

AGENDA

BOARD OF GOVERNORS — REGULAR SESSION



Thursday, March 30, 2023 — 3:30-5:00 p.m.

Location of Meeting: ECU Boardroom (D2315)

Zoom Webinar: <https://emilycarru.zoom.us/j/61560735560pwd=U28va0ZXWERuSTN2bURIYINPVWFaZz09>

Webinar ID: 615 6073 5560

Passcode: 515386

Territorial Acknowledgement: *We respectfully acknowledge that Emily Carr University is situated on the unceded, traditional and ancestral territories of the Musqueam, Squamish and Tsleil-Waututh Nations.*

I. ADMINISTRATIVE BUSINESS

1. Call to Order

K. Kerrigan, Board Chair

2. APPROVAL: Adoption of the Agenda

Chair

MOTION: That the agenda for the Board Regular Session of March 30, 2023 be approved as presented.

II. BUSINESS

1. Chair's Update and Remarks

Chair

2. President's Update and Remarks

G. Siddall, President + Vice
Chancellor

3. APPROVAL: 2023/2024 All Funds Budget

L. O'Melinn, Chair,
F+A Committee /
V. Sokha, VP,
Finance + Admin

MOTION: the Board of Governors approves the 2023/2024 All Funds Budget, based on \$2M in one-time funding from the Ministry.

Attachments:

- 2023/2024 Budget Presentation (pp. 2-16)
- Budget Consultation Timeline (p. 17)

III. **NEXT MEETING:** Next Regular Session of the Board is scheduled for April 27, 2023.

IV. **ADJOURNMENT**



520 EAST 1ST AVENUE
VANCOUVER, BC, CANADA V5T 0H2

**2023/24 Budget Presentation Presented to
the Board of Governors
March 30, 2023**



TABLE OF CONTENTS

Preamble	3
Operating Budget Detail	5
2023/24 Budget Assumptions	6
Budget Summary – All Funds	7
Budget Detail – All Funds	8
Accumulated Surplus	9
Cashflow Projections	10
FTE Projections	11
<i>Charts:</i>	
Operating Revenue	12
Tuition + Fees Revenue	13
Projected Student FTEs	14
Operating Expenditures	15

Preamble

Introduction:

For 2023/24 the University is projecting an all funds deficit of \$470,558, which includes an Operating deficit of \$1,036,488 offset by non-operating funds (see page 8). The University requires Ministry approval to budget a deficit position. Through submission of our Deficit Mitigation Plan this year, we have gained Ministry approval to move forward with a deficit budget for 2023/24. The projected deficit will be funded through accumulated savings from previous fiscal years.

In December, the Board was presented a 2023/24 preliminary budget with a deficit of **\$2.75M** (see figure 1). This included a roll forward deficit of \$6.25M and aggressive mitigation strategies to reduce the deficit by \$3.5M. The mitigation strategies proposed in the preliminary budget included increases to registration targets for both credit programs and Continuing Studies, increases to tuition fees, and a roll forward budget for all non-contractual, non-salary costs. These strategies remain in place and targets appear achievable.

Statement of Changes to Budget

Deficit 2022/23 (Budget)	\$(2,125,062)
Remove:	
One-time funding	(3,000,000)
Add:	
Program Growth:	
Credit Programming	1,525,615
Continuing Studies Programming	164,034
Other Revenue	47,718
Tuition Increase	1,798,356
Less:	
Salaries	(997,457)
Non-discretionary Expenses	(178,073)
<u>Deficit 2023/24 (Preliminary)</u>	<u>\$(2,764,869)</u>

Figure 1: Statement of Changes to Budget as presented to the Board December 1, 2022

Since the preliminary budget was presented on December 1, the University has continued to update the budget to reflect new information. We focused on meeting our registration targets and identifying cost savings or, in some cases, additional costs deemed to be unavoidable.

In the final budget we have included \$2M in one-time funding which, while not final, is an estimate provided by the Ministry.

Deficit Mitigation Plan

The University prepared a Deficit Mitigation Plan (DMP) to illustrate to the Ministry how ECU plans to reduce its deficit and become financially sustainable within the next 3 years. The DMP was submitted to and accepted by the Ministry as a viable plan. Initiatives in the plan include:

- strategic enrolment management efforts to maximize capacity and retention through a direct entry registration process;
- targeted tuition increases to align ECU's tuition more closely to its closest comparators;
- new program development including a low-residency Master of Design program; and,
- growth in Continuing Studies programming through micro-credential course development.

