

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Finance Committee

**DATE:** December 6, 2021

**SUBJECT:** Draft 2022 Budget

☒ For Decision

☐ For Information

☐ Monitoring Report

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**Purpose:**

To review and approve the College's 2022 operating budget.

**Background:**

The College's operating budget provides a forecast of revenue against operating expenses for the upcoming fiscal year, presented in an income statement format. The budget for account lines are estimated based on:

- Projections to year end activities and expenses
- Actual figures at October 31 and the variance to the 2021 budget (Variance Report)
- Three-year historical financial averages and expense trends
- Quotes for planned and anticipated projects and initiatives
- Fixed Costs (based on current contracts)
- Estimates for Board/Committee meetings and activities
- 2021 College Statistics (number of Registrants, Students, etc.)
- Projected 2022 Statistics (anticipated membership numbers)
- COVID-19 impacts on operating activity

**For Consideration:**

A number of proposed budget items differ from the 2021 fiscal year budget:

- The board approved to maintain a fee reduction of 12.5% from the 2020 registration rate to provide continued pandemic relief for Registrants while ensuring that the College does not fully deplete its General Reserve.
- The College has budgeted for a 5% decrease in Registrant renewals as a precautionary measure against the impact of COVID-19 on renewal activity.
- Budgeted Board/Committee expenses allow for more in person meeting days. However, in person meetings are subject to change to virtual meetings to ensure the safety of all attendees.
- Budgeted Board/Committee expenses also reflect the growing pool of Appointed Members and costs related to Strategic Planning meetings which are incurred every three years.

- Examiner expenses include costs for DEI training to ensure alignment with the College's values and commitments to Diversity, Equity, and Inclusion.
- Budgeted External Relations expenses allow for planned in person Board/Staff attendance at national conferences and trade shows.
- General Operational expenses include capital expenses (replacement costs for computer hardware), exam expenses (includes a 5% contingency due to COVID-19), and Moneris fees (estimated to reflect renewal activity).
- Budgeted Investigator expenses are forecasted based on historical 2020/2021 trends, though actual costs in 2022 may vary depending on the number and nature of investigations.
- Costs for Quality Assurance Multi-Source Feedback (MSF) has been deferred from 2021 to 2022.
- Funds have been allocated for an offsite 2-day Strategic Planning session.
- The College's 5 year lease term ends in June 2022, after which rent will increase by \$3/sq ft.

The Board approved the use of the College's General Reserves in 2021 to offset the impact of the fee decrease for pandemic relief. The College had also budgeted for a 10% decrease in Registrant renewals as a precaution to reflect environmental trends. The anticipated deficit for the 2021 fiscal year was -\$817,426.

To date, the College has not experienced a 10% decrease in Registrant renewals and received CERS (rent) and CEWS (payroll) subsidies to offset the impact of the fee reduction. The College also collected discipline payments from a resolved matter bringing the YTD revenue (as of October 31) to 20% over budget. The College has managed to decrease expenditures by continuing with virtual Board/Committee meetings through 2021. Therefore, it is anticipated that the proposed deficit at year end will be significantly less than what had been originally budgeted.

A phased approach to the fee increases for 2022 continues to provide pandemic relief for Registrants but requires that the College run a deficit budget and use funds from the General Reserve. The College will also budget for a 5% decrease in Registrant renewals as a continued precaution against possible renewal activity impacts due to COVID-19.

#### **Recommendations/Action Required:**

The Finance Committee has reviewed the draft budget as presented by the administration team and recommends its approval by the Board of Directors.

