

REALIGNING FORWARD
2008/09 OPERATING BUDGET

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REALIGNING FORWARD

2008/09 OPERATING BUDGET

I. EXECUTIVE SUMMARY

The University has been leading up to a structural financial challenge for some time, masked to some extent by the growth in enrolments during the period up to 2007/08. With the recommendation and acceptance of the 2007/08 operating budget, the Board of Governors was made aware that the University faced a budgetary challenge which is structural in nature: operating revenues were not keeping pace with the increases in operating expenditures and an operating shortfall was projected. Also, additional structural challenges inherent in the specific revenue structure of the institution further compounded the issue; as we have heard so often, the university is spread very thinly.

The structural challenge was first addressed in the 2006/07 Operating Budget document and is being faced by most, if not all, universities across the Province. The provision of post-secondary education occurs within a framework principally determined by the provincial government in its regulation of tuition fee levels and also through its allocation of grant funding. Approximately 98% of postsecondary institutions' revenue base is derived from student academic fees and government grants. As noted above, both of these revenue sources are restricted and dependant on enrolment. The increase in these revenue sources is minimal over the prior year, while operating expenditures have increased at a significantly higher rate. So unlike other enterprises, universities are not free to manage their finances through the management of charges.

The strategy presented and approved in the 2007/08 operating budget, entitled "*Positioning for the Future*", was developed with the long term viability of the institution as its foundation. The strategic mission and direction of the institution, as outlined in *To Greater Heights*, must continue to drive the institution and establish priorities. While recognizing the imperative of managing the projected financial shortfall, the need to continue to move the institution towards the achievement of its long term goals was, and continues to be, the central component of budget strategy development.

The approved mandate in the 2007/08 operating budget required the realignment of base budgets to deliver a balanced budget by 2009/10. In developing the strategy, the University has been seeking an approach that promotes realignment through a carefully managed process and, as far as possible, avoids the impact of a sudden and catastrophic change. In effect, the goal is to reposition the University through a "soft landing" approach that retains the essential integrity of the institution while realigning costs and revenues. It was very clear that the realignment of base budgets would be a difficult exercise in light of post secondary institution cost structures where approximately 80% of budgets represent faculty, staff and benefit costs.

I. EXECUTIVE SUMMARY (CONT'D)

It was very important that the realignment process not erode the University's competitive position and that financial decisions support the maintenance of the long term focus of the University.

The foundation of the University's fiscal position is its enrolment, and the realignment process was structured to ensure that this focus was maintained. The great strides made in recent years must continue.

The proposed 2008/09 operating budget presented herein is the first year of a two-year strategy. The University has been successful in realizing revenue enhancement and cost containment strategies that represent a base budget realignment of approximately \$10.25m, or 5% of the 2007/08 operating budget. Including base increases in support of contractual obligations, after realignment the 2008/09 operating shortfall approximates \$4.39m.

The realignment process has incorporated a number of strategies and methodologies that continue to enhance the philosophy of enabling budget managers to manage. Embedded in the strategy are a number of tools that further support this philosophy.

In addition to proposed operating base expenditures, this budget proposal includes one-time expenditures under the *Initiative Fund* and other one-time expenditures to support continued efforts towards the strategic mission. These one-time expenditures are proposed to be approved in two phases, described more fully in the document.

The complete 2008/09 budget proposal can be found on Appendix A. In order to continue the strong fiscal responsibility that the University has enjoyed, the 2008/09 operating base shortfall and all one-time expenditures are funded on a one-time basis out of existing dollars.

Acceptance of the proposed 2008/09 budget proposal presented herein affirms the Board of Governor's mandate that the University work towards a balanced budget by 2009/10 with a long term focus that will support a stronger institution in the future.

II. REALIGNMENT PROCESS

Following the approval of a multi-year strategy by the Board of Governors in April 2007, the process for the 2008/09 operating budget immediately commenced. During Summer, 2007, a number of realignment subcommittees were established with the goal of focusing on central spending. The mandates of the various subcommittees were developed and Chairs were assigned to each. Each committee was charged with a review of expenditures in light of historical spending, programming, opportunities for cost reduction, and as a consequence, the development of recommendations for potential cost efficiencies.

The realignment subcommittees, their membership and mandates have been posted on the University website, www.uwindsor.ca/realignment. Reports were issued by the majority of the subcommittees and were considered during the development of the realignment proposals. Following the review of preliminary results from the reports, it became apparent to the Budget Committee that findings and recommendations from the subcommittees would not provide sufficient means to address the structural issues and meet the realignment targets required in 2008/09.

