



**Special Board of Governors Meeting
 Tuesday, November 10, 2020
 8:30 a.m. to 9:15 a.m. via videoconference**

AGENDA

Time	Item	Reference	Lead
8:30 a.m. (3 min)	1. Welcome, constitution of meeting and opening remarks	-	Jaime Watt, Board Chair
8:33 a.m. (2 min)	2. Board Agenda for November 10, 2020 <i>(for decision)</i>	Agenda	Jaime Watt, Board Chair
8:35 a.m. (40 min)	3. Approval of Operating Budget Fiscal Year 2020/21 <i>(for decision)</i>	Briefing Note with Attachment	Ana Serrano, President Alan Simms, Vice-President, Finance & Administration Peter Fraser, Director, Finance
9:15 a.m.	4. Termination	-	Jaime Watt, Board Chair

Next Meeting: December 7, 2020 Annual General Meeting (AGM) at 4:30p.m. The AGM includes the election of Chair and Vice-Chairs, receipt of annual report, and appointment of auditors. January 23, 2020 full-day Board Retreat 8:30a.m.- 6:30p.m.

	Board of Governors Report Meeting: November 10, 2020
	SUBJECT: Fiscal Year 2020-21 Operating Budget
BY: Alan Simms, Vice-President, Finance & Administration Peter Fraser, Director, Finance	WRITTEN AS OF: October 31, 2020
RECOMMENDATION/DRAFT MOTION: Motion made for the Board of Governors to approve OCAD University's FY 2020-21 Operating Budget as presented and as recommended by the Audit, Finance & Risk Committee	
Brief includes: <ol style="list-style-type: none">1. Purpose and Foreword2. FY 2020-21 Operating Budget Description<ol style="list-style-type: none">A. Higher-Than-Projected UG International Enrollment: A Key Revenue DriverB. Special Enrolment Retention/Community Building Allocations/InitiativesC. Comparison of Proposed FY 2020/21 Operating Budget and Interim June BudgetD. Reconciliation of FY 2021 Operating Budget to Interim June Budget3. FY 2020-21 Operating Budget Financial Risk & Implications4. FY 2020-21 Operating Budget HR Implications Attachment (Separate Document): <ol style="list-style-type: none">1. Appendix 1 - FY 2020/21 Operating Budget and Notes	

1.0 – PURPOSE and FOREWORD:

The purpose of this briefing note is to present the FY 2020/21 operating budget for the approval of the Board of Governors (See Appendix 1).

Normally the university's annual operating budget is considered for approval at the April/May meetings of AFRC and the Board, however, the financial uncertainties wrought by the pandemic led to adoption of an Interim FY 2020/21 operating budget in the spring with presentation of the proposed budget presenting with a \$1.655 M annual operating deficit being brought forward to Audit, Finance & Risk Committee (AFRC) on September 29, 2020.

At the September 29, 2020 meeting at which the budget was presented, AFRC asked Management to identify additional deficit reduction measures to the ones proposed, as well as the associated risks, in order to deliver a balanced budget for FY 2020/21. Management undertook this with the benefit of an additional month to confirm actual enrolment numbers for the fall 2020/21 term and by coding additional deficit reduction measures as green, amber or red as a form of typical risk assessment.

The additional deficit reduction measures up to and including what were coded as green and amber coloured measures totaled \$1.45 M and the consequent budget was recommended for approval to the Board by AFRC at its special meeting on October 28, 2020. The red coded measures that were not recommended or advanced at this time totaled \$280K and would have eliminated any budgeted deficit. These included additional reductions to special strategic allocations as well as possible days-off-without-pay for the management group, and may still need to be considered if other budget reduction measures shift unfavourably in the course of the fiscal year.

The attached FY 2020/21 operating budget projects an annual operating deficit of \$280K with the green/amber additional deficit reduction measures. These measures include additional net revenues due to higher-than-expected enrolments notwithstanding the pandemic as well as elimination of salary increases in FY 2020/21 for the management group

AFRC and Management also noted the challenges inherent in budgeting within a process that includes concepts such as a 'Budget Response Plan', which is a means of addressing projected deficits for a given year without being able at that point in time to specify or include the measures by which this will be achieved. This is as much a question of timing as process, but is also rendered problematic due to the largely one-time rather than permanent measures eventually identified – all the one-time measures 'pour' back into the budget projections for the next year.

