

OCAD University
2021/22 Operating Budget

Budget At-A-Glance:

- The FY 2021/22 operating budget is balanced with operating revenues and expenditures each approximately \$78 M;
- Total undergraduate and graduate enrolment is projected to fall by 2% from the previous year but to be approximately the same as it was in FY 2019/20, although with a higher percentage of international students.
- Expenditures include provision for Furniture, Fixtures & Equipment (\$500 K), various strategic initiatives (\$1.275 M, footnote 11) and a contingency of 2% of operating revenues (\$1.5 M).
- A Budget Response Plan was not used as a means to balance the budget. Rather the External Review recommendations presented to the Board of Governors in December 2020 for permanent reductions and other measures are reflected in the budget along with FLOW curricular efficiencies and the work of the Budget Advisory Committee (BAC) to review permanent reductions associated with change in a number of practices (i.e., photocopy use) by virtue of the pandemic.

For comparison purposes only, projected actual revenues and expenditures for FY 2020/21 have been provided alongside budget lines. Footnoted explanations review material variances in these and are generally the result of assumed operating differences between the two years. (For example, 'Non-comp expenditures' are budgeted to be higher in FY 2021/22 (\$13.975 M vs \$11,265) because there was limited use of and access to university facilities during FY 2020/21 due to the pandemic and the FY 2021/22 budget has assumed greater use and access as of Fall 2021/22. This will translate to higher costs than experienced in FY 2021/22 for, amongst other things, utilities, security, and cleaning.)

FY 2021-22 OPERATING BUDGET and FOOTNOTE EXPLANATION

The summary of the proposed 2021-22 operating budget by footnoted revenues, expenditures, and surplus/deficit in the following tables. A glossary of selected terms is also attached for information.

TABLE 1: REVENUES

**OCAD University
FY 2021/22 Operating Budget
Revenues ('000s)**

	2021/22 Budget	2020/21 est. Actual
¹ Government Grants		
Core Operating Grants	\$12,553	\$15,147
Differentiation Envelope/Performance	\$10,080	\$7,798
Special Purpose Grant	\$1,525	\$1,691
Total Grants	\$24,158	\$24,636
² Tuition Fees		
Undergraduate – Domestic	16,686	17,369
Undergraduate – International	27,367	25,623
Graduate Studies – Domestic	2,081	1,974
Graduate Studies – International	1,894	1,666
Total Tuition Fees	48,028	46,632
³ Miscellaneous Fees		
Admission Rebate/ Fees	320	428
Production Material Fees	77	0
Student Service Support Fees	2,192	2,228
Academic Print Services	190	0
Student Building	189	0
Total Miscellaneous Fees	2,968	2,657
⁴ Miscellaneous Revenues		
Investment Income	436	350
Rental Income	122	122
Donations/Sponsorships	700	525
205 Richmond Joint Venture Distribution	602	500
Other Income	750	700
Amortization of Gain on Sale of 50% of Joint Ventures	250	250
Waterfront Lease (Co.)	0	0
Transfer to Internal Net Assets – IDRC	0	(300)
Total Miscellaneous Revenues	2,860	2,147
Total Revenues	78,014	76,072

TABLE 2: EXPENDITURES

**OCAD University
FY 2021/22 Operating Budget
Expenditures ('000s)**

	2021/22 Budget	2020/21 est. Actual
⁵ Academic Compensation	30,221	30,098
⁶ Academic Administration Compensation	9,412	9,123
⁷ Non-Academic Compensation	14,289	13,348
Total Compensation	53,922	52,569
⁸ Non-Compensation	13,975	11,265
⁹ Other Expenditures		
230 Richmond Street Rent	1,850	1,850
205 Richmond Street Rent	1,983	1,983
Student Assistance Fund	1,030	1,098
Debt Service Costs	1,619	1,685
Labour Group Relations	300	875
Total Other Expenditures	6,782	7,491
¹⁰ Furniture, Fixtures and Equipment	500	250
¹¹ Strategic Initiatives	1,275	1,494
¹² Contingency	1,560	2,365
Total Expenditures	78,014	75,434