In addition to the work of the subcommittees, an external consultant was retained in Summer, 2007. Snowdon & Associates, Inc. was engaged to assist the University in optimizing current revenues, identify new sources of revenue, and to provide an assessment of current institutional practices. Ken Snowdon visited the campus on a number of occasions and held many interviews with key stakeholders. His report can also be found on the realignment website noted above. A number of recommendations were offered for further review, including program structure and weighting of Human Kinetics, space reporting, enrolment management, tuition policy, investment income, direct and indirect charges for university services, and fundraising. Recommendations continue to be evaluated and incorporated into the realignment strategies as appropriate.

The most critical issue raised in the report was the description of an opportunity for the University to lobby the provincial government for funding in support of its regional mandate. Further information on the progress of this initiative can be found in the maximization of government grant section of this report (page 25).

Following the progress made in Summer, 2007 and the realization that the base budget realignment could not be fully accommodated through central initiatives, the Budget Committee embarked on a process to distribute base budget realignments across all areas. The guiding principle for the establishment of realignment targets was that all areas, academic, administrative, and ancillary, would participate in the realignment process and contribute to the target.

II. REALIGNMENT PROCESS (CONT'D)

The Budget Committee set a realignment target of a 4 – 6% reduction of the 2007/08 operating budget as the goal to achieve for 2008/09. This recognized that trying to balance the operating budget in one year could not be accomplished while keeping a long term focus on stability, continuous improvement, and pursuit of the institution's agreed upon goals. The need to address the operating shortfall over a number of years would mitigate the sudden impact of more drastic reductions on the equilibrium of the institution.

The Budget Committee developed a methodology in concert with Deans' Council, the Administrative Executive Committee, and other senior managers to determine how to distribute the realignment targets in an equitable manner. Three methodologies were developed for the academic areas, two which were sensitive to enrolment levels and one representing an across-the-board realignment. For non-academic areas, an across-the-board target was established. In December, 2007, an agreement was reached on the most appropriate methodology and all budget managers were notified of their realignment targets.

Realignment proposals were to fall under one of the following categories as outlined in the 2007/08 operating budget:

1. Revenue generation
2. Maximization of Government Grants
3. Cost Containment

Key to the process was the development and communication of the following guiding principles that would apply during the development and approval of realignment proposals:

- 1) all proposals will be subject to approval by the Budget Committee;
- 2) proposed reductions in expenditures, with or without revenue enhancement activities, cannot result in a decline in net revenue;
- 3) agreed upon student enrolment levels for 2008/09 must be achieved;
- 4) proposals must respect all collective agreements;
- 5) proposals must respect all University operating policies and procedures, *e.g.*, Purchasing Policy;
- 6) Vacant Positions:
 - a) positions that are declared vacant may be maintained on the faculty/staff file by budgeting the position at \$0; the sum not spent will be used to achieve the realignment goal;
 - b) positions that are declared vacant will be valued at their 2008/09 salary level plus 20% benefits (plus 10% benefits for part time staff);
- 7) proposals that impact the operations and revenues of faculties and/or non-academic areas other than that of the proposed must be agreed to by the party(ies) affected or approved by the Budget Committee;

II. REALIGNMENT PROCESS (CONT'D)

- 8) estimated 2007/08 budget carry-forward amounts can be used on a one-time basis to address transitional issues encountered in the implementation of approved realignment proposals; a base realignment proposal addressing this amount must be included in the proposals;
- 9) proposals will be reviewed for reasonableness and likelihood of achievement, including ability to implement;
- 10) proposals must support the long term financial viability of the institution;
- 11) approved proposals will be incorporated into each 2008/09 operating budget; and
- 12) a collegial, problem solving approach is expected at all times during this process.

In addition to the guiding principles outlined, the Budget Committee established an *Initiative Fund* which would support the campus during this process. See details outlined in Section VIII (page 28).

To support the philosophy of empowering budget managers to manage, additional tools were developed to support the areas in the achievement of their targets while increasing the authority and accountability of managers.

A significant portion of every area's base budget is salaries, wages, and benefits. In prior years, the salary savings policy (funds available from unspent salary and benefit dollars) did not accrue in their entirety to the area under which the salary and benefits were budgeted.

