

OCAD University  
2020/21 Operating Budget and  
Accompanying Schedules & Notes

**OCAD University  
2020/21 Operating Budget  
Summary ('000s)**

	<b>2020/21 Budget</b>	<b>2019/20 Budget</b>	<b>2019/20 Actual</b>
<b>A) OPERATING</b>			
Revenue (Schedule 1)	73,825	74,939	75,696
Expenditures (Schedule 2)	(69,996)	(76,701)	(75,549)
Contingency (Note 21)	(2,365)	(750)	-
Surplus (deficit) prior to extraordinary allocations	1,464	(2,512)	147
<b>B) EXTRAORDINARY ALLOCATIONS</b>			
Furniture, Fixtures and Equipment (Note 17)	(250)	(150)	(457)
Enrolment Plan Strategy (Note 18)	(400)	(300)	(215)
Academic Plan (Note 19)	(100)	-	-
COVID-19/ Online/hybrid project (Note 20)	(994)		
Surplus (deficit) for the year after extraordinary allocations	(280)	(2,962)	(525)
<b>C) Budget Response Plan</b>		1,867	-
Surplus (deficit) for the year after budget response plan	(280)	(1,095)	(525)
<b>D) UNRESTRICTED NET ASSETS</b>			
Unrestricted accumulated Surplus (Deficit) beginning of the year	(1,329)	(804)	(804)
Unrestricted accumulated Surplus (Deficit) end of year (Note 22)	(1,609)	(1899)	(1,329)

**OCAD University  
2020/21 Operating Budget  
Schedule of Revenues ('000s)**

	<b>2020/21 Budget</b>	<b>2019/20 Budget</b>	<b>2019/20 Actual</b>
<b>Government Grants (Note 1)</b>			
Core Operating Grants	18,554	20,591	18,750
Differentiation Envelope/Performance	4,071	3,002	4,071
Special Purpose Grant	1,994	1,247	1,467
<b>Total Grants</b>	<b>24,619</b>	<b>24,840</b>	<b>24,288</b>
<b>Tuition Fees (Note 2)</b>			
Undergraduate – Domestic	16,334	17,934	18,154
Undergraduate – International	23,203	18,199	20,201
Graduate Studies – Domestic	2,059	2,219	2,229
Graduate Studies – International	1,768	1,644	1,324
<b>Total Tuition Fees</b>	<b>43,364</b>	<b>39,996</b>	<b>41,908</b>
<b>Miscellaneous Fees (Note 3)</b>			
Admission Rebate/ Fees	325	341	734
Production Materials Fees	0	194	156
Student Service Support Fees	2,229	2,292	2,502
Academic Print Services	99	311	380
Student Building	0	391	377
<b>Total Miscellaneous Fees</b>	<b>2,653</b>	<b>3,529</b>	<b>4,149</b>

<b>Investment Income (Note 4)</b>	<b>689</b>	<b>389</b>	<b>134</b>
<b>Rental Income (Note 5)</b>	<b>122</b>	<b>220</b>	<b>153</b>
<b>Transfer from IDRC internal net assets</b>	<b>-</b>	<b>300</b>	<b>300</b>
<b>Donations/Sponsorships (Note 6)</b>	<b>525</b>	<b>1,300</b>	<b>1,307</b>
<b>Joint Venture Distribution (Note 7)</b>	<b>603</b>	<b>1,882</b>	<b>1,208</b>
<b>Other Income (Note 8)</b>	<b>700</b>	<b>793</b>	<b>886</b>
<b>Creative City Campus (CCC) Salary Offset (Note 9)</b>	<b>-</b>	<b>900</b>	<b>450</b>
<b>Amortization of Gain on Sale of 50% of 230/240 Richmond Street and 205 Richmond Street</b>	<b>250</b>	<b>250</b>	<b>417</b>
<b>Waterfront License and interest on working capital (Note 10)</b>	<b>300</b>	<b>540</b>	<b>496</b>
<b>Total Revenues</b>	<b>73,825</b>	<b>74,939</b>	<b>75,696</b>

