OCAD U Three-Pronged Approach as Communicated to Ministry of Colleges, Universities, Research Excellence and Security

OVERVIEW AND BACKGROUND

As Ontario's only university exclusively focused on art, design, and digital media, OCAD U plays a distinct role in helping advance Premier Ford's commitment to building Ontario's **economic and cultural sovereignty**. Our graduates fuel the creative economy, launch IP-rich businesses, and apply design expertise across sectors from health and digital media to clean tech and advanced manufacturing. These are the very sectors identified in the 2025 Ontario Budget as essential to the province's future competitiveness and resilience.

The Report offers timely insights into the structural challenges and opportunities facing institutions like ours. We appreciate the depth of their analysis, the benchmarking across the sector, and the constructive spirit of their recommendations. We are committed to working closely with the province to advance the findings in a way that strengthens institutional sustainability, the broader postsecondary education system, and Ontario overall.

It is important to point out at the outset that the University has already pursued cost savings and revenue generation opportunities over the last 5 years. These savings and revenue generation initiatives have contributed over $27M of a combination of one-time and ongoing financial benefits to address the University's financial sustainability goals. These include the FLOW initiative and the sale of a joint venture real estate interest. See page 5 in the Deloitte EAF Report for further details.

The balance of this letter provides a Management perspective on the Report and highlights our ongoing collaboration with Deloitte and our desire to collaborate with MCURES as we move toward implementation.

In that spirit, we believe that a three-pronged approach is required: implementing key recommendations from the Report; revising OCAD U's WGU weighting to reflect the real costs of our specialized delivery model; and pursuing a targeted Strategic Enrolment Management Plan. Taken together, these strategies offer a viable path to long-term sustainability—one that allows OCAD U to fully deliver on its mandate as a partner in achieving Ontario's economic and innovation priorities.

STRUCTURE OF THE REPORT

Deloitte's engagement focused on five core areas required under the EAF program:

1. Governance, administrative functions, and student services
2. Academic programming
3. Physical infrastructure and facilities
4. Collaborative procurement
5. Revenue generation strategies

While governance and accountability were part of the scope, the main objective was to identify cost efficiencies and new revenue opportunities that would help stabilize and strengthen the institution over the next five years, through fiscal year 2030–31.

After receiving the Ministry's feedback on the Preliminary EAF report in November, Deloitte added an epilogue to the Report that can be found on pages/slides 136-141. This does not affect the content of this letter, although it does emphasize the significance of receiving a WGU increase, discussed further below.

OCAD U's Distinct Role in the Postsecondary System

The Deloitte team conducted interviews with stakeholders across the university and reviewed a range of internal documents. Their effort has been rigorous and thoughtful. We recognize that some refinements may be needed to clarify assumptions or context, and we are working with them to ensure accuracy. This collaboration will also inform the Implementation Plan.

Importantly, we understand from Deloitte that its reviews at other Ontario educational institutions gave them a broad view of the sector, which in turn made the **distinct nature of OCAD U** even more apparent. OCAD U is not a comprehensive university in the traditional sense. Rather, we are **Canada's largest and most comprehensive art and design university**, with programs entirely focused on art, design and digital media education. We operate at a smaller overall scale but deliver a highly specialized model of learning that is studio-based, equipment-intensive, highly connected to industry, and embedded in the realities of our urban setting in downtown Toronto. These structural characteristics make OCAD U operationally distinct from the other institutions Deloitte has reviewed and help explain why a one-size-fits-all approach to funding and sustainability does not reflect the realities of our mandate or delivery model.

Rather than duplicating existing programming of Ontario's other educational institutions, **OCAD U fills a gap in Ontario's innovation and education systems**— training the creative professionals and design leaders who will help shape the very sectors the province needs and is prioritizing: digital industries, health innovation, intellectual property (IP) commercialization, and advanced manufacturing.

As Premier Ford has made clear, Ontario's long-term strength will come from building and keeping value here at home. That includes talent, IP, and creative capacity. OCAD U is already doing that work. With the right structural changes and financial support, we can do much more.

DELOITTE REPORT HIGHLIGHTS

While it is important to review the Report in its entirety, we believe that the following matters are key takeaways necessary to contextualize the Implementation Plan.

OCAD U Faces a Growing Annual Financial Deficit Over the 5 years to FY 2030-31

Deloitte's base case scenario (Scenario 1), which updates OCAD University's internal forecast, projects a nearly $29 million annual operating deficit by FY 2030-31, with a cumulative shortfall of approximately $106 million over the five-year period from now until then.