The External Review report of University operations, following broad consultation within the University, will be received by December 2020, with recommendations that are expected to identify and recommend the potential for the requisite permanent savings in support of the University's ongoing financial sustainability.

2.0 – FY 2020-21 Operating Budget Description:

An operating deficit of \$280,000 is budgeted on revenues of \$73,825,000.

Funding of \$24,619,000 from the Ministry of Colleges & Universities and tuition fees of \$43,364,000 were budgeted. Both figures are based on projected enrollments for 2020/21 grounded on registration trends as of October 28, 2020¹. Sponsorship and investment revenues, as well as miscellaneous fees and income of \$5,842,000 make up the rest of the \$73,825,000 total revenues.

FY 2020-21 Operating Budget includes a contingency amount of \$2,365,000 (over 3% of operating revenues and the highest contingency reserve ever carried in the university's annual budget) and one-time special allocations² totaling \$1,744,000 with \$994,000 of this amount attributed to maintaining high- quality service delivery levels and learning experiences in our transition to online due to COVID- 19.

Previously contemplated expenditure reductions derived from the Budget Advisory Committee process, administrative salary savings measures, and academic retirements have been retained (\$4M) and prospective additional savings of \$550 K from unit operating budgets are projected assuming that remote learning, the gradual opening of facilities and working from home continues through to the end of the fiscal year, May 31, 2021 .

The cash and cash equivalents position on the balance sheet is strong given the disposition of the JV interest. Currently total cash is \$38,000,000 compared to \$5,000,000 at this time last year.

An accumulated deficit of \$1,329,000 is carried over from FY 2019-20 to the FY 20-21 Operating Budget.

The External Review recommendations will be available in December, which will provide an opportunity to develop the multi-year forecast with the objective achieving financial sustainability by FY 2022/23.

¹ Currently better-than-previously-assumed international student enrolment allow us to project an increase in net revenues of \$5.7 M over and above revenue projections in the interim June budget.

² Special allocations include allocations to the Academic Plan, FF&E, Enrolment Strategy Plan and allocation to the transfer of curriculum to online/remote delivery (see Attachment 1 for the highlights of what's different and the same compared to the interim budget presented in June, 2020). Also included are allocations to key community building efforts (such as OCADU LIVE and the Community Hub) that will be important for mitigating attrition rates (See Schedule C)

A. Higher-Than-Projected UG International Enrolment: A Key Revenue Driver

Enrolment based funding (tuition and related grant income) comprises 90% of the University’s gross revenues. As with most Ontario universities, domestic undergraduate tuition (roughly matched by the province) is much less than international undergraduate tuition. This, combined with unfavourable domestic demographics, led many universities, including ours, to advance financial sustainability models based on gradually increasing international student enrolments.

Then COVID-19 hit.

With so much uncertainty in the early stages of the pandemic (in March and April) it was prudent to begin our budget process by modelling enrolment and financial scenarios featuring a worse case outcome. Even then, the enrolment assumptions driving the June 2020 interim budget were based on the less dire of pessimistic enrolment assumptions being investigated.

Several factors have contributed to a clearer line of sight on at least fall term enrolments.

1. Faculty and staff transitioned and planned for curriculum to be delivered 100% remotely/online for the fall and winter semesters.
2. Recruitment, marketing, student service and faculty teams successfully drove applications leading to registrations.
3. Classes are well under way for the fall term and we have actual enrolments and fall attrition rates.
4. Key dates have passed for withdrawal with tuition refund for the fall term.

Winter term withdrawal dates with tuition refund are:

- January 14, 2021: Deadline for 100% refund for withdrawal
- February 4, 2021: Deadline for 50% refund for withdrawal

The four factors cited above and the resulting clearer line of sight has meant that based on current enrolment numbers we can conservatively project additional net revenue of \$5.7 M in the operating budget attached above the interim budget revenue projections made in June 2020.

The table following summarizes the FTE variances across undergraduate domestic/international and graduate domestic/international enrolments in support of this better-than-projected outcome.

