budget and Accompanying Schedules and Notes

OCAD University
2019/20 Operating Budget
Summary ('000s)
(Phase 1 Budget Response Plan)

	2018/19 Estimated Actual	2019/20 Budget
A) OPERATING		
Revenue (Schedule 1)	73,214	74,345
Expenditures (Schedule 2)	(72,921)	(76,107)
Contingency (Note 22)	-	(750)
Surplus (deficit) prior to extraordinary allocations	293	(2,512)
B) EXTRAORDINARY ALLOCATIONS		
Furniture, Fixtures and Equipment (Note 21)	(200)	(150)
Enrolment Plan Strategy	(100)	(300)
Surplus (deficit) for the year after extraordinary allocations	(7)	(2,962)
C) Budget Response Plan Phase 2 (Note 23)		2,517
Surplus (deficit) for the year after budget response plan	(7)	(445)
D) UNRESTRICTED NET ASSETS		
Unrestricted accumulated Surplus(Deficit) beginning of the year	(1,447)	(1,454)
Unrestricted accumulated Surplus (Deficit) end of year (Note 24)	(1,454)	(1,899)

**OCAD University
2019/20 Operating Budget
Schedule of Revenues ('000s)**

	2018/19 Estimated Actual	2019/20 Budget
Government Grants (Note 1)		
<i>Core Operating Grants</i>		
Operating	17,981	17,921
Graduate Studies enrolment growth	2,712	2,670
<i>Subtotal Core Operating Grants</i>	20,693	20,591
<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
Indigenous Student Success Fund	264	264
Other Grants	96	96
<i>Subtotal Special Purpose Grant</i>	653	653
Total Grants	24,348	24,246
Tuition Fees (Note 2)		
Undergraduate – Domestic	20,660	17,934
Undergraduate – International	14,510	18,199

Graduate Studies – Domestic	2,316	2,219
Graduate Studies – International	1,115	1,644
Total Tuition Fees	38,601	39,996
Miscellaneous Fees (Note 3)		
Admission Rebate/ Fees	334	341
Class Fees	510	-
Production Materials Fees	170	194
User Fees	452	462
Student Service Support Fees	1,527	1,773
Academic Print Services	305	311
Academic Equipment & New Technology Fee	124	-
Student Building	-	391
Total Miscellaneous Fees	3,422	3,472
Investment Income (Note 4)	389	389
Rental Income (Note 5)	102	220
Gain on Sale of 285 Dundas Street (net)(Note 6)	1,300	-
Donations/Sponsorships (Note 7)	700	1,300
Joint Venture Distribution (Note 8)	1,872	1,882
Other Income (Note 9)	850	1,150
Creative City Campus (CCC) Salary Offset (Note 10)	900	900
Amortization of Gain on Sale of 50% of 230/240 Richmond Street and 205 Richmond Street	250	250
Waterfront License and interest on working capital (Note 11)	480	540
Total Revenues	73,214	74,345

OCAD University
2019/20 Operating Budget
Schedule of Expenditures ('000s)
 (Phase 1 Budget Response Plan)

	2018/19 Estimated Actual	2019/20 Budget
Academic Compensation (Note 12)	32,513	35,187
Academic Administration Compensation (Note 13)	8,995	9,238
Project Chroma Wind-Up (Note 14)	-	600
Non-Academic and Academic Administration Hiring deferral/freeze (Note 15)	-	(1,000)
Non-Academic Compensation (Note 16)	12,528	12,993
Total Compensation	54,036	56,500
Non-Compensation (Note 17)	11,579	12,116
1% Portfolio Reduction (Note 18)	-	(612)
230 Richmond Street Lease Amortization (Note 8)	1,800	1,800
205 Richmond Street Lease Amortization (Note 8)	1,933	1,933
Student Assistance Fund (Note 19)	1,471	1,678
Debt Service Costs (Note 20)	2,002	1,874
Labour Group Relations	100	300
Total Expenditures	72,921	76,107

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**
The University receives special purpose grants for Students with Disabilities and support for Indigenous student programming.

As part of the new funding formula and for next year 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 in the early 2019 a two-year domestic tuition framework with an overall decrease of 10% per year in 2019/20 and 0% increase in 20/21. International student tuition fees continue to be deregulated. In March 2019, the Board of Governors approved a two-year increase (19/20 and 20/21) of 8% and 6% respectively. The undergrad tuition fee rate increases as approved by the Board in March 2019 are summarized in the table below.
- b) Tuition Fees for Upper Year Undergraduate Full-Time Students (10 half-credits):

	2018/19	2019/20	Difference
Domestic	6,725	6,053	(672)
International	22,340	24,060	1,720

- b) Projected Enrolment (FTEs): Undergraduate

	2017/18 Actual	2018/19 Actual	2019/20 Budget
Domestic			
Summer	185	184	177
Fall/Winter	2,980	2,868	2,824
Total Domestic	3,165	3,052	3,001
International			
Summer	36	41	53
Fall/Winter	487	625	743
Total International	523	666	796
Total	3,688	3,718	3,797

c) Projected Enrolment: Graduate (FTEs):

	2017/18 Actual	2018/19 Actual	2019/20 Budget
Domestic	190.3	208.1	186.0
International	45.8	51.5	74.0
Total	236.1	259.6	260.0

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.), Production Materials fees and Student Support fees (e.g. literacy, laptop program, Health & Wellness, Career Centre, Orientation fees, etc.).

