



**OCAD U *Alternative Budget* for the Fiscal Year 2020-21**  
To be Presented to the Board of Governors, December 7, 2020  
Produced by OCADFA

Budgets reflect priorities. This alternative budget re-invests in OCAD University's core mission: transformative education through art & design. In recent years OCAD U has adopted an austerity agenda that's compromised the student learning experience, academic integrity and working conditions for faculty and staff.

OCAD U's current 2020-21 Operating Budget does not adequately reflect the previous *Strategic Mandate Agreement* with the province, nor the active five-year academic plan entitled *OCAD University: A Transformative Student Experience (2017-2022)*. Both documents recognize that as an entirely non-residential university, OCAD U's approach to the student experience must centralize its academic mission. Students choose OCAD University for our facilities and studio-based art & design curriculum, the immersive faculty and peer engagement that small class sizes nurture and because they understand creativity is fostered through community.

Regrettably, the accumulated effect of multi-year and multi-million-dollar successive budget cuts has short-changed students on OCAD U's promise. Access to studios have been compromised, there are long waits for facilities and we've expanded big box classes that make students feel like they are just numbers. Online teaching has exacerbated these problems.

OCAD U managed to stay open and deliver courses remotely through a global lockdown, in large part because of the labour of contract workers. Even though class sizes expanded and workload increased, faculty and staff persevered to innovate online curriculum delivery. 60% of our faculty are precariously employed contract workers. They are among the lowest paid in the academic sector in Canada, have no health benefits and no job security. And they are defined by their precarity and institutional invisibility. Contract faculty are the essential workers of OCAD University. As an employer, OCAD U has to do better.

**Alternative choices can be made to address the immediate needs of the OCAD U community, as well as to generate opportunities for sustainable growth in the midst of unprecedented change.** This alternative budget proposes viable changes to the operating budget that re-centres the student learning experience while also contributing to the long-term financial and community health of OCAD University.

**OCAD U Alternative Budget  
Summary ('000s)**

	<b>2020/21 Alternative Budget</b>	<b>2020/21 Approved Budget</b>	<b>2019/2020 Actual</b>
Revenues	74,781	73,825	75,696
Expenditures	(74,388)	(69,996)	(75,549)
Contingency	(1,000)	(2,365)	0
Surplus (deficit) prior to extraordinary allocations	(607)	1,464	147
Extraordinary Allocations	327	(1,744)	(672)
Surplus (deficit) after extraordinary allocations	(280)	(280)	(525)

**1. Revenues**

- a. Tuition
- b. Donations/Sponsorships

**2. Expenditures**

- a. Academic Compensation
- b. Emergency Relief for Students

**3. Contingency**

**4. Extraordinary Allocations**

- a. Internally Restricted Funds

**1. Revenues**

Our Alternative Budget projects revenues to be \$74.705 million, representing an increase of \$0.880 million over the approved budget. We derive this figure based on revised forecasts of tuition and donations/sponsorship.

a. Tuition

Prioritizing the student learning experience is a crucial part of achieving sustainable financial health. The Operating Budget that was approved on November 10, 2020 increased the revenue forecast by \$5.7 million over the June Interim Budget, but this adheres to a conservative enrolment attrition rate assumption. If more typical attrition rates were assumed, the increase in forecasted revenues from the June Interim Budget would be \$7.2 million. This means that **achieving recent trends in enrollment attrition would generate an additional \$1.5 million in revenue**, which could be reinvested or place the University in financial surplus territory.

We urge the Board of Governors to not concede student retention. The worst-case scenario did not emerge in large part thanks to the extraordinary efforts of faculty, administrative and academic staff to deliver a world class educational experience despite the increased workload and difficulties associated with transitioning to remote delivery of curriculum. **Tuition is increasingly the University's primary source of revenue. Investing in this source of revenue is an operational necessity for the long-term viability and sustainability of the University.** We include the expenditures associated with a reinvestment in the student experience below.

We can maintain a conservative approach to forecasting tuition and still increase revenue projections substantially. We maintain attrition rates can be effectively managed to realize this target.

- **Targeted increase to 2020/21 Revenue: \$750,000**

#### b. Donations/Sponsorship

We believe OCAD U's revenue benchmarks from Donations/Sponsorships are overly modest. We accept that not every donor will be in a position to maintain previous levels of support, but previous targets were already too sluggish. The Board should not be resigned to the \$775,000 decrease from previous budgets.

We encourage the Board to promote the regenerative social and cultural value of the art & design education OCAD U delivers. Now is exactly the time for the Board to champion the greater social contributions creative thinkers and makers offer a world desperately in need of hope, new ways of doing things and the shared common language of creative expression that deepens our humanity across borders. We are living in a world that was previously only imagined. More than ever, we need to use our collective imagination to meet our present challenges.

**We need to invest in a renewed approach to government relations and a fundraising campaign that speaks directly to the challenges and opportunities of this particular moment.** The need for a critically engaged society that promotes higher education and its corollary, civic engagement, has never been stronger. We should not shy away from strongly advocating for the important role Canada's oldest and largest art & design university can bear.

We recommend the Board form a special **Government and Sustainer Relations Task Force** comprised of members of the Board of Governors, Alumni, OCAD U's Chancellor, OCAD U's President, and others, supported by OCAD U development and government relations staff. This task force can serve as the linchpin of a renewed and determined effort to tap into existing relations, build new ones, and strive towards matching last year's donation/sponsorship revenues while ultimately increasing this source of revenue going forward.