		Approved 2020 Budget	Approved 2021 Budget	Draft 2022 Budget	2022 Notes: 2022 Optician Fee: \$ 867 (based on adjusted rates for pandemic relief) 2022 Student/Intern Fee: \$ (Sept 20 - Aug 21) 146 \$ (Sept 21 - Aug 22) 146
	<b>Revenue</b>				
1	National Examination Fees	\$ 136,500	\$ 151,200	\$ 140,000	Predict 400-440 sections x \$350 (budgeted at 400 sections), (2 reg sessions May/Oct, FR Fall session), note that schools are behind schedule due to COVID-19
2	Interest & Investment Income	\$ 52,000	\$ 31,977	\$ 14,604	\$400k at 0.76% average rate, \$2,514K at 0.46% average rate, \$2,913k total GIC reinvested 09/21
3	Miscellaneous Revenue	\$ 50,000	\$ 25,600	\$ 37,474	Miscellaneous revenue includes: CE Activity Accreditation requests Discipline and UPC costs PLAR Application & Assessment Fees Reg Com Review fees for reinstatements +3 yrs Replacement certificate and ID badges ( Deficient QA portfolio fees (based on historical avg) Peer Assessment Fees, COVID-19 Subsidies (if eligible)
4	Optician Revenue	\$ 2,977,568	\$ 2,026,402	\$ 2,584,486	2020: 3088 (0.39%+) Current 2021: 3112 (0.77%+) Budget 2022 prediction: 3130 (0.58%+ 2yr avg) 5% decrease estimated due to attrition (\$130k)
5	Student/Intern Revenue	\$ 52,800	\$ 25,842	\$ 26,280	2022 prediction: 180 student/interns
6	<b>TOTAL REVENUE</b>	<b>\$ 3,268,868</b>	<b>\$ 2,261,021</b>	<b>\$ 2,802,844</b>	
	<b>Honorarium &amp; Expenses for Elected &amp; Appointed Optician Members</b>				
7	Board/Strategic Planning	\$ 65,000	\$ 65,000	\$ 176,640	2022 Prediction: 7 In person Meeting Days (Jan Orientation, Feb 1.5 days, May 1.5 days, Oct 1.5 days, Dec 1.5 days), 2 full day in person offsite strat planning days
8	Discipline	\$ 52,500	\$ 60,000	\$ 32,195	2022 Prediction: 2-4+ hearings, 4 half day virtual meetings, 4 in person meetings, 4 decision writing days (1 member x 4 meetings)

9	Executive	\$ 15,000	\$ 11,500	\$ 11,218	2022 Prediction: 4 virtual half days, 2 in person three quarter days
10	Fitness to Practice	\$ -	\$ -		
11	Governance	\$ 9,500	\$ 10,000	\$ 6,715	2022 Prediction: 1 three quarter day in person meeting, 3 half day virtual meetings
12	Investigations, Complaints & Reports	\$ 31,900	\$ 20,500	\$ 20,464	2022 Prediction: 1 three quarter day in person meeting, 2 half day virtual meetings, 16 virtual panel meetings
13	Patient Relations	\$ 4,000	\$ 5,500	\$ 5,609	2022 Prediction: 1 three quarter day in person meetings, 2 half day virtual
14	Quality Assurance	\$ 21,000	\$ 18,500	\$ 15,175	2022 Prediction: 1 in person three quarter days, 6 half days virtual, 6 half day virtual panels
15	Registration Committee	\$ 13,500	\$ 11,000	\$ 6,950	2022 Prediction: 1 three quarter day in person meetings, 3 half day virtual meetings
16	Clinical Practice Committee	\$ 8,100	\$ 5,500	\$ 6,715	2022 Prediction: 1 three quarter day in person, 3 half days virtual
17					
18	<b>TOTAL HONORARIUM &amp; EXPENSES</b>	\$ 220,500	\$ 207,500	\$ 281,680	
	<b>Operations &amp; Administration</b>				
19	Audit - Financial	\$ 13,250	\$ 15,500	\$ 15,000	GG Confirmation (09/24) 2021 audit fee will not exceed \$15k, 4% total increase
20	CGA Testing	\$ 1,600	\$ 1,000	\$ 2,000	2022 Prediction: 10 CGAs estimated, interviews may be eliminated in 2022
21	Communications				
22	Public Awareness Initiatives	\$ 36,800	\$ 28,425	\$ 32,000	Social Media, SEO, Blogs, Surveys for CAG, OCC Sponsorship
23	COO Communications & Engagement Activities	\$ 15,000	\$ 7,500	\$ 6,000	Annual Report, social media graphic design, COO promotional products for Students/Registrants
24	Consulting				