**OCAD University**  
**2020/21 Operating Budget**  
**Schedule of Expenditures ('000s)**

	<b>2020/21 Budget</b>	<b>2019/20 Budget</b>	<b>2019/20 Actual</b>
Academic Compensation (Note 11)	28,798	35,187	33,090
Academic Administration Compensation (Note 12)	9,123	9,238	8,383
Non-Academic and Academic Administration Hiring deferral/freeze		(1,000)	
Non-Academic Compensation (Note 13)	12,783	13,890	12,795
<b>Total Compensation</b>	<b>50,704</b>	<b>57,315</b>	<b>54,268</b>
Non-Compensation (Note 14)	11,930	12,413	13,647
1% Portfolio Reduction		(612)	
230 Richmond Street Lease Amortization (Note 7)	1,800	1,800	2,177
205 Richmond Street Lease Amortization (Note 7)	1,933	1,933	2,267
Student Assistance Fund (Note 15)	1,069	1,678	1,122
Debt Service Costs (Note 16)	1,685	1,874	1,759
Restructuring/Labour Group Relations	875	300	309
<b>Total Expenditures</b>	<b>69,996</b>	<b>76,701</b>	<b>75,549</b>

# OCAD University 2020/2021 Operating Budget Background Notes and Assumptions

## Revenues (Schedule 1)

### 1. Government Grants

In 2020/21 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/performance outcomes
- III. Special Purpose Grants

Schedule 1 (Schedule of Revenues) has reclassified existing grant envelopes into these 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. Discussion of the corridor continues as part of the finalization of the SMA 3 process.
- b) **Differentiation/Performance Outcomes envelope**  
The priorities of this envelope are the development of plans and outcomes as part of the strategic mandate agreement (SMA3) process. Due to the outbreak of the COVID-19 virus, the implementation of this envelope has been postponed 2 years.
- c) **Special Purpose Grants**  
The University receives special purpose grants for Students with Disabilities, support for Indigenous student programming, subsidy for municipal taxes, campus safety and mental health assistance. Included in this envelope is one-time funding of \$400,000 for emergency pandemic relief.

### 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):

	<b>2020/21</b>	<b>2019/20</b>	<b>Difference</b>
Domestic	6,053	6,053	0
International	25,503	24,060	1,443

- b) Projected Enrolment (FTEs): Undergraduate

	<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2018/19 Actual</b>	<b>2017/18 Actual</b>
Domestic				
Summer	167	177	184	186
Fall/Winter	2,532	2,804	2,852	2,973
Total Domestic	2,699	2,981	3,036	3,159
International				
Summer	54	45	41	36
Fall/Winter	886	804	616	489
Total International	940	849	657	525
<b>Total</b>	<b>3,639</b>	<b>3,830</b>	<b>3,693</b>	<b>3,684</b>

Enrolments for 2020/21 are based on registration trends as of October 28, 2020.

- c) Projected Enrolment: Graduate (FTEs):

	<b>2020/21 Budget</b>	<b>2019/20 Actual</b>	<b>2018/19 Actual</b>	<b>2017/18 Actual</b>
Domestic	193	208	200	193
International	70	69	56	44
<b>Total</b>	<b>263</b>	<b>277</b>	<b>256</b>	<b>237</b>

### **3. Miscellaneous Fees**

Included in Miscellaneous Fees are Ontario University Application Centre fee rebates, and other admission fees, student building 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 “. The Canadian Federation of Students (CFS) challenged this policy in court and the courts sided with CFS and this policy was overturned.

A number of the University ancillary fees (student building, production materials, orientation) are assessed based on students being on site. The 20/21 budgeted ancillary fees have been reduced due to student’s curriculum being primary delivered remotely in the fall and winter semesters.

### **4. Investment Income**

Investment income is derived from savings account bank interest and short-term investments. Income is projected to increase over the previous year due to investment income from the proceeds of sale of the 230/240 Richmond Street Joint Venture.

### **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. These donations/sponsorships do not include donations associated with capital, scholarships, bursaries and gifts-in-kind. Donations have decreased over 19/20 due to a one-time application of long-term restricted funds in the Florence Program, Library and Professional Gallery being applied to operating expenses of these areas in 19/20 as a component of the budget response plan.



**7. 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. Joint Venture revenues have decreased over the previous year (offset by increase in investment income) due to the disposal of the 230/240 Richmond Street Joint Venture on May 5, 2020.