The Deficit Mitigation Plan projects activity over the next three years, beginning 2023/24.

Everything included in the DMP for 2023/24 has been built into the budget and at this point targets appear achievable.

Increases to Registration Targets

Beginning in 2023/24 the University will move to a direct entry admissions model. Direct entry will benefit students as they are guaranteed a space in their program of choice from the outset. It will also enable the university to grow popular programs through targeted enrolment. ECU is targeting growth in two key areas: animation and illustration or visual arts, and is planning to introduce an intensive summer intake for first year students in specific programs in summer 2023.

Completed applications for Fall 2023 direct entry are at a level that will enable the University to meet most program registration targets included in the Deficit Mitigation Plan.

Growth in Continuing Studies is expected to add \$164,000 net revenue compared to 2022/23.

Increases to Tuition Fees

The proposed tuition fee increases that were incorporated in the 2023/24 preliminary budget were approved by the Board of Governors on December 1, 2022.

Roll Forward Expenses:

For 2023/24, despite ECU's roll forward budget, we see an increase of \$492,000 for non-salary costs compared to 2022/23. This includes increases to utilities, contracted parking fees, annual service payments and other non-discretionary amounts, but also reflects additional budget for costs necessary to support targeted increases to registration and improve the University's cybersecurity posture.

Conclusion

The adjustments to the 2023/24 preliminary budget presented in December has resulted in an Operating deficit of **\$1.036M** (see page 5).

Financial results in 2022/23 will impact the level of accumulated surplus available for 2023/24. These results will not be known until April; however, estimates will be used when preparing the budget. Should the final deficit be greater than the accumulated surplus available, further reductions to the expense budget will be required.

Emily Carr University of Art + Design
Operating Budget Detail
Year Ending March 31, 2024

REVENUE	2023/24 Budget	% of budget	2022/23 Budget	% of budget	Difference
Grants					
Provincial annual block funding	\$ 16,121,303		\$ 15,648,556		\$ 472,747
Add: one-time funding (to be confirmed)	2,000,000		2,970,000		(970,000)
Add: annual service payment funding	2,991,103		2,986,211		4,892
Add: parking grant	289,264		289,264		-
Less: capital allocation	(75,000)		(44,964)		(30,036)
Less: capital lease allocation	(568,316)		(531,931)		(36,385)
Less: special purpose allocation	(40,000)		(40,000)		-
Subtotal Provincial Grants	20,718,354		21,277,136		(558,782)
Other					
Research Support Fund	192,600		192,600		-
Subtotal Other Grants	192,600		192,600		-
Total Grants	20,910,954	45%	21,469,736	51%	(558,782)
Tuition + Fees					
Domestic	5,515,904		5,091,789		424,115
International	14,164,626		10,655,897		3,508,729
Graduate Studies - MFA	399,063		433,032		(33,969)
Graduate Studies - MDSI	487,438		512,076		(24,638)
Graduate Studies - MDSX	461,855		378,762		83,093
Graduate Studies - Low Residency	384,235		442,266		(58,031)
Other Fees (application / masters studio fee / learning access / LinkedIn Learning)	812,076		734,565		77,511
Continuing Studies	2,142,819		1,821,104		321,715
Total Tuition	24,368,016	53%	20,069,491	47%	4,298,525
Deferred Contributions	-	0%	30,000	0%	(30,000)
Other	1,002,230	2%	868,706	2%	133,524
Total Revenue	\$ 46,281,200	100%	\$ 42,437,933	100%	\$ 3,843,267
EXPENDITURES					
Salaries					
Faculty - Credit Program	\$ 10,829,644		\$ 10,440,514		\$ 389,130
Faculty - Continuing Studies	849,618		741,658		107,960
Support	8,913,605		8,484,610		428,995
Administration	9,062,767		8,107,527		955,240
Hourly Support	387,704		373,970		13,734
Benefits	6,847,176		6,479,551		367,625
Total Salaries	36,890,514	78%	34,627,830	78%	2,262,684
Other Expenditures					
Other expenses	7,432,587		6,945,469		487,118
Annual service payment	2,994,587		2,989,695		4,892
Total Other Expenditures	10,427,174	22%	9,935,164	22%	492,010
Total Expenditures	\$ 47,317,688	100%	\$ 44,562,994	100%	\$ 2,754,694
Deficit	\$ (1,036,488)		\$ (2,125,061)		\$ 1,088,573
Deficit Funding - accumulated savings	1,036,488		2,125,061		(1,088,573)
Adjusted Balance	\$ -		\$ -		\$ -

EXPENDITURES

The budget was prepared primarily on a roll forward expense basis; however, non-discretionary additions have been included. This includes increases for utilities, contracted parking fees, annual service payments and software licensing fees. The budget also includes costs necessary to support targeted increases to registration and to improve the University's cybersecurity posture.