25	General	\$ 69,000	\$ 50,000	\$ 46,000	Strategic Planning Facilitator (\$10000) * 2 sessions, HR Temp Recruitment (\$9000), Training, Governance Consulting, Decision Writing (\$600 each), Accounting Consulting (\$5000), Experts Speaking at Strat Planning Sessions (\$3000)
26	Public Relations/ Government Relations	\$ 21,000	\$ 68,500	\$ 70,500	Media Training Chair + VC (\$2250) PR/GR (re strat plan - leadership in regulatory change, collaboration, being in charge of destiny, refraction, optometry dynamic) Government Relations Consultants Counsel (\$5500/mo)
27	Jurisprudence/Professional Growth CE Development	\$ 25,000	\$ 16,250	\$ 24,000	Website video for abuse/boundary training (\$4000) In-house jurisprudence & professional modules, Professional Judgement & Pre-Election Module, Remote CE, DEI CE, DEI Examiner Training, \$7000 legal CE, \$1500 IT DEI project consultant
28	IT Consulting	\$ 72,000	\$ 80,100	\$ 75,000	IT Project Manager
29	Database	\$ 120,000	\$ 86,765	\$ 97,793	Projects: (QA) - Data cleanup, maintenance, database backup (\$6000), Dashboard, email through IMIS, update portfolio and PPA review panels (REG) - Display suspension dates on public register, improvements on renewal forms (GEN) - elections, joint register, member profile, general support, ASI, Constant Contact Bridge
30	Board & Staff Education & Development	\$ 50,000	\$ 44,600	\$ 62,600	Training: Facilitation Coaching Relational Writing Coaching Sexual Abuse Training CNAR Attendance HPRO Discipline training/ Governance Training Contingency and Board expenses/ Board Mentorship PM Trainings (New Hires) Decision Writing Training (5 staff) Cybersecurity Training
31	External Personnel				
32	Exam Examiners	\$ 58,500	\$ 78,750	\$ 81,700	Based on increased requirement/compensation for examiners due to pandemic, incl French sessions, additional budget for DEI training for Examiners (40)
33	Exam Models	\$ 6,000	\$ 4,000	\$ 6,000	Increased comp due to COVID

34	PLAR Interviewers	\$ 12,000	\$ 1,000	\$ 1,500	Interviews may be eliminated in 2022
35	Expert Report (ICRC/Disc)	\$ 1,200	\$ 1,500	\$ 1,000	2022: Estimate 3 reports
36	External Relations	\$ 50,000	\$ 15,000	\$ 45,145	Sponsorships and events, 2 CNAR days, National meeting (BC) 4 days x 4 attendees (\$13000), AOE/OOA in person(\$9000), \$1000 tradeshow booth space (50% off historical)
37	General Operational	\$ 196,000	\$ 240,000	\$ 256,037	Staff Expenses, Capital Expenses (Computer Hardware - replacement of older laptops and surface pros \$13,500), Exam and PPE Expenses (\$64,000 includes hotels, staff expenses, lunch, PPE, exam supplies, 5% for contingency due to COVID), Parking, Insurance, Storage, Office Supplies, Bank Fees, Moneris Payment Processing Charges (0.58% increase estimated based on registrant increase), Subscription Renewals (Zoom, QBO, Adobe, Doodle, Survey)
38	IT Requirements				
39	Computer Server/ Maintenance	\$ 53,200	\$ 46,988	\$ 55,692	Beanfield, PACE, Constant Contact, Contingency 15%
40	Database Hosting & User Licensing	\$ 42,000	\$ 44,000	\$ 55,000	ASI Contract Renewal July 2022, Constant Contact Bridge Implementation, Demographic Info Project
41	Website Updates/ Maintenance	\$ 15,000	\$ 9,500	\$ 15,000	Refinements to website, Elles&Jake web page refresh/redesign project, Website French Translation project
42	Investigator	\$ 35,000	\$ 40,000	\$ 80,000	Based on current trends, 10-15 investigators needed in 2022, 6 matters carried over
43	Legal	\$ 100,000	\$ 120,000	\$ 100,000	2-4 hearings anticipated, 3 sexual abuse matters, UPC carried over from 2019-2021
44	Extraneous Legal Discipline	\$ 10,000	\$ 5,000	\$ 6,400	Court reporter
45	Premises, Equipment	\$ 15,000	\$ 11,000	\$ 10,000	Copier rental costs, contract renewal 2022
46	Postage	\$ 10,500	\$ 7,500	\$ 5,500	Registration and Finance move to paperless
47	Printing	\$ 20,000	\$ 15,000	\$ 12,000	Registration and Finance move to paperless
48	Quality Assurance - Portfolio Hard Costs				
49	Multi-Source Feedback (MSF)	\$ 22,000	\$ 21,925	\$ 23,000	Logit, MSF Planned for 2022
50	Printing	\$ 2,000	\$ 1,100	\$ 1,000	Print Three
51	Mailing	\$ 4,200	\$ 3,000	\$ 3,350	
52	Courier	\$ 6,500	\$ 6,500	\$ 5,974	Canada Post, Road Runner