TABLE 3: SURPLUS/DEFICIT

	2021/22 Budget	2020/21 Est Actual
Surplus/(Deficit) for Current Year	-	638
Unrestricted accumulated Surplus (Deficit) beginning of the year	(691)	(1,329)
Unrestricted accumulated Surplus (Deficit) end of Year	(691)	(691)

FOOTNOTES:

Revenue Footnotes from Table 1

¹ Grants

Grant revenues have decreased by \$478K primarily due to the one-time COVID relief grant received in late 19/20 carried forward to 20/21. The University will receive an additional \$2.6M COVID relief grant in May 2021 to be applied to eligible expenditures in the F20/21 fiscal year. The surplus derived from the grant underwriting of existing expenditures will be internally restricted in the 20/21 audited financial statements towards future budget commitments and 21/22 COVID-19 related expenditures.

² Enrolment & Tuition

Tuition revenues are projected to increase in 21/22 by \$1.4M over 20/21 due to increases in international student enrolment. Domestic undergraduate enrolment is projected to decrease by 150 FTE's. International undergraduate enrolment is projected to increase by 52 FTE's. Graduate enrolment will increase by 10 domestic FTE's and 1 International FTE over 20/21.1st year

Undergraduate enrolment projections are based on a historical 3% attrition rate from fall to winter enrolment count dates.

Undergraduate and Graduate tuition rates are frozen for 21/22 at 20/21 rates.

The enrolment table following suggests that total UG/G FTE enrolment for 21/22 are projected to be about the same as 2019/20 levels and aligned with the External Review recommendation of 4,100 total FTE. The percentage of international students to the total FTE is projected at 28% in FY 2021/22, up from 26.2 % in FY 2020/21 and 22.4% in FY 2019/20.

Risk of alternative and unfavourable enrolment scenarios is - as well as other unfavourable variances – is addressed through provision of a budgeted contingency reserve in FY 2021/21 of \$1.56M or 2% of revenues as well by creation of an additional operating reserve fund in FY 2020/21 of up to \$2.6M facilitated by receipt the COVID 19 Relief Grant.

Footnote Table (i): FTE Enrolment

FTE Enrolment	2021/22 Forecast	2020/21 Actual	2019/20 Actual	2018/19 Actual
<u>Undergraduate</u>				
Domestic	2,757	2,907	2,981	3,036
International	1,073	1,021	849	657
Total	3,830	3,928	3,830	3,693
<u>Graduate</u>				
Domestic	195	185	208	200
International	75	76	69	56
Total	270	261	277	256

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.).

A number of the University ancillary fees (student building, production materials, orientation) are assessed based on students being on site. The 20/21 ancillary fees were reduced due to student's curriculum being primary delivered remotely in the fall and winter semesters. The 21/22 budget projects applicable ancillary fees assessed on students being on site in the winter semester

⁴ Miscellaneous Revenues

This includes revenues from Continuing Studies, English for Art and Design, 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.

Other Income is projected to increase over 20/21 due to increased net revenues from Continuing Studies and English for Art and Design programming.

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 increased investment income from the proceeds of sale of the 230/240 Richmond Street Joint Venture.

Rental Income

Rental income is comprised of income from the lease to 74/76 McCaul (Aboveground Art Supplies)

Expenditure Footnotes from Table 2

The main elements of expenditures include compensation and non-compensation lines, with compensation expenditures representing about 80% of the universities operating budget.

The academic and administrative units with the largest operating budgets under the FY 2021/22 Operating Budget are as follows:

The larger Unit Operating Budgets in the University are as follows (000's):

Unit	Compensation	Non-Compensation	Total
Faculty of Design	\$12,089	\$160	\$12,249
Faculty of Art	9,564	177	9,741
Faculty of Liberal Arts & Sciences	5,830	41	5,871
Graduate Studies	3,342	947*	4,289
IT and Academic Computing	3,100	1,005	4,105
Facilities & Studio Management	1,360	2,231	3,592
Safety, Security, & Campus Operations	605	1,702**	2,307