Past practice was to allocate these savings to three distinct categories: the faculty/administrative area generating the savings, a central component, and funding of the Innovation Fund. In order to increase the dollars available to manage operations, a new *Salary and Benefit Financial Management Policy* (Appendix K) was developed. This policy increased the authority over salary and benefit budgets and allocated 100% of savings to the areas under which the base budget is managed. This added funding increases the flexibility of the respective area in budgeting and managing. In addition to the change in policy, salary savings were deemed an allowable realignment strategy for areas historically experiencing such savings. Under the cost containment section, this strategy formed part of realignment proposals as noted on page 25.

With enrolment being the foundation of the fiscal position of the institution, an incentive program was developed to encourage growth in undergraduate enrolment. A new initiative entitled *Undergraduate Growth Incentive Program* (Appendix L) was developed. This program would provide financial incentives for any Faculty that increased its enrolment levels beyond the levels achieved in the 2007/08 fiscal year. As the University does not receive additional government grants while enrolment levels continue within the funding corridor, the financial incentive was based on tuition revenue only generated from the growth excluding any further government grants. The growth in undergraduate enrolment could be achieved through an

II. REALIGNMENT PROCESS (CONT'D)

increase in first year enrolment or improvement in retention rates, *i.e.*, overall enrolment growth. A number of Faculties have planned for undergraduate enrolment increases and accordingly included additional revenue in their realignment targets as noted on page 22.

In the 2007/08 operating budget, a *Graduate Growth Incentive Program*, Appendix M, was put in place and focussed on growth in eligible graduate students for which the University receives additional government funding. This incentive program benefited a number of Faculties in 2007/08. For the 2008/09 fiscal year, the existing program continues to be offered with some slight adjustments and an additional option has been made available.

Realignment proposals and *Initiative Fund* proposals were due on March 3rd, 2008. Following that date, the Budget Committee evaluated the realignment proposals in light of the guiding principles, the ability to achieve the target, the impact on service levels, and the long term focus.

During the realignment process, there were numerous communications, presentations, and dialogues held with members of the campus community. This was and is a high priority for the Budget Committee.

III. ENROLMENT MANAGEMENT PLAN

The key to the long term financial viability of the institution is the achievement of strong undergraduate and graduate enrolment both in terms of numbers and quality. The management of enrolment is of primary importance in the management of the University's fiscal position. A primary focus during the realignment process was the development of an enrolment management plan which will guide the institution into the future. Outlined in Appendix D are a number of enrolment challenges that the University faces which will be addressed using an aggressive and balanced approach, which is both evidence based and outcomes driven. Following are a number of primary initiatives to be undertaken:

COMPLETE THE DEVELOPMENT OF THE STRATEGIC ENROLMENT PLAN

The University completed its Strategic Enrolment Plan prior to the beginning of the 2008/09 academic year. This establishes clear goals and measurable objectives for the number and types of students necessary to fulfill the Strategic Plan. Plan goals are consistent with Windsor's situation analysis, enrolment-related student behaviours, recent enrolment trends, and current planning assumptions. The Plan will be reviewed and updated on an annual basis to take into account changing institutional priorities as well as changes in both external and internal environments.

III. ENROLMENT MANAGEMENT PLAN (CONT'D)

RECRUITMENT AND MARKETING

With applications remaining relatively constant in recent years, it is important that the University concentrate its focus on strengthening existing markets and building new ones, while increasing enrolment yields derived from applications. Following on the wake of a successful branding process and a year that saw a coordinated presentation of the University's new look to the public, we intend to keep our focus on "*Thinking Forward*". A key strategy will be the introduction of a new look for the University's Web site, which will be unveiled in Summer, 2008. The institution is developing an enrolment prediction tool, with the support of the Faculty of Science's innovative Geographic Information Systems (GIS) Laboratory; this tool will assist the community to think smarter and to act more boldly in student recruitment. Soon, a promotional strategy to attract more transfers and returning adult students to campus will be undertaken. The University is also in the process of exploring ways to work more closely with the Essex County school boards to increase the local university participation rate, especially among first generation students and new Canadians.

ADMISSIONS POLICIES

A University that pays attention to its admission policies in a competitive environment often needs to make adjustments from time to time. This year, as an example, we offered early admission based on solid Grade 11 marks to applicants in early February (previously offers went out in April). The Faculty of Arts and Social Sciences, working collaboratively with the Registrar's Office and the Advising Centre, are embarking on a Discovery Program (page 22) this Fall which will see selected students with a 68-69.9% high school average admitted to a full-time, structured program with considerable academic support. An initiative that will increase the enrolment of transfer and returning adult students is being completed.