Salary Expenses

- Faculty
 - There are 9 hires budgeted for new or replacement faculty positions.
 - It is expected that a general wage increase through bargaining will be funded by the province; however, a provision has been included in the budget for a possible difference between actual increases and provincial funding.
- CUPE
 - There are four new positions budgeted to support targeted registration increases: Animation Technician, Illustration Technician, Summer Intake Support, Foundation Support.
 - New requests amount to increased salary costs of approximately \$105,000 in the current year, annualized at \$255,000 before benefits.
 - It is expected that a general wage increase through bargaining will be funded by the province; however, a provision has been included in the budget for a possible difference between actual increases and provincial funding.
- Excluded
 - There is one new position budgeted related to cybersecurity: Security Operations Administrator, plus one temporary position to coordinate the 100th Anniversary celebrations.
 - New request amounts to increased salary costs of approximately \$180,000 before benefits.
 - Salary increases are budgeted at 5%. Increases are not funded by the Province.
- Benefits
 - A 10% increase to extended health premiums has been built into the budget; however, premiums have not been confirmed for 2023/24.

Non-Salary Expenditures

- The 2023/24 budget is prepared primarily on a roll forward expense basis, with no increases for most non-salary, non-contractual budgets.
 - \$410,000 has been budgeted to improve the University's cybersecurity posture. \$150,000 in non-salary costs are included in the Operating Fund and \$260,000 in the Capital Fund. These costs are included after Board discussion and support from the Audit and Finance Committee.

Emily Carr University of Art + Design
Budget Summary - All Funds
Year Ending March 31, 2024

	2023/24 Budget	2022/23 Budget	Difference
REVENUE			
Grants	\$ 25,334,782	\$ 25,827,143	\$ (492,361)
Tuition	24,368,016	20,069,491	4,298,525
Amortization of deferred contributions	4,030,242	5,758,190	(1,727,948)
Income from equity accounted organizations	290,193	188,083	102,110
Other	1,236,430	1,080,406	156,024
Total revenue	\$ 55,259,663	\$ 52,923,313	\$ 2,336,350
EXPENDITURES			
Instruction	\$ 22,261,994	\$ 21,659,404	\$ 602,590
Instruction support	30,735,214	28,914,235	1,820,979
Research	1,768,269	2,795,229	(1,026,960)
Externally sponsored activity and trust	996,744	1,382,735	(385,991)
Total expenditures	\$ 55,762,221	\$ 54,751,603	\$ 1,010,618
Projected annual operating deficit	(502,558)	(1,828,290)	1,325,732
Endowment contributions	32,000	41,000	(9,000)
Projected annual deficit	\$ (470,558)	\$ (1,787,290)	\$ 1,316,732

Emily Carr University of Art + Design
 Budget Detail - All Funds
 Year Ending March 31, 2024

	Operating	Special Purpose/ Research	Contingency	Capital	Trust	GNW Campus Trust	Total Budget
REVENUE							
Grants							
Provincial							
Base funding	\$ 15,727,251			\$ 683,316			\$ 16,410,567
One-time funding	2,000,000						2,000,000
Annual service payments	2,991,103			3,740,512			6,731,615
Other	192,600						192,600
Tuition	24,368,016						24,368,016
Amortization of deferred contributions		\$ 2,240,662		1,384,609	\$ 404,971		4,030,242
Income from equity accounted organizations						\$ 290,193	290,193
Gifts, grants and bequests					47,450		47,450
Interest	440,000	6,700		4,000	7,000		457,700
Other	562,230	72,750		96,300			731,280
Total revenue	\$ 46,281,200	\$ 2,320,112	\$ -	\$ 5,908,737	\$ 459,421	\$ 290,193	\$ 55,259,663
EXPENDITURES							
Instruction	\$ 19,966,556			\$ 2,295,438			\$ 22,261,994
Instruction support	27,351,132			3,384,082			30,735,214
Research		\$ 1,768,269					1,768,269
Externally sponsored activity and trust		554,773			\$ 441,971		996,744
Total expenditures	\$ 47,317,688	\$ 2,323,042	\$ -	\$ 5,679,520	\$ 441,971	\$ -	\$ 55,762,221
Projected annual operating surplus (deficit)	(1,036,488)	(2,930)	-	229,217	17,450	290,193	(502,558)
Endowment contributions					32,000		32,000
Projected annual surplus (deficit)	\$ (1,036,488)	\$ (2,930)	\$ -	\$ 229,217	\$ 49,450	\$ 290,193	\$ (470,558)