* includes student bursaries

** includes cleaning and security contracts

⁵ Academic Compensation

Academic Compensation is projected to increase by \$123K over FY 2020/21 by reason of salary settlements from the provisions of Bill 124 (1%) and reinstatement of one-time savings in FY 2020/21 due to the pandemic-driven campus closure. Reductions are offsetting increases by reason of implementation of Flow and curricular efficiencies and through operational efficiencies in the Library as recommended by the External Review. The calculation follows:

2020/21 Estimated Actual	30,098
Progression-Through-The-Ranks (PTR)/benefit premiums/ATB	1,018
International Student Support	143
20/21 reduction in class assistants due to campus closure reinstated	124
External review implementation	(229)
Reduction in sections due to FLOW implementation (net)	(933)
2021/22 Academic Compensation Budget	30,221

⁶ Academic Administration Compensation

Academic Administration Compensation is projected to increase by \$289K over FY 2021/22 by reason of salary settlements per the provisions of Bill 124 (1%) and implementation of Online/Hybrid learning. Reductions are offsetting increases by reason of efficiencies recommended by the External Review and BAC. The calculation follows:

2020/21 Estimated Actual		9,123
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB		242
Reinstatement of the one-time 20/21 budget response plan/vacancies		
a) Budget Advisory Committee 5% reduction plan	48	
b) Interim Structure Staffing Reorganization	264	312
Permanent Strategic Initiatives- Hybrid online learning		220
21/22 Reductions		
External Review implementation		(485)
2020/21 Academic Administration Compensation Budget		9,412

⁷ Non-Academic Compensation

Non-Academic Compensation is projected to increase by \$941K or 7% over FY 2020/21. Increases are projected in salary settlements per the provision of Bill 124 (1%), additional allocations as part of implementation of the enrolment strategies plan and reinstatement of one-time 20/21 cost savings deriving from hiring freezes and staffing reorganizations. Reductions are offsetting these through efficiencies recommended by the External Review and BAC. The calculation follows:

2020/21 Estimated Actual		13,348
Progression-Through-The-Ranks (PTR) & Benefit Premiums, ATB		352
Permanent Strategic Initiatives- Enrolment Strategic Plan		173
Reinstatement of one-time 20/21 budget response plan/vacancies		
a) Hiring Freeze	224	
b) Staff Reorganization	330	
c) Budget Advisory Committee 5% reduction	186	
Sub-Total		740
21/22 Reductions		
External Review implementation		(324)
2020/21 Non-Academic Compensation Budget		14,289

⁸ Non-Compensation

Non-compensation is projected to increase by \$2.7M over FY 2020/21. About 50% of this is attributable to returning from a “closed campus” for all of FY 20 20/21 to a more open campus and the resultant increase in utilities, cleaning, security, student monitors. Other increases are provision for inflation adjustments, recommendation from the external review to increase the budget towards the recruitment of international students and increase in provisions for international student financial support. Permanent reductions are occurring through the Budget Advisory Committee recommendations on savings from changes in delivery of a portion of the curriculum online and staff working from home. The calculation follows:

2020/21 Estimated actual	11,265
Inflation adjustment	340
External Review implementation- International enrolment allocation	400
International Student Bursaries	360
Reinstatement of one-time 20/21 Budget Advisory Committee and Campus closure savings (net of BAC reduction for FY 21/22 - \$405K))	1,488
Permanent Strategic Initiatives – Enrolment Strategic Plan	122
2020/21 Non-Compensation Budget	13,975

The University was subjected to much-reduced access and use in mid-March 2020 due to the pandemic. This continued throughout FY in 2020/21. The FY 2021/22 budget assumes greater accessibility and use of facilities as of the Fall 2021/22. This impacts major non-compensation budgets such as security, cleaning, utilities as demonstrated in the following table.

	FY 2019-20	FY 2020-2021	FY 2021-22
Accounts	Actuals	Projected Actual	Budget
Security	640,412	435,206	598,849
Cleaning	777,623	359,883	742,648
Condo Fees*	827,131	789,158	904,758
Electricity	764,417	441,467	928,792
Gas	121,898	93,201	129,324
Water	49,317	21,999	71,984
Student Monitors	370,158	222,324	456,478
Total	3,550,956	2,363,238	3,832,833

- Condo Fees apply to the following university facilities: 113 McCaul, 49/51 McCaul, 130 QQ East and 3 residential units in the Simcoe condo complex. Utilities chargeable to university use are part of condo fees with respect to 113 McCaul.