ADMISSIONS YIELD

The real test of the University's enrolment success is whether students who receive admission offers can be convinced to choose the University of Windsor. During the past three years, there has been an increase in the percentage of students who accept the University's offer of admission. This has been accomplished by increasing the number of "touch points" both numerically and in terms of quality. Initiatives have included introduction of a wide array of communications such as on-line/electronic, mail and tele-counselling, improvements in on-campus student recruitment events, and implementation of a far-reaching series of applicant receptions.

FINANCIAL AID

The University has been at the forefront of supporting students and their families addressing concerns of financing a university education. Recently, an on-line "Dollars & Sense" tool has been developed with an accompanying brochure that permits students to get a realistic sense of how much financial aid is available to them and what their out-of-pocket costs will be prior to making the decision to attend university. The University is committed to making sure that its

III. ENROLMENT MANAGEMENT PLAN (CONT'D)

scholarship program is among the best in Ontario and Canada. In the coming year, there will be a focus on increasing community awareness of the scope of the University's financial aid program. In addition, there will be an evaluation of how it can be improved to enhance student retention.

STUDENT RETENTION

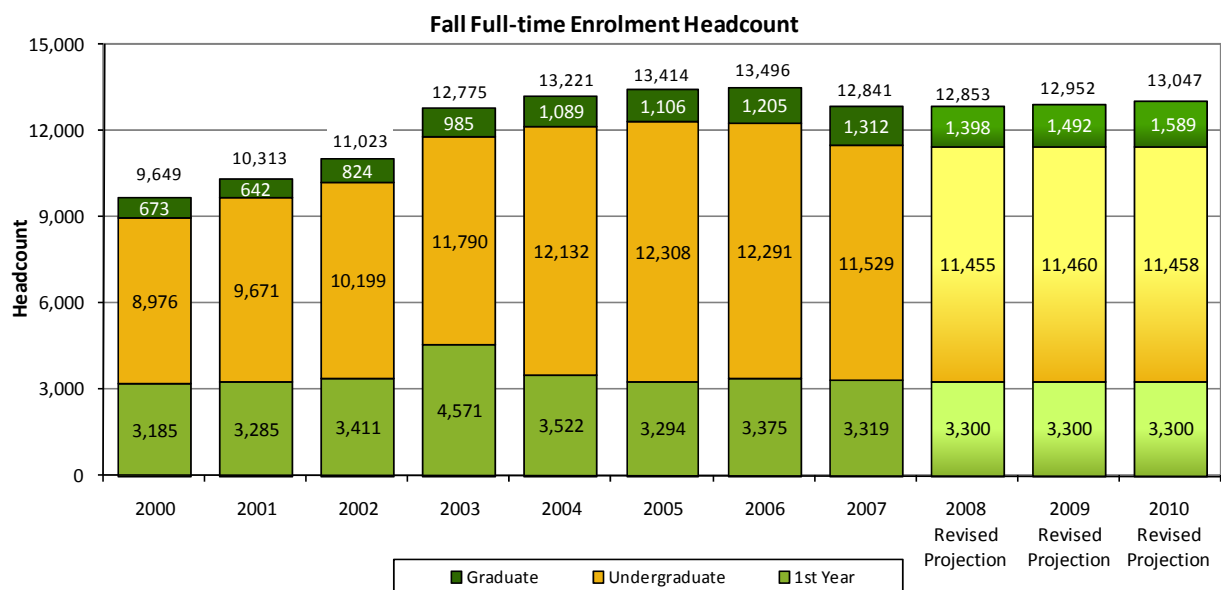
The success of students, especially during first year, is critical to the University's mission as a postsecondary educational institution. Plans include completing a comprehensive student retention study, enhancing academic advising, career counselling and student support for first-year students, and reducing attrition among international students. In addition, there will be a particular focus on the development of success strategies to increase the retention of underserved students (e.g., Aboriginal students, first generation students, and students with disabilities). The introduction of a co-curricular transcript as a way of encouraging students to become more involved in the student experience is underway.

EVALUATION

A strategic enrolment management report card will be developed to assess performance on key indicators and to monitor progress of each goal and related objectives.

IV. ENROLMENT PROJECTIONS

The following graph provides a summary of Fall full-time enrolment headcount, including both an eight-year history and projected enrolments for Fall, 2008 and the following two years:



IV. ENROLMENT PROJECTIONS (CONT'D)

As illustrated, the total full-time headcount is projected to increase slightly in Fall, 2008 to 12,853 from 12,841, an increase of 12. The ratio of undergraduate to graduate enrolment is fairly consistent, respectively at 89% and 11%.