This forecast reflects a set of persistent pressures:

- **Limited international enrolment capacity**, shaped by **federal government policy changes**, including the recent international student caps;
- **Rising costs**, especially those associated with studio-based teaching, equipment-intensive delivery, and urban infrastructure; and
- A **constrained ability to diversify revenue**, given the institution's small size, specialized mandate, and regulatory and policy environment.

Only Scenario 4 — which assumes the successful implementation of all identified opportunities, an increase in WGU weighting, and a speculative one-time capital gain through the sale or leaseback of the OCAD U Waterfront property — results in a balanced budget, and only in the final year of the forecast window.

These projections underscore that while operational efficiencies are important, they are unlikely to fully address the structural funding gap facing Ontario's only specialized art, design, and digital media university.

Fifteen Opportunities Identified to Improve Efficiency and Generate Revenue

The Report identifies **15 opportunities** that may enhance institutional efficiency or generate new net revenue. These include:

- Redesigning curriculum and exploring trimester models;
- Employing co-op students in select casual roles;
- Improving space utilization and optimization;
- Strengthening branding and fundraising strategies;
- Expanding continuing education and commercializing research outputs.

Of these, the **top 10 opportunities**, each estimated to generate at least $1 million in net benefit over five years, could yield a combined total of **$21 million** across the period. However, **this total would address less than one-quarter of the projected $106 million cumulative shortfall**.

Moreover, **nine of the top 10 opportunities are classified by Deloitte as 'high risk,'** meaning they are either difficult to implement, require additional investment, uncertain in outcome, or dependent on variables outside of OCAD U's control such as labour market availability and

space constraints in downtown Toronto. It is important to recognize that there is substantial uncertainty around these opportunities, without even taking into account the ability of Management to simultaneously action them.

These implementation risks are particularly significant in the context of **OCAD U's specialized mandate**, **compact size, and physical infrastructure limitations**. These additional risks are at best only difficult for Management to mitigate, and more realistically completely out of OCAD U's capacity and/or control, which make these forecasts speculative.

The list of the top 10 opportunities (those achieving greater than accumulated net savings or revenue of over $1M for the five-year period) and their Deloitte-rated level of risk follows:

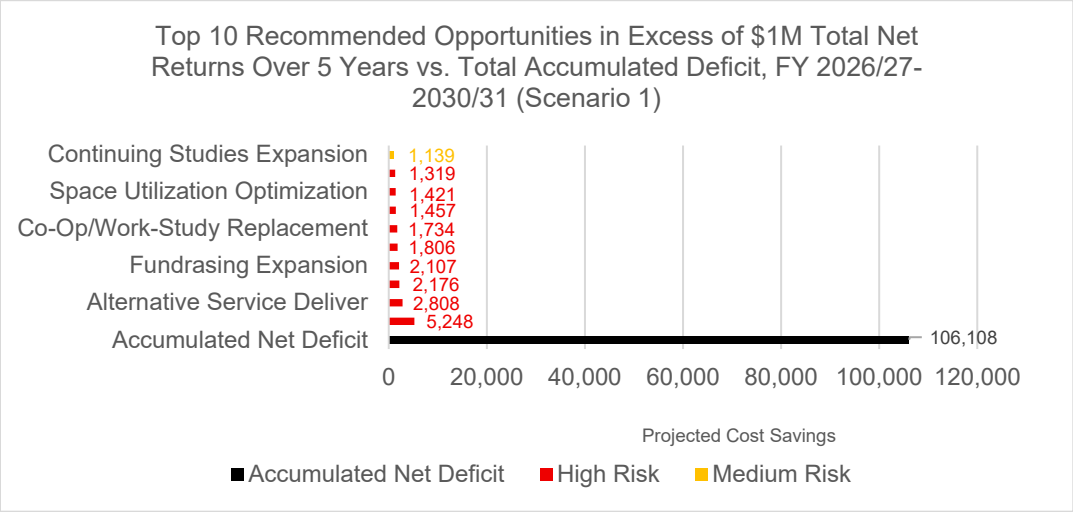
Rank	Opportunity Title	Est Net Return Over 5 Years	Deloitte Risk Level
1	**New Operating Model (Cross-functional)**	5,247,863	High
2	**Alternative Service Delivery**	2,808,390	High
3	**Alternative Course Delivery Model**	2,175,615	High
4	**Fundraising Expansion**	2,106,768	High
5	**Trimester Model Implementation**	1,806,111	High
6	**Co-op/Work-Study Replacement**	1,734,212	High
7	**Community Commercialization & Partnerships**	1,457,176	High
8	**Space Utilization Optimization**	1,420,952	High
9	**Strategic Partnership with Other Higher Ed Institutions**	1,319,074	High
10	**Continuing Studies Expansion (Microcredentials, AI)**	1,138,686	Medium
	Total	$21,214,847	