⁹ **Other Expenditures**

Other expenditures have decreased by \$709K due primarily to reduced provision for Labour Group Relations settlements and debt service costs.

¹⁰ **Furniture, Fixtures and Equipment (FF&E)**

Provision for FF&E has been increased by \$250K over FY 2020/21 to address curriculum delivery and technology infrastructure requirements and is now part of the regular budget provisions rather than in adjustable strategic initiative allocations.

¹¹ **Strategic Initiatives**

Each year, the University undertakes strategic initiatives in support of the institution's multi-year strategic plan. Some strategic initiatives – such as the support for the Academic Plan and Enrolment Plan Strategy – carry over year over year, whereas other strategic initiatives have a shorter time horizon based on the immediate or future needs of the University. FY 2021/22 Strategic Initiatives are a continuation of last year's initiatives as we close out the final year of our multi-year strategic plan.

a) Enrolment Plan Strategy (\$275K)

The enrolment plan supports enrolment growth and related investments.

b) Academic Plan (\$410K)

The Academic Plan 2017-2022 articulates OCADU's strategies for realizing a redefined vision within the context of budgetary challenges, shifts in student needs, changing faculty priorities and anticipated changes in public funding.

c) Online/Hybrid Project (\$55K)

Through the Faculty and Curriculum Development Centre and IT Services, the University supports expanded e-learning opportunities for undergraduate and graduate students, including assisting instructors with the development of new online and hybrid opportunities.

d) OCADU Live (\$185K)

The OCADU Live video channel was launched in the fall of 2020. The channel serves as a platform to showcase student content to internal and external audiences and to create a space for students to interact and build community. This allocation will provide funding to continue the initiative for one further year in order to identify its fit with the innovation objectives of the university

e) Unallocated Strategic Initiatives (\$350K)

These represent special initiatives exercised under the discretion of the president and will include advancing with a digitization strategy supporting the transition from paper-based record keeping.

¹² **Contingency**

The provision for contingency, \$1.560 M representing 2.0% of revenues (\$2.365K in 20/21), is intended to address unexpected revenue shortfalls/expenditure pressures from potential enrolment volatility and other variables in this still uncertain pandemic context.

¹³ **External Review**

Included in the budget are the following FY 2021/22 external review reduction recommendations per tracking and reporting template:

FLOW savings- \$933K

Efficiencies Savings- \$1,038

Increase in budget towards recruitment of international students- \$400K

The reconciliation between the FY 2021/22 operating budget assumptions pertaining to the External Review recommendations and the December 2020 External Review recommendations for the budget year follows:

External Review Recommendations					
External Review Recommendation	Go Forward Actions	2021-22 Target	2021-22 Budget	Variance	Explanation
1. Restore enrolments to previous peak	Design and implement strategies that will enable us to meet the target of 4,100 FTEs by 2022-23	n/a	n/a	n/a	Enrolment of over 4100 FTEs was achieved in 2020-21 and it is expected that enrolment of 4100 FTEs will be achieved in 2021-22 as well.
2. Raise international enrolments to 30% of total enrolment	Focus on adding international students and invest \$400,000 annually in international recruitment and services	-\$400	-\$400	\$0	The amount, as recommended, has been allocated in the budget.
	Build appropriate supports for international students	n/a	n/a	n/a	Over and above the \$400K allocated as part of the external review recommendations, additional supports, of over \$500K, have been added for international students (i.e., student bursaries).
3. Continue to transform studio-based learning	Reduce number of sections taught in undergraduate programs as per Flow	\$1,139	\$904	-\$235	Higher than target enrolments results in higher sections than anticipated in the external review recommendations. What is not captured in this spreadsheet is the higher revenue due to the higher enrolment.
	Reduce number of sections taught in graduate programs	\$28	\$29	\$1	Anticipated to be achieved as recommended.
4. Excel at developing partnerships that generate net revenue	Review industry partnerships across the University and find ways to leverage them to potentially expand the nature and scale of partnerships we do	\$270	\$0	-\$270	An engagement process will be required to conduct a review of the sector and industry partnership practices, assess what works in our model, solicit ideas from the OCAD U community, and make recommendations on how we can evolve what we are currently doing.
	Review OCAD U CO to maximize its revenue potential and develop a business strategy to benefit OCAD U	n/a	n/a	n/a	OCAD U CO has committed to a strategic design process that will determine the organization's short- to long-term business viability.
5. Take action on efficiencies	Reduce staffing strategically to optimize operations through attrition and limited management and unit level restructuring	\$1,311	\$1,038	-\$273	While specific timelines vary, unit reviews are being undertaken for implementation on June 1, 2021. Administrative management efficiencies will be addressed as opportunities arise through attrition over the next five years.
	Explore new ways of working and learning along with assessing the impact on space	n/a	\$400	\$400	The \$400K reflects the work of the Budget Advisory Committee (BAC) in identifying permanent reductions associated with change in a number of practices (i.e., photocopy use) by virtue of the pandemic.
	360-Degree Help Desk	n/a	n/a	n/a	A discovery exercise inviting all potential stakeholders to identify pain points and opportunities for better, integrated student services will be held in spring/summer 2021.
	Revise annual operating budget process	n/a	n/a	n/a	The budget process review is currently under way.
6. Advocate for publicly-funded higher education	Participate fully in sector-wide advocacy to improve government funding	n/a	n/a	n/a	Working with COU through Presidents and OCAV, OCAD U will consult with colleagues to build a national campaign for advocacy.
	Refresh government relations strategy	n/a	n/a	n/a	Refresh happening through internal discussion and alignment with other sector partners and their strategies.
	Total available	\$2,348			
	Required	\$2,300	\$1,971	-\$329	

The enrolment assumptions for the operating budget FY 2021/22 vary from the External Review enrolment assumptions as follows:

**2021-22
Enrolment**

	External Review	OCAD U Budget	Variance
Undergraduate			
Domestic	2699	2757	58
International	940	1073	133
Total	3639	3830	191
Graduate			
Domestic	193	195	2
International	70	75	5
Total	263	270	7
TOTAL	3902	4100	198
% International	26%	28%	

¹⁴ Surplus/Deficit from Table 3

The FY 2021/22 operating budget projects a break-even “bottom line” with an unchanged accumulated deficit of \$.691M projected.

The University will receive a \$2.6M COVID Relief grant in May 2021 to be applied to eligible expenditures in F20/21. This amount will be transferred to an internally restricted operating budget reserve created in FY 2020/21 and will not consequently have an impact on the operating budget at this time.

OCAD University 2021/22 Operating Budget Glossary of Select Terms

1. Government Grants

In 2020/21 the Ministry implemented a new University Funding Formula. The existing grant allocation is divided into 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. Discussion of the corridor continues as part of the finalization of the SMA 3 process.

- b) Differentiation/Performance Outcomes Envelop
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 was one- time funding of \$400,000 for emergency pandemic relief in 20/21.

COIVD Relief Grant

The University received \$2.6M from the Province in April 2021 towards the costs arising out of the implications of the COIVD pandemic to the University. Eligible costs are from July 1st to June 30, 2021 and range from Student emergency funding, PPE and Online learning. As a result of the grant funding existing costs, surplus arising will be internally restricted in the 20/21 year end audited statements toward future budget commitments and COIVD 19 costs incurred in fiscal year 21/22.

2. Tuition Fees

Included in tuition fees are full-time, part-time and summer student fees.

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. The Ministry has not announced their 21/22 policy, the budget projects a 0% increase for 21/22. 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. In March 2021, the Board of Governors approved a 0% increase for 21/22.

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

	2021/22	2020/21	Difference
Domestic	6,053	6,053	0
International	25,503	25,503	0

3. 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.

Expenditures

4. 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.

5. 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.

6. 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.

7. 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.

8. 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 (\$1,030,000) will fulfill the student access guarantee unmet need.

9. 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.