Table 1: Variance Between Current Enrolment and June 2020/21 Projections

FY 2020/21 Enrolment	June 2020 Projection	Current*	Variance
Undergraduate			
Domestic	2,769	2,699	(70)
International	699	940	241
Total Undergraduate	3,468	3,639	171

Graduate			
Domestic	181	193	12
International	50	70	20
Total Graduate	231	263	32
Total FTE	3,699	3,902	203

**includes attrition assumption of 6% over the fall term and a further 10% through the winter term*

The key takeaway is that UG international enrolment has exceeded June projections by 34% and are in fact higher overall than in FY 2019/20 by 11% (849), although total UG and graduate enrolment is lower than actual 2019/20 by 5% (4,107).

As noted in Table 2 and based on these enrolments this translates into a favourable financial variance of \$5.7 M over June revenue projections.

Table 2: Calculation of Net Revenue Gain Over June 2020 Projections Based on Table 1 Enrolments

Gross Revenue Gains

UG International	\$6.0 M	
Graduate (Domestic & International)	0.6	
Total Gains		\$6.6 M

Less Revenue Reduction

UG Domestic		
Tuition and Grant	0.6M	
Misc Fee	0.3	
Total Revenue Reductions		<u>\$0.9 M</u>
Net Revenue Gain		\$5.7 M

The recommended approach as reflected in the attached operating budget is to recognize what now presents as real growth in net revenue of \$5.7 M, but at the same time increase the contingency allocation by \$1 M to \$2.3 M as a prudent means by which to steer through the heightened economic uncertainty created by the pandemic.

(Note: If attrition assumptions were removed entirely, the net revenue growth would be \$9.2 M instead, and if traditional attrition assumptions of 3% per term were made, the net revenue gain would be \$7.2 M – this suggests possible room for further favourable variances in net revenue gain over June projections if attrition rates can be effectively managed.)

B. Special Enrolment Retention/Community Building Allocations/Initiatives

The budget includes allocations intended to mitigate enrolment attrition rates at a time when the majority of curriculum is being delivered remotely/online and when there is much reduced access to university facilities. The online/hybrid project (\$505K net of a \$400K government grant and internally known as TEACH) will contribute to building a quality online/hybrid learning experience for students; OCADU LIVE (\$100K) is intended to build a sense of community at a time when limits to the numbers in social gatherings is the norm; and the recruitment microsite (\$100k within the Enrolment Strategy Plan) is intended to provide an improved user experience for prospective students and replace normal in-person touch points such as tours, fairs and the open house.

ONLINE/HYBRID LEARNING PROJECT

A phased hybrid and online learning project (project name to be determined) has been developed in order to successfully meet both the short and long-term goals of the Hybrid and Online Learning Framework (as approved through the Academic Emergency Response Committee on June 19, 2020).

The project will build institutional capacity for the development of hybrid and online curriculum delivery models across all programs and course types. Substantial investment and work is already underway to pivot to online and remote delivery in response to the COVID-19 pandemic and this will be leveraged to inform longer term planning for integration of remote, hybrid and online curriculum delivery and support. The multi-phased implementation will ensure alignment with OCAD U's Academic Plan, Flow: Curricular Transformation, multi-year budget planning, capital projects and other institutional priorities, and will require ongoing strategic planning and assessment in order to contribute to the overall sustainability of the university.

A Project Steering Committee, consisting of executive and senior leadership, will provide oversight and accountability and, in consultation with Management, will assess and address resource allocations to ensure successful outcomes. This Committee will also be accountable to the OCAD U Senate with respect to curricular decision-making and quality assurance in the course of ensuring that the project adheres to the goals of the Hybrid and Online Learning Framework.

The project allocation for FY 2020/21 is set out below (there was a cost of \$35K incurred in FY 19/20 and there is a minor cost in subsequent years related to software/hardware):

PROJECT ALLOCATION FY 2020/21

Expenditure Category	(\$000)
Personnel (Educational and Instructional Developers, Program Coordinator and Project Management)	445
Fixed Software/Hardware	110
Other support costs/training/vpn	215
Library support	100
Subtotal	870
Less government grant	(365)
Total project cost	505

OCADU LIVE

OCADU LIVE soft launched in the last week of October 2020 and is a branded digital channel for students and by students somewhat similar to a video version of a campus radio station. Programming will consist of pre-recorded and live-to-tape content with some live programming. Students will be provided with content guidelines for the channel. The technical platform and streaming details are being determined but will likely be a YouTube embed onto a branded OCADU.ca web page. The target audience, although accessible by the public, will be all current OCADU students. The FY 2020/21 allocation is \$100K, distributed predominantly across production resources, content development and required technical costs.