Even if we take a conservative approach and nearly halve 2019/20's figures, we should still aim to infuse an additional \$206,000 into the operating budget. These funds will not be generated unless we prioritize a pandemic relief effort now.

- **Targeted increase to 2020/31 Revenue: \$206,000**

#### **Note on Revenues:**

We are concerned the University has been selling the wrong capital assets in short-sighted moves to meet liquidity needs that have not materially reduced operating expenses. OCAD U Co. is hemorrhaging money and has failed to develop any intangible asset value or positive return-on-investment. We propose the University moves towards recouping all outstanding debts, liquidating that asset and refocusing lifelong learning services back in-house under the umbrella of Continuing Education. OCAD U Co. was expected to generate revenue that would supplement the University's operating budget – essentially it was positioned as OCAD U's version of an Executive MBA program. This has never materialized; meanwhile Continuing Education remains an under-utilized and under-invested source of potential revenue and strategic driver of broader brand awareness.

OCAD U Co has not been a profitable venture, and shows no signs of becoming one. We believe it is a mistake to continue prioritizing OCAD U Co. over the student experience and faculty working conditions and note the **\$500,000 loan to OCAD U Co.** continues to drain the operating budget of much needed funds that could be invested elsewhere. This loan is **in addition to the \$967,276 already due** from the OCAD U Co. Foundation according to the May 31, 2020 year-end Financial Statements.

There are other non-tuition based revenue generating opportunities that are either being under-utilized or ignored – such as the potential to monetize Grad Ex and other public/private fundraising efforts. We recommend the Board encourage the Administration to seek out novel and existing opportunities for internal revenue growth. For the purpose of this alternative budget, we have restricted our forecasts to tuition and donations/sponsorships.

## **2. Expenditures**

### **a. Academic Compensation**

We recognize enrolment and retention to be an important driver of revenues. Drawing students to the University is one thing, retaining them is another; a decline in the quality of the student experience leads to a decline in retention and jeopardizes future enrollment. We believe delivering upon a *transformative student experience* entails treating students as more than simply 'basic income units;' it means investing in those who deliver and support that experience. This makes it particularly concerning and short sighted that the Operating Budget approved at the November 10, 2020 Board of Governors meeting includes a 13 per cent cut in academic compensation from the 2019/20 fiscal year expenditure; a cut which has devastated the sessional

faculty complement. **This loss has had a profound impact on the learning environment, and it is shameful that sessional faculty are being treated as a disposable part of our university community.** The demographics of who is hit hardest reflects the systemic inequities in our society: Women, LGBTQ2SI, differently abled, Indigenous, Black and racialized contract faculty are carrying the heaviest burden of these cuts.

We also wish to emphasize that while the University has budgeted a savings of \$700,000 due to campus closure and the remote delivery of courses, much of the **costs associated with remote delivery** and teaching (working) from home (such as increased electricity and internet usage, and costs associated with furnishing and equipping a home workspace) **have been absorbed by administrative and academic staff.** To date, this increased burden and offloading of expenses has not been recognized by the University. At a bare minimum, the draconian 13 per cent cut to academic compensation should be reversed. We also suggest ending the inefficient and inequitable administrative hiring freeze.

- **Reversing cut to academic compensation: \$4,292,000**

#### b. Emergency Support for Students

OCAD U's students are struggling with the financial repercussions associated with the current pandemic. Mental health issues, poverty and precarity are tough realities for students right now. In particular, we note that the unequal burden of these difficulties are borne by students who manage disabilities, identify as LGBTQ2SI+, or students who are Black, Indigenous or racialized. Emergency supports for those in crisis are critical right now. A special note needs to be made on the need to support international students. Many are especially alienated and some report they are not receiving adequate support from the University. For example, the university has not offered a general assistance fund to help with prohibitive quarantine costs. It is important to keep in mind that international students represent 26 per cent of the overall student body but are projected to contribute 58 per cent of the total forecasted tuition revenue.

- **Emergency relief fund for students: \$100,000**

### **3. Contingency**

The approved operating budget includes the allocation of \$2,365,000 towards a contingency reserve. This represented an increase of \$1,000,000 from the interim budget approved in June and an exorbitant increase from the contingency reserves of \$750,000 in 2019/20 and \$350,000 in 2017/18. This is the largest contingency reserve ever carried in the OCAD U annual budget. Notably, this contingency allocation is made in addition to special one-time allocations totaling \$1,744,000; \$994,000 of which has been allocated towards costs associated with the transition to online learning. More funds are needed.

With large sums already allocated towards the unique costs associated with the ongoing pandemic, we do not believe it is prudent of the University to keep such a large sum in reserve when so many of its students and academic staff and faculty are struggling. We propose reversing the increase to the contingency fund, while keeping it above previously reserved contingency funds.

- **Available for Reallocation: \$1,365,000**

#### **4. Extraordinary Allocations**

##### a. Internally Restricted Assets

According to the audited financial statements for the fiscal year ending May 31, 2020, OCAD U has \$15,888,768 in internally restricted net assets. Unlike externally restricted asset, internal restrictions of capital funds are imposed by the Board of Governors and may be reversed by the Board of Governors if needed. **These funds are needed.** Of this amount, \$537,983 is restricted for the Inclusive Design Research Centre and \$13,279,907 is designated for “future capital improvements and leveraging working capital.” There remains \$2,070,968 in “capital assets funded by operations,” which we propose be re-absorbed by the operating budget in this time of extraordinary need. This would still leave a significant increase over the meagre \$850,544 in internally restricted net assets reported in year-end 2019.

- **Available for Reallocation: \$2,070,968**