**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 and locker sales, ATM rebates, and Research overhead.

**9. Creative City Campus (CCC) Salary Offset**

A portion of compensation costs of Academic and Non-Academic staff consulting and administration of the CCC projects was expensed to the project in 19/20. The project is on hold in 20/21.

**10. 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)**

**11. 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 decrease by primarily due to enrolment decreases due to COVID-19 and the implementation of FLOW.

2019/20 Actual	33,090
Progression-Through-The-Ranks (PTR)/benefit premiums/ATB	1,357
One time 19/20 Budget response plan measures reinstate	91
Reduction in class assistants	(124)

Reduction due to enrolment declines, retirements	(4,329)
Reduction in sections due to FLOW implementation	(1,287)
<b>2020/21 Academic Compensation Budget</b>	<b>28,798</b>

## 12. 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.

2019/20 Actual		8,383
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB		273
Reinstatement of the one-time 19/20 budget response plan/vacancies		
a) Hiring Freeze	125	
b) Staffing Reorganization	130	
c) Creative City Campus Project Chargeback	194	
d) Other (Executive pay cut, Admin leave, External funding of positions)	330	
Sub-Total		779
20/21 Reductions		
a) Budget Advisory Committee 5% Reduction	(48)	
b) Interim Structures	(264)	
Sub-Total		(312)
<b>2020/21 Academic Administration Compensation Budget</b>		<b>9,123</b>

## 13. 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.

2019/20 Actual		12,795
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB		105
Job evaluation		50
Reinstatement of one-time 19/20 budget response plan/vacancies		
a) Hiring Freeze	510	

b) Staff Reorganization	201	
c) Creative City Campus Project Chargeback	63	
d) Other (Executive Pay cut, External funding of positions)	140	
Sub-Total		914
20/21 Reductions		
a) Hiring Freeze	(500)	
b) Staff Reorganizations	(395)	
c) Budget Advisory Committee 5% Reduction	(186)	
Sub-Total		(1,081)
<b>2020/21 Non-Academic Compensation Budget</b>		<b>12,783</b>

#### 14. 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.

<b>19/20 actual</b>	13,647
External Review	100
Special Initiatives (Grad Ex, OCADU Live)	200
International Student Bursaries	50
Reinstatement of one-time 19/20 budget response time plan(net)	261
Reduction due to closure of campus in Fall	(700)
Unit budget reductions	(1,628)
<b>20/21 budget</b>	<b>11,930</b>

#### 15. 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 (\$1,069,000) will fulfill the student access guarantee unmet need.

#### 16. 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.

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

	<b>20/21 Budget</b>	<b>19/20 Actual</b>	<b>19/20 Budget</b>
<b>Total</b>	250	457	150

Included in 19/20 actual are non-capitalized expenditures (<\$1,000) pertaining to the renovations, furniture and equipment as part of the Creative City Campus project.

**18. Enrolment Plan Strategy**

An allocation of \$400K (\$300K 19/20) has been set aside for student recruitment in Admissions and Marketing & Communications towards obtaining short and long term domestic and international student enrolment increases.

**19. Academic Plan**

An allocation of \$100K has been provided towards the multi-year implementation of the Academic Plan.

**20. COVID-19/Online/Hybrid Project**

In March 2020, the World Health Organization declared the spread of coronavirus (COVID-19) as a global pandemic. OCADU closed its facilities on March 16, 2020 and implemented on-line delivery of curriculum and a work from home program for employees. The University will continue to deliver curriculum remotely for the fall term and winter terms. The extent of the impact of COVID-19 on the University's financial and operational performance is difficult to assess as the timing of a vaccine is uncertain. A special allocation of \$994 K has been provided in this budget to support the implementation of on-line delivery of curriculum and the acquisition of personal protective equipment (PPE) and signage.

**21. Contingency**

The provision for contingency , \$2.365 M representing 3.2% of revenues (\$750 K in 19/20) – is intended to address unexpected revenue shortfalls/expenditure pressures from potential enrolment volatility and other variables in this uncertain pandemic context. It is the highest reserve for contingency that the University has ever budgeted.

**22. 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 2022/23 fiscal year primarily through revenues from enrolment increases and a cost containment strategy.