RECRUITMENT MICROSITE

The special allocation to the Enrolment Strategy Plan for FY 2020/21 was cutback from \$600 K to \$300 K, but then restored to \$400K to provide for overhaul of the recruitment & admissions site. This will enable redevelopment of the prospective student website to provide improved user experience, a visual narrative journey and clear navigation of information.

C. Comparison of Proposed FY 2020/21 Operating Budget (Attachment 1) and the Interim June Budget

This attached operating budget differs from the interim operating budget in several primary ways:

- It is based on actual enrolment registrations to the end of October rather than on worst case assumptions, and includes higher than usual assumptions for withdrawal rates for the fall and winter terms, as the pandemic context evolves and decisions were made and announced on the nature of delivery of the Winter semester curriculum.
- It reflects the sale of the University's 50% Joint Venture interest in 230/240 Richmond, which has a larger impact on liquidity metrics than operations, but was not concluded at the time of the interim budget.
- It does not include a Budget Response Plan (BRP) – the term used to indicate the unfavourable difference between revenues and expenditures when the budget is first composed and when the means of making up that amount has not been determined. In other words, BRP measures such as administrative salary savings or additional covid-caused expenditures have been infused and included within the budget. The BRP in the interim June budget was \$9.4 M.
- It includes the following reductions to extraordinary allocations: Academic Plan to \$100K from \$200 K; Furniture Fixtures & Equipment (FF&E) to \$250K from \$500K, and; Enrolment Strategy Plan from \$600K to \$400K
- It clearly indicates additional extraordinary allocations related to costs associated with maintaining quality service/experience delivery during this pandemic and includes the cost (\$505K net of the available government grant) for transitioning to remote/online curriculum delivery (known internally as the TEACH initiative) as well as the cost (\$200K GradEx/OCADU LIVE) of enhanced community building efforts during this time when university facilities are accessible only on a limited basis, when working from home is still ongoing, and when curriculum delivery does not require attendance in person on the campus.

The attached operating budget is the same as the earlier interim operating budget with respect to the following assumptions:

- The Flow initiative will generate \$1.3 M in savings in FY 2020/21 through strategic class size and section planning.
- Across-the-board compensation increases will be 1% for unionized employees in keeping with applicable provincial legislation.
- The unfavourable impact on ancillary fee and miscellaneous revenues including Copy/Print, Continuing Studies and OCADU CO of approximately \$965K.

D. Reconciliation of September Budget (Attachment 1) to the Interim June Budget BRP

In June 2020, an interim operating budget for FY 2020/21 was approved by the Board with a \$9.4 M BRP. The attached FY 2020/21 operating budget presents with \$280 K annual operating deficit and without a BRP.

It is first important to know that we have infused various cost savings, as well as additional costs, within the budget such that a BRP is an unnecessary feature of the presentation. But what are those various cost savings and additional costs such that we present with a \$280 K bottom line deficit after special allocations?

The table on the following page sets these out by starting with the June interim BRP and first adding additional costs/allocations identified since June and then subtracting savings or additional revenues confirmed or identified since June.