Deloitte suggested savings and revenue generation opportunities

Chart A below presents Deloitte's projections for the five-year net savings or revenue associated with each of the **top 10 identified opportunities**, alongside the cumulative

operating deficit projected over the same period. This comparison—highlighting the consistent gap—offers helpful context on the small scale of impact these opportunities could have**.**

Chart A



The total net savings or revenue from identified opportunities over the 5 years is $21M, or approximately 20% of the total base case projected deficit over the same period.

The Report affirms that while the University has several actionable opportunities to strengthen operations and pursue new sources of revenue, these alone will not be enough to fully address the projected financial gap.

Even if all identified initiatives were successfully implemented—despite the high-risk assessments applied to many—the University would still face an estimated **$85 million cumulative shortfall** over the five-year period.

This remaining gap does not reflect a failure of effort or planning, but rather the result of a **funding framework designed by previous governments for institutions with very different structures and mandates**. OCAD University's model, as a small, urban, and highly specialized institution focused on art, design, and digital media, simply wasn't contemplated in a system built around scale, generalization, and conventional academic delivery.

The path to ensure the funding system reflects the real and differentiated costs of specialized education suggests that **OCAD University's WGU weighting needs to be recalibrated**. Doing so would allow OCAD U to deliver fully on its mandate—**advancing Ontario's priorities in innovation, design, IP generation, and economic resilience**.

DELOITTE REPORT FINDINGS ON WGU ADJUSTMENT

WGU Weight Adjustment: A Necessary Step to Align Funding with Mandate

The Deloitte Report makes clear that an adjustment to OCAD University's WGU (Weighted Grant Unit) levels would be a **critical component** in addressing the institution's long-term financial health. This recommendation is reflected in **Scenario 4** of their financial analysis, which incorporates a revised WGU framework alongside other strategic levers.

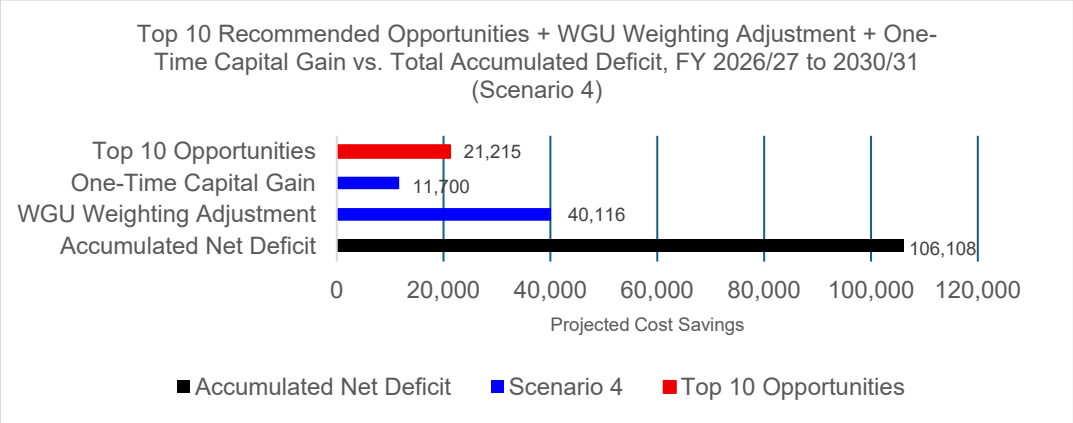
Specifically, Deloitte models an increase of all undergraduate WGUs to **2.8** (from the current range of 1.0 to 2.7) and graduate WGUs to **2.0** (up from 1.4). This adjustment would result in an estimated **$10 million increase to OCAD U's annual base funding**.

Crucially, these revised levels are **not unprecedented**. They align with existing WGU weightings applied to **music programs at other Ontario universities**, which, like OCAD U's programs, are highly specialized, and require dedicated facilities, equipment, technicians, and practitioner-instructors. Unlike other universities that have business, medical, or law schools, our costs can not be offset by other programs.

If introduced in FY 2026–27, this recalibration would represent a total increase of approximately **$40 million over four years**—a meaningful and sustainable step toward stabilizing the institution's finances, allowing OCAD U to focus on delivering its distinct contribution to Ontario's postsecondary education and innovation ecosystems.