CONTRIBUTIONS

2004-05	\$ 409,522
2006-07	100,000
2007-08	250,000
2008-09	288,438
2014-15	700,000
Total Contributions	\$ 1,747,960

APPLICATIONS

2009-10 Operating Deficit	\$ (170,000)
2022-23 Operating Deficit	(995,000)
Total Applications	\$ (1,165,000)
Current Balance March 2023	\$ 582,960

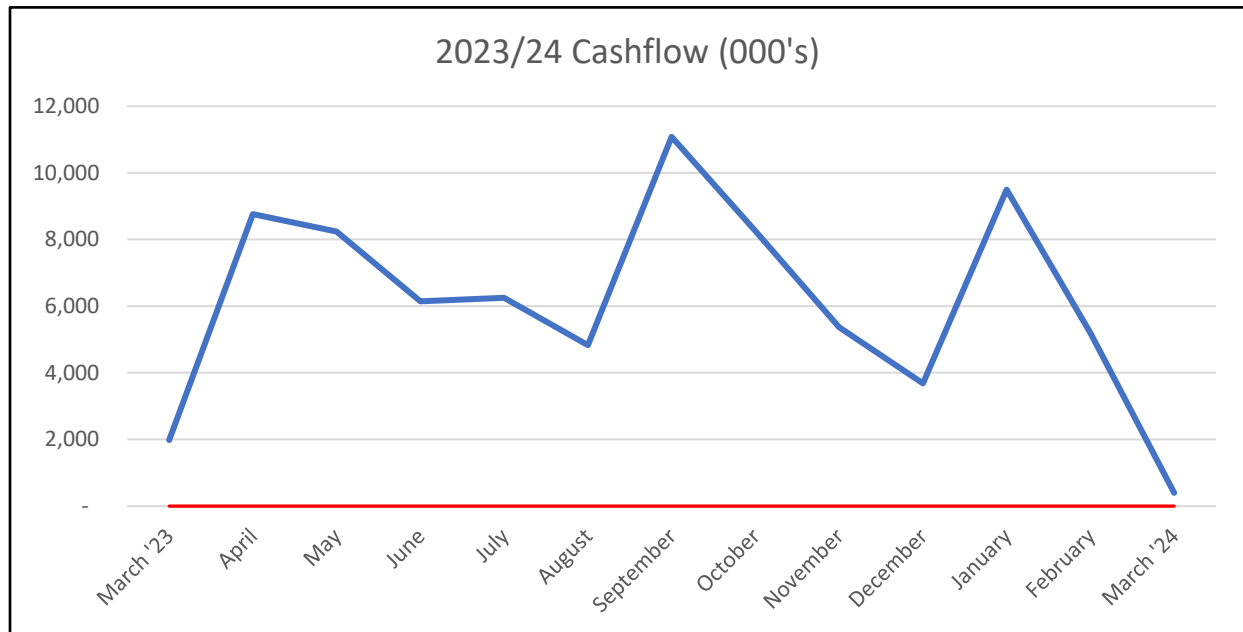
Summary

- In 2004/05 the Board established a target of 10% of the annual grant allocation to be designated for University contingencies.
- In years of surplus revenue ECU was able to contribute funds to meet this target, amounting to over \$1.7M in total contributions.
- The funds have been applied to offset Operating deficits as needed. In the 2022/23 budget ECU projected a balance of \$582,960 remaining on March 31, 2023.
- Improvements to 2022/23 activity will increase the balance available on March 31; however, the level of improvement will not be known until mid-April.
- The final balance of accumulated surplus will be used to offset the projected deficit in 2023/24 as needed.