ADDITIONAL COSTS and ADDITIONAL SAVINGS/REVENUES SINCE THE INTERIM BUDGET IN JUNE 2020

	(\$000's)	(\$000's)
A. Interim BRP June Budget		9,400
B. Add subsequent costs/revised revenue estimates identified		
Online Project (net of grant)(20/21 portion)	505	
COVID-19 Facility preparation	150	
Special Allocations (GradEx, LIVE, Microsite)	200	
Restructuring/Labour Relations	575	
Reduction in Investment Income from Restricted Fund (2.5% to 1%)	300	
External Review	100	
Reduction in donations to operating	175	
Increase in contingency	1,000	
B Subtotal:		3,005
A + B = C		12,405
C. Subtract subsequent cost reductions or additional revenues identified		
Reduction to Special Allocations (Academic Plan, Enrolment Strategy Plan and FF&E) Remaining total allocation is \$750K)	550	
COVID-19 Induced un-spendable expenditure reduction (includes \$150K saving on utilities/security)	700	
Adjustment from small surplus shown on June interim budget	485	
BAC process/retirements	3,500	
Admin staffing and administrative salary savings measures	1,190	
Increased tuition revenues	5,700	
D Subtotal		12,125
C – D = FY 2020/21 Budget Deficit		(280)

3.0 – FINANCIAL and RISK IMPLICATIONS:

The primary financial and risk implications presenting in the attached budget have to do with (i) the uncertainty of retention rates through the winter term, and (ii) the ongoing financial stress the longer the pandemic continues.

- (i) Uncertainty of enrolment retention rates through the winter term

We have included quite conservative retention rates in this FY 2020/21 budget. Typically in attrition modeling, we would work with a 3-year rolling average, which would otherwise have led to a withdrawal assumption of 3% per term. Instead, the assumptions include a 6% intake attrition rate for fall and an additional 10% for winter. \$1.5 M in additional net revenue beyond the current estimate would be achieved with the typical attrition assumption.

- (ii) Ongoing financial stress the longer the pandemic continues

Miscellaneous revenues (such as Copy/Print, OCADU CO and various student fees dependent on being on the campus) have been affected by the opening limitations extend through the winter. Additionally, collectability of receivables and in particular tuition may be impaired by the impact of the pandemic on the economy.

4.0 - HUMAN RESOURCE IMPLICATIONS:

The impact on faculty and staff of the curriculum transition to remote delivery and the working from home program has been significant. In a recent survey of faculty and staff with a response rate of 41% about equal numbers remarked on either increased challenges or improved productivity and many also mentioned the missed in-person social engagement that a workplace and university provides.

There seems little doubt that being a faculty or staff member of a university during the pandemic has brought increased workloads for most faculty and staff. For a small number with positions requiring a campus presence, working from home has brought the opposite challenge. To this point, the University position has been to keep employees 'whole', while actively considering redeployment options. As the working from home program stretches to January and potentially beyond, we will be needing to review the merits of this position as part of financial due diligence.

In the meantime, we are working on opportunities to ensure the well-being and morale of our faculty and staff community through this challenging period and to recognize their additional challenges, stresses and workloads.

Appendix 1 Accompanying Schedules and Notes to the FY 2020/21 Operating Budget

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

	2020/21 Budget	2019/20 Budget	2019/20 Actual
A) OPERATING			
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) EXTRAORDINARY ALLOCATIONS			
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)
C) Budget Response Plan		1,867	-
Surplus (deficit) for the year after budget response plan	(280)	(1,095)	(525)
D) UNRESTRICTED NET ASSETS			
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)

Schedule 1

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

	2020/21 Budget	2019/20 Budget	2019/20 Actual
Government Grants (Note 1)			
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
Total Grants	24,619	24,840	24,288
Tuition Fees (Note 2)			
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
Total Tuition Fees	43,364	39,996	41,908
Miscellaneous Fees (Note 3)			
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
Total Miscellaneous Fees	2,653	3,529	4,149

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

Schedule 2

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

	2020/21 Budget	2019/20 Budget	2019/20 Actual
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
Total Compensation	50,704	57,315	54,268
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
Total Expenditures	69,996	76,701	75,549

OCAD University 2020/21 Interim 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):

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

- c) Projected Enrolment (FTEs): Undergraduate

	2020/21 Budget	2019/20 Actual	2018/19 Actual	2017/18 Actual
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
Total	3,639	3,830	3,693	3,684

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

- d) Projected Enrolment: Graduate (FTEs):

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

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)
2020/21 Academic Compensation Budget	28,798

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)
2020/21 Academic Administration Compensation Budget		9,123

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)
2020/21 Non-Academic Compensation Budget		12,783

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.

19/20 actual	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)
20/21 budget	11,930

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

	20/21 Budget	19/20 Actual	19/20 Budget
Total	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.