In early 2019, the provincial government announced a new ancillary fee policy which required universities and student governments to reclassify ancillary fees into “essential” and student choice “opt -out “. University ancillary fees have been classified as essential with no opt-out option.

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) and of the condo units at 210 Simcoe Street.

6. Gain on Sale of 285 Dundas

The University listed 285 Dundas Street for sale in March 2019 with the sale closing on May 31, 2019. The gain on sale exceeding the book value (\$550K) of the property is estimated to be \$1.3M.

7. 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. Donations have increased over 18/19 due to long term

restricted funds in the Florence Program, Library and Professional Gallery applied to operating expenses of these areas in 19/20 as a component of the budget response plan with replenishment of these funds as an objective of future fundraising campaigns.

8. Joint Ventures and 230 Richmond Street and 205 Richmond Street Lease Amortization

As part of the Capital financing strategy for the Creative City Campus and Waterfront projects, Joint Ventures (205 Richmond Street and 230/240 Richmond Street) were entered into and provided projects financing. Net revenues from the Joint Venture and 205 Richmond Street lease amortization rent expense are consolidated within the operating budget.

9. 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.

10. Creative City Campus (CCC) Salary Offset

A portion of compensation costs of Academic and Non-Academic staff consulting and administration of the CCC projects is expensed to the project. It is expected by December the status of the CCC project post Fabrication Studios renovations will be clarified.

11. Waterfront License and interest on working capital

Included in this budget is the monthly license payment for space usage by OCADU CO and interest expense on the \$500K working capital loan to OCADU CO.

Expenditures (Schedule 2)

12. 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 \$2,674K (8.2%) over 18/19 prior to implementation (if applicable) of the 1% portfolio reduction.

2018/19 Estimated Actual	32,513
Progression-Through-The-Ranks (PTR)/benefit premiums/ATB	1,752

Additional Faculty/Technician to support enrolment growth	522
Teaching Load Reduction	1,200
Course releases	(200)
Faculty Hires/Section reductions	(600)
2019/20 Academic Compensation Budget	35,187

13. 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 \$243K (2.7%) over 18/19 prior to implementation (if applicable) of the 1% portfolio reduction and hiring deferral/freeze.

2018/19 Estimated Actual	8,995
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB	243
2019/20 Academic Administration Compensation Budget	9,238

14. Project Chroma Wind-Up

On May 31, 2019, Project Chroma was completed and compensation costs that were previously amortized over the life of the project (20 years) are reinstated at their non-amortized value.

15. Non-Academic and Academic Administration Hiring Deferral/Freeze

Effective June 1, a three-month hiring deferral from position vacancy date followed up with a hiring freeze has been implemented.

16. 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 2018/19 by \$465K (3.7%) prior to implementation (if applicable) of the 1% portfolio reduction and hiring deferral/freeze

2018/19 Estimated Actual	12,528
Progression-Through-The-Ranks (PTR)/benefit costs, ATB	617
International Student Support	110
IT Savings	(200)
Executive Team 5% reduction	(62)
2019/20 Non-Academic Compensation Budget	12,993

17. 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 \$537K(4.6%) over 18/19 estimated actual prior to implementation (if applicable) of the 1% portfolio reduction.

Major Increases:

Utilities/condominium fees (100, 113 and 49/51 McCaul and Learning Zone)	81
Legal Costs	150
Recruitment Search	150
Graduate Scholarships & International Student Bursaries	161
Provision for inflation increase (1%)	124
Total Major Increases:	666

Major Decreases:

10% freeze on discretionary expenses	100
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Security and Cleaning	100
Total Major Decreases:	200

18. 1% Portfolio Reduction

Implementation plans for a 1% reduction in Presidential and Vice President portfolios will take place during the summer.

19. 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 (\$1,678,000) will fulfill the student access guarantee unmet need.

20. 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.

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

	18/19 Est. Actual	19/20 Budget
Total	200	150

22. Contingency

The provision for contingency is \$750,000 (\$600,000 in 18/19) (see Budget Summary) and addresses unexpected revenue shortfalls/expenditure pressures from enrolment fluctuations, deferred maintenance, weather related costs and other occurrences.

23. Budget Response Plan Phase 2 (BRP)

An amount of \$ 2.517M has been incorporated of additional expenditure reductions/revenue increases that will need to be implemented in order to achieve the accumulated \$1.9M deficit target. BRP Phase 1 (\$5.4M) has been incorporated into the Operating Budget to date.

24. 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 2023/24 fiscal year primarily through revenues from enrolment increases and a cost containment strategy.