Emily Carr University of Art + Design

Cashflow Projections

March 2023 to March 2024



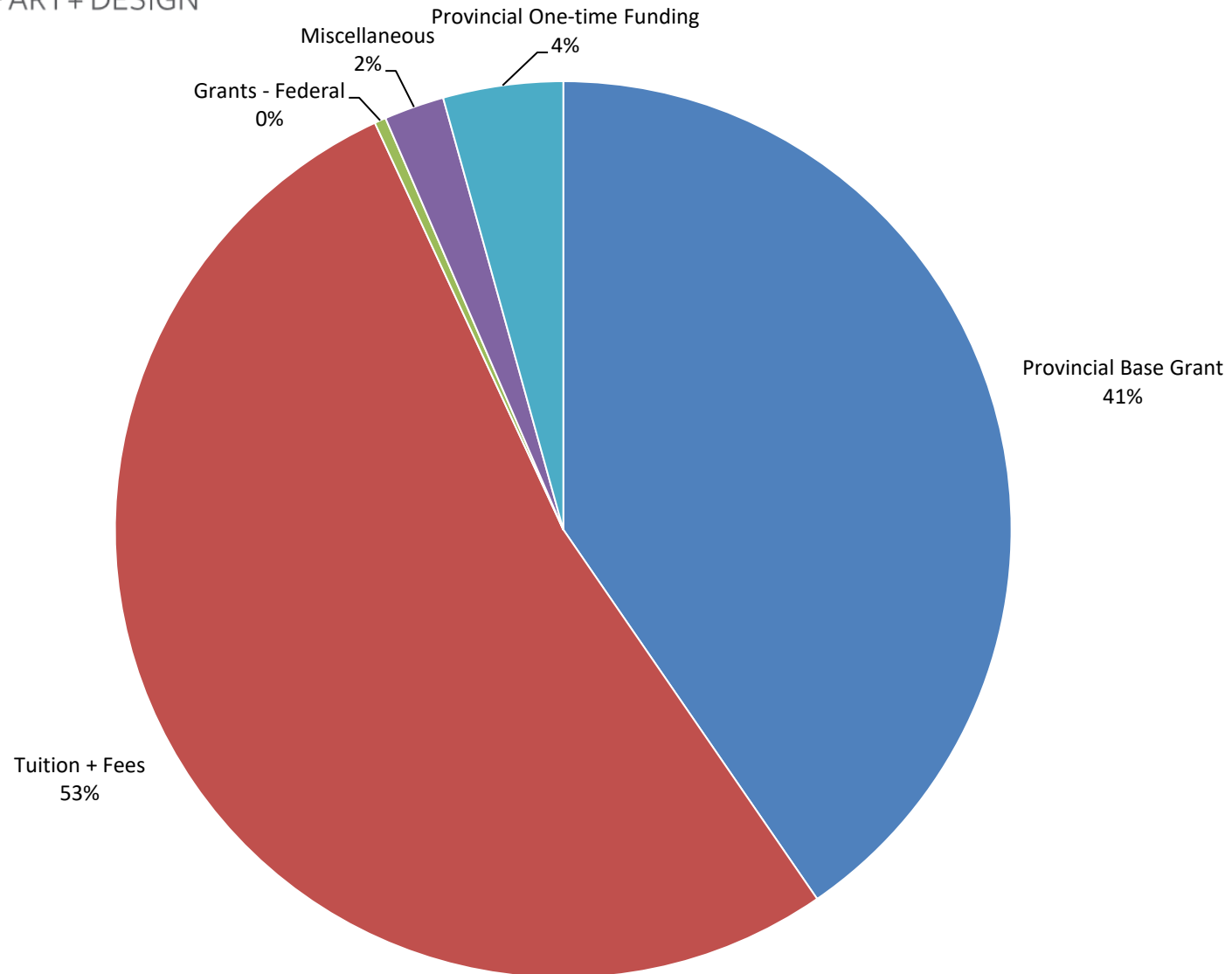
Notes:

1. Cashflow is based on budget projections for 2023/24, with an assumption made for available accumulated surplus based on current year projections to March 31.
2. One-time funding in 2023/24 is assumed to be \$2M.
3. The University has confirmed with the Ministry that advances to base grant and annual service payments will be provided in 2023/24 to assist with cashflow challenges.
4. Under these assumptions, management concludes that the University has sufficient resources to meet its financial obligations to the end of fiscal 2023/24.