53	Consulting Fees	\$ 1,500	\$ 1,000	\$ 3,200	Based on historical, icomp consulting fee
54	Peer Assessors				
55	Assessment Training	\$ 6,500	\$ 1,500	\$ 3,000	
56	Assessment Costs	\$ 30,000	\$ 7,600	\$ 5,000	5 at COO Cost (related to MSF) rest at optician cost, remote assessments continued in 2022
57	Rent	\$ 227,636	\$ 232,304	\$ 242,686	\$19623.17/mo x 6 (until June) (\$10698 2021 operating) + \$20824.42/mo x 6 (until Dec estimated) (\$10972 est 2022 operating increase), 5 year lease term ends in June 2022, rent to increase \$3/sq ft
58	Salaries	\$ 1,343,644	\$ 1,450,140	\$ 1,416,591	Based on Salary Projection Table
59	Benefits	\$ 63,000	\$ 66,000	64,320.87	
60	CPP Employer	\$ 41,000	\$ 43,000	43,439.45	
61	EHT Expense	\$ 10,000	\$ 25,000	24,882.54	
62	EI Employer	\$ 19,000	\$ 20,000	19,858.03	
63	Salaries	\$ 1,152,144	\$ 1,218,789	1,201,127.60	
64	Vision Care Plan	\$ 2,500	\$ 2,000	3,025.00	
65	RRSP Contribution	\$ 56,000	\$ 59,501	59,937.02	
66	Seat Fees	\$ 18,000	\$ 15,850	\$ 16,223	NACOR (\$12000), CLEAR (\$350), LSO (\$1873), Staff Seat Fees (\$2000)
67	Board + Comm Payroll Expenses	\$ -	\$ 5,000	\$ 7,000	Taxes for board and appointed honoraria
68	Strategic Initiatives - linked to COO Strategic Plan				
69	Council Initiatives	\$ 117,000	\$ 90,000	\$ 97,500	Integration Phase II, DEI Consulting and Policy Development, 3rd party board assessment, Indigenous Cultural Safety and Humility Training, (\$25000 offsite expenses), \$6000 NIHB strategic initiatives, Board Team Development, Facilitator Costs
70	Administration Initiatives	\$ 2,500	\$ 4,000	\$ 6,400	Staff engagement/retention, more opportunity with return to office, quarterly team building social
71	Telephones	\$ 8,800	\$ 9,000	\$ 8,690	GoCo (\$600/mo), Rogers (\$79.01/mo), Bell (\$45.15/mo)
72	<b>TOTAL OPERATIONS &amp; ADMIN</b>	\$ 2,838,330	\$ 2,870,947	\$ 3,001,480	

73	TOTAL EXPENDITURES	\$ 3,058,830	\$ 3,078,447	\$ 3,283,159	
74	SURPLUS (DEFICIT) FOR YEAR	\$ 210,038	-\$ 817,426	-\$ 480,315	