The scale of this potential adjustment is visualized in **Chart B**, which compares revenue opportunities alongside the total accumulated deficit

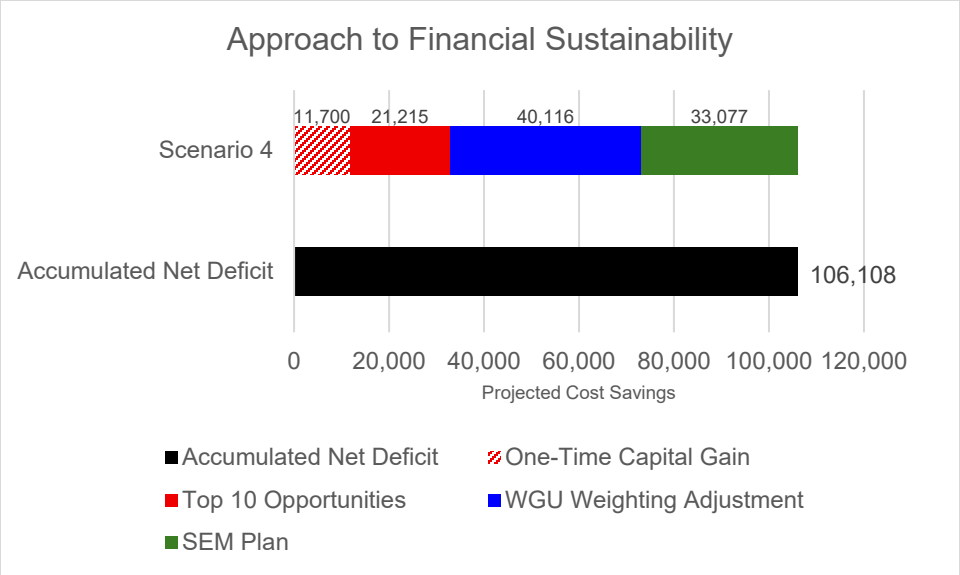
Chart B



This comparison reinforces what the Deloitte Report already makes clear: **aligning funding with mandate is essential**. A WGU adjustment is not a bonus; it's a correction to bring a uniquely structured and mandated institution into alignment. However, while balance is achieved in the fifth year, looking forward, implementing all the recommended changes does not stabilize OCAD U. In other words, while the university achieves a balanced budget by the end of the five-year period, it continues to have an accumulated deficit.

Another way to understand the potential impact of these elements is shown in **Chart C** below.

Chart C



The **top bar** in Chart C reflects the combined components of **Scenario 4** from the Deloitte Report:

- The **blue segment** represents the projected impact of a revised WGU adjustment;
- The **solid red segment** reflects the cumulative effect of Deloitte's top recommendations for cost savings and revenue generation; and
- The **red hash-mark segment** accounts for the suggested one-time capital gain from a **sale/leaseback of a Waterfront space**—an option Deloitte presents for consideration but notes is highly speculative.
- An additional **green segment** references the **SEM Plan** development and implementation, to be discussed below.

Together, these components illustrate how the full Scenario 4 outcome is contingent not only on operational changes, but also on structural recalibration.

The **lower bar** in Chart C (in black) reflects the Scenario 1 projection—a cumulative operating deficit of **$106 million over the five years to FY 2030-31**.

OCAD U'S STRATEGIC ENROLLMENT MANAGEMENT (SEM) PLAN

SEM Plan: A Viable Pathway to Growth and Sustainability

To put OCAD U on even more sustainable footing than what Deloitte has projected in terms of enrolment, OCAD University is developing a **Strategic Enrolment Management Plan ("SEM")** as a core element of our path toward long-term sustainability. This represents the third prong in our strategy and supports the cost savings, efficiencies and other revenue generation efforts, together with the revised WGU levels.