Emily Carr University of Art + Design
FTE Projections
Year Ending March 31, 2024

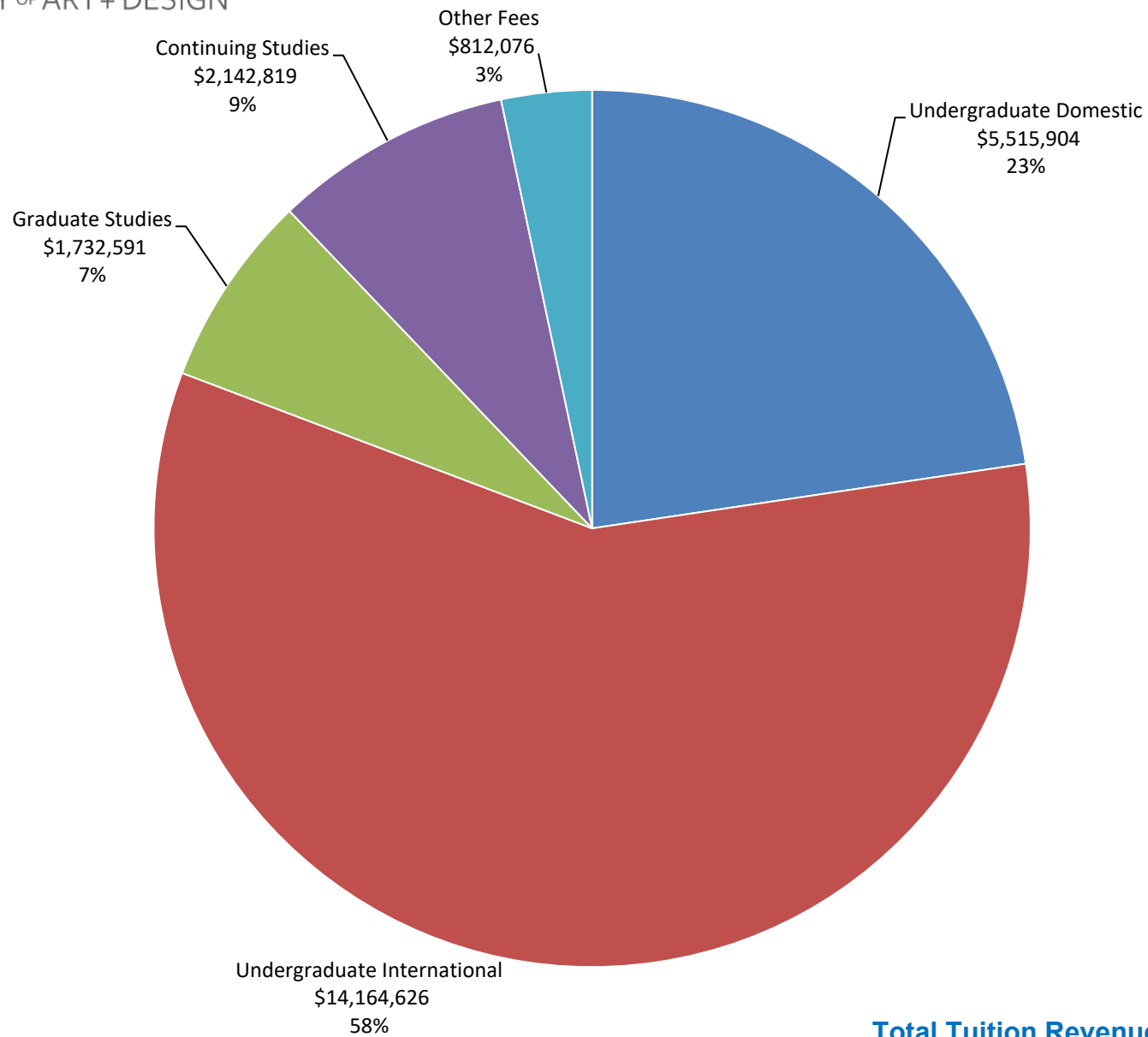
	2023/24 Projections			2022/23 Budget			Difference
	DOM	INT	Total	DOM	INT	Total	
Undergraduate Domestic	1,235	-	1,235	1,176	-	1,176	59
Undergraduate International	-	675	675	-	570	570	105
Graduate Studies:							
MFA	19	6	25	19	8	27	(2)
MDSI	10	14	24	12	15	27	(3)
MDSX	4	19	23	3	16	19	4
Low Residency	17	7	24	20	8	28	(4)
Continuing Studies	160	-	160	160	-	160	-
Total FTE	1,445	721	2,166	1,390	617	2,007	159
Ministry Target	1,391	-		1,391	-		-
Percent of Target	103.9%			99.9%			4.0%