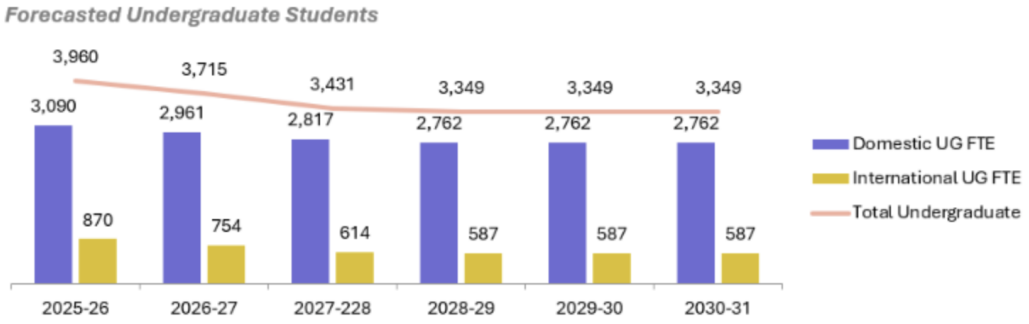
The SEM is a **targeted and achievable strategy** to grow undergraduate intake by approximately **30% over three years**, from FY 2026-27 to FY 2028-29. Reaching this target would see undergraduate FTEs return to approximately **4,100 students** by the end of the 2030-

31 academic year through a mix of both domestic and international students at both the undergraduate and graduate levels.The SEM plan is anchored in smart recruitment, improved retention, program innovation, and revised delivery models is essential to achieving greater student success and to closing the remaining “deficit gap.”

Importantly, the impact of this increase is not symbolic. Based on current tuition and grant funding assumptions, a 30% undergraduate intake increase over this three-year period is projected to yield a **cumulative revenue gain of approximately $15 million**. Moreover, because this increase in intake would carry forward into subsequent years, the financial benefit would **compound into FY 2029-30 and FY 2030-31**—providing critical support as the university works toward a balanced budget under the Deloitte five-year horizon.

Chart D shows the current enrolment forecast underpinning Deloitte’s Scenario 1, which assumes flatlined enrolment in the latter years.

Chart D



The ability to execute this strategy at the scale and pace required depends on one condition: **OCAD University must operate with WGU levels that have been discussed above**. Like any strategic growth initiative, SEM requires upfront investment, market insight, and institutional capacity. These cannot be fully realized while operating under persistent structural shortfalls.

Just as importantly, a strong SEM strategy aligns directly with Ontario’s broader objectives—expanding talent pipelines, meeting labour market needs, and improving access to high-impact, industry-facing, and innovation-focused education. In that sense, supporting OCAD U to grow in the right way is not only about institutional sustainability—it’s about **advancing the province’s goals for a stronger, more competitive, and culturally sovereign Ontario**.

IMPLEMENTATION PLAN

The Implementation Plan, developed by Deloitte, was designed to chart a path to implementing their 15 opportunities for OCAD U. We have highlighted in this letter Management’s commitment to explore the feasibility of each opportunity by considering its impact on:

- Addressing our structural deficit;
- Supporting practice-based art and design education;
- Enhancing student agility for the future;

- Our management and academic staff and external reputation; and
- Sustainability over time.

Using this approach to the evaluation of the Implementation Plan, the Board approved the Implementation Plan in principle on January 9, 2026.

CONCLUSION: OCAD U AS A PARTNER IN ACHIEVING ONTARIO'S AMBITIONS

The Report provides a thoughtful and valuable assessment of OCAD University's operations, confirming cost containment and revenue growth opportunities that we will continue to examine and act upon in the months ahead. These recommendations will support greater resilience and operational effectiveness.

However, the report also makes clear that, on their own, these opportunities are **not sufficient to address the full scope of the University's projected structural deficit** over the five-year planning horizon.

What has emerged instead is the need for a **comprehensive approach** to long-term financial sustainability—one that is realistic, achievable, and aligned with Ontario's broader ambitions:

1. **Advance the Report recommendations** to strengthen operations and identify new sources of revenue;
2. **Work with the government to implement a revised WGU weighting**, aligning our funding model with the real costs of specialized, studio-based education; and
3. **Design and execute a Strategic Enrolment Management (SEM) plan** that grows undergraduate intake, diversifies our reach, and supports labour market demand.

These three strategies will not only close the projected funding gap but will **position OCAD University as a stronger, more efficient, and future-ready partner** in delivering on the province's goals—whether in IP retention, advanced manufacturing, digital innovation, or the creative economy.

As OCAD University approaches its **150th anniversary in 2026–27**, we are not seeking additional funding beyond what is fair and aligned to our mandate. Rather, we are asking to be **positioned to succeed**—so that we can fulfill the full promise of our specialized role and **contribute meaningfully to the economic and cultural sovereignty agenda this government has embraced**.

We look forward to working in partnership with the province to advance these efforts, and to continuing our dialogue with the Ministry and to working together to finalize and implement the recommendations outlined in the report.

Thank you again for your leadership and partnership in supporting Ontario's universities.

Warmest regards,

Ana Serrano

President & Vice-Chancellor