2023/24 Operating Revenue



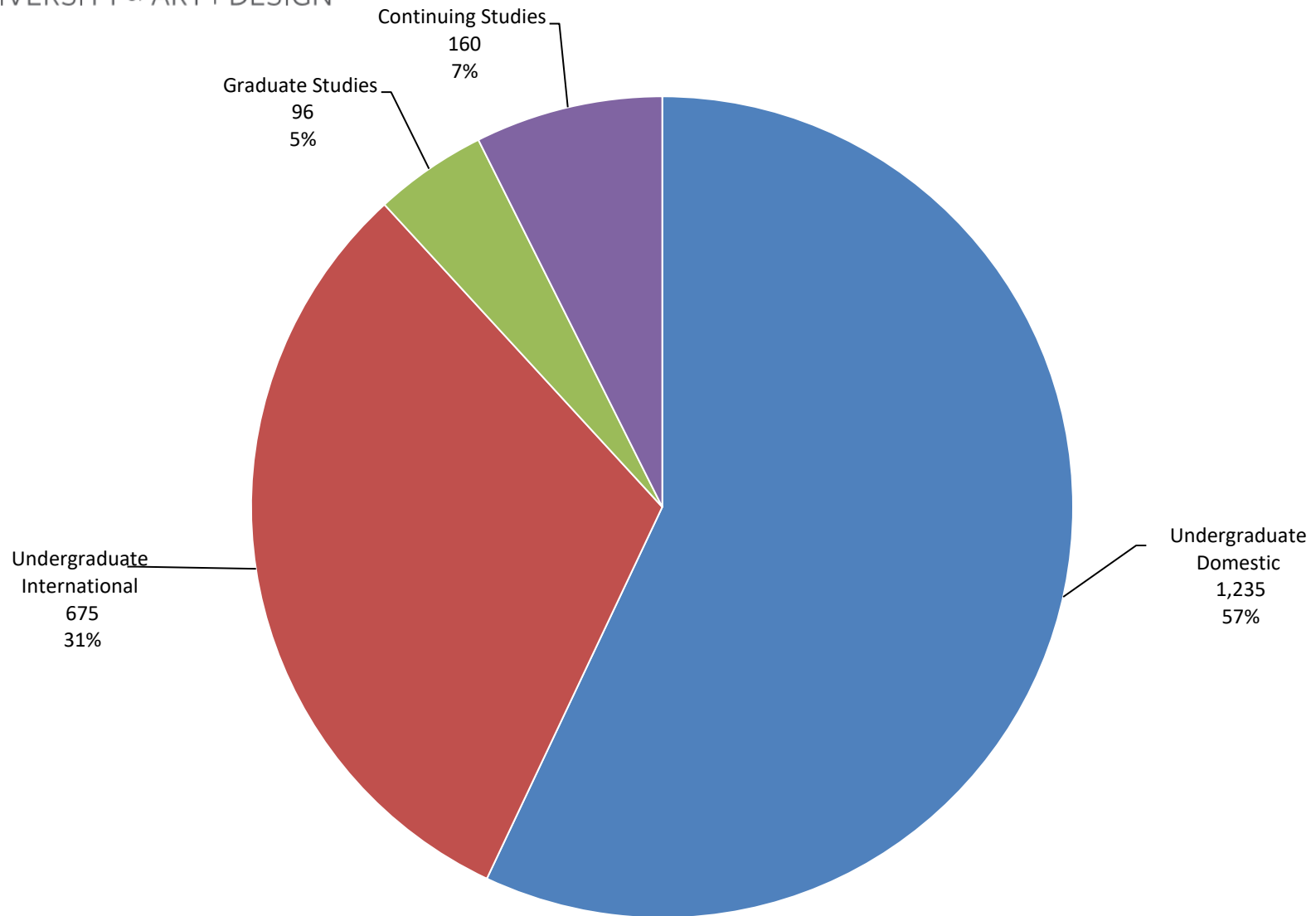
Total Operating Revenue: \$46,281,200

2023/24 Tuition + Fees Revenue

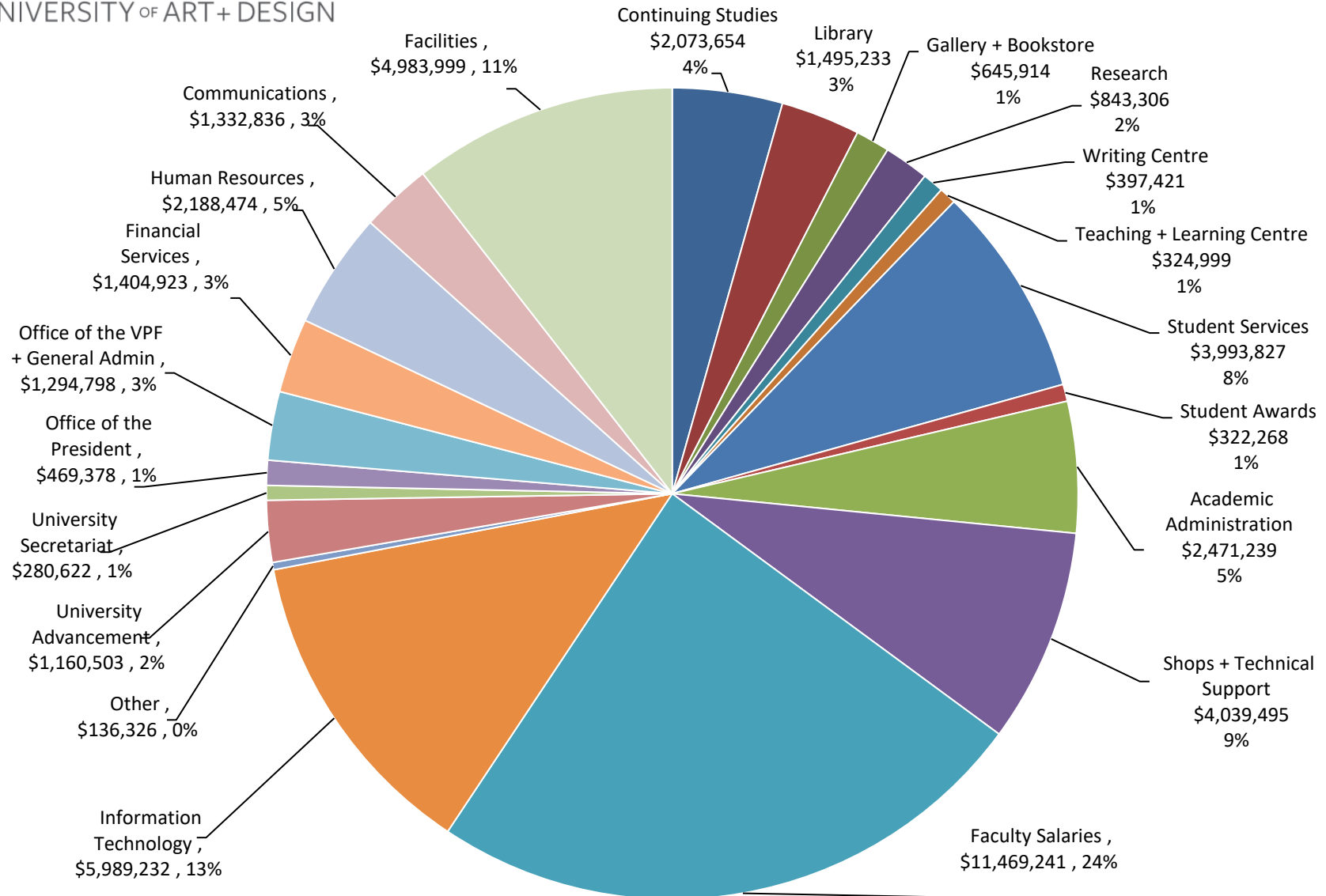


Total Tuition Revenue: \$24,368,016

2023/24 Projected Student FTEs



2023/24 Operating Expenditures



Total Expenditures: \$47,317,688

2023/24 Budget Process – Consultation Timeline

Preliminary Budget:

September – October	Preliminary Budget Preparation
October 17	Money Matters Session
November 17	Audit and Finance Committee
November 22	Student Budget Session
November 23 + 30	Senate Budget Committee
November 30	Money Matters Session
December 1	Board Meeting

Final Budget:

February 9	Audit and Finance Committee
February 21	Money Matters Session
February 22 + March 6	Senate Budget Committee
March 13	Audit and Finance Committee
March 22	Money Matters Session
March 30	Board Meeting