1. UNDERGRADUATE ENROLMENT

As noted on the above graph, undergraduate enrolment is projected to stabilize at an approximate headcount of 11,450. Since the graduation of the majority of the double cohort class in April 2007, undergraduate enrolments have decreased. A key to sustaining enrolments is the size of the first year class and retention rates, especially those from first to second year.

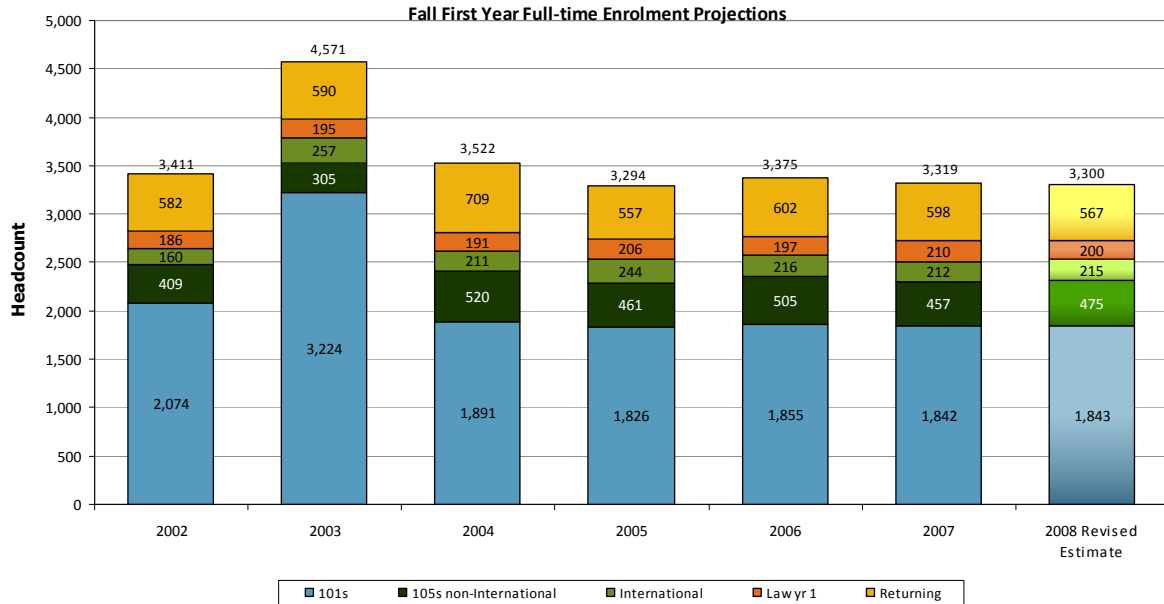
The actual undergraduate enrolment in Fall, 2007 of 11,529 was short of the budgeted enrolment of 11,912 by 3.2%. There were two main reasons for not reaching the budgeted undergraduate enrolment in Fall, 2007. Although there were extensive recruitment efforts undertaken, the competition for undergraduate students continues to increase resulting in the first year class of 2007 being 3,319 versus a budget of 3,525. Institutions in the Greater Toronto Area (GTA) continue to implement measures to increase their enrolment to support the infrastructure built for enrolment during the double cohort period. In addition to not achieving the first year enrolment targets, the second year enrolment was also not met due to retention challenges.

Effective enrolment management is largely dependant on the ability to recruit first year students, the key predictor of subsequent upper year enrolments. First year full-time enrolments for Fall, 2008 are projected at 3,300 (actual Fall, 2007 - 3,319). Competition for first year students entering directly from the secondary school system (called 101's), which represent approximately 56% of first year students, is growing.

The "101" students illustrated in the following graph represent students entering directly from secondary school. The significant increase in 2003 represents the year of the double cohort. As noted in the graph, the level of 101's has been relatively stable since then. The projected 101 enrolment for Fall, 2008 is 1,843, relatively the same level as Fall, 2007. There is no indication at this time that the level of 101 students will increase over Fall, 2007. While the budget has not incorporated such an increase, every attempt is being made to surpass the target level.

1. UNDERGRADUATE ENROLMENT (CONT'D)

The following graph illustrates a six year history and projection for Fall, 2008 for the various components of the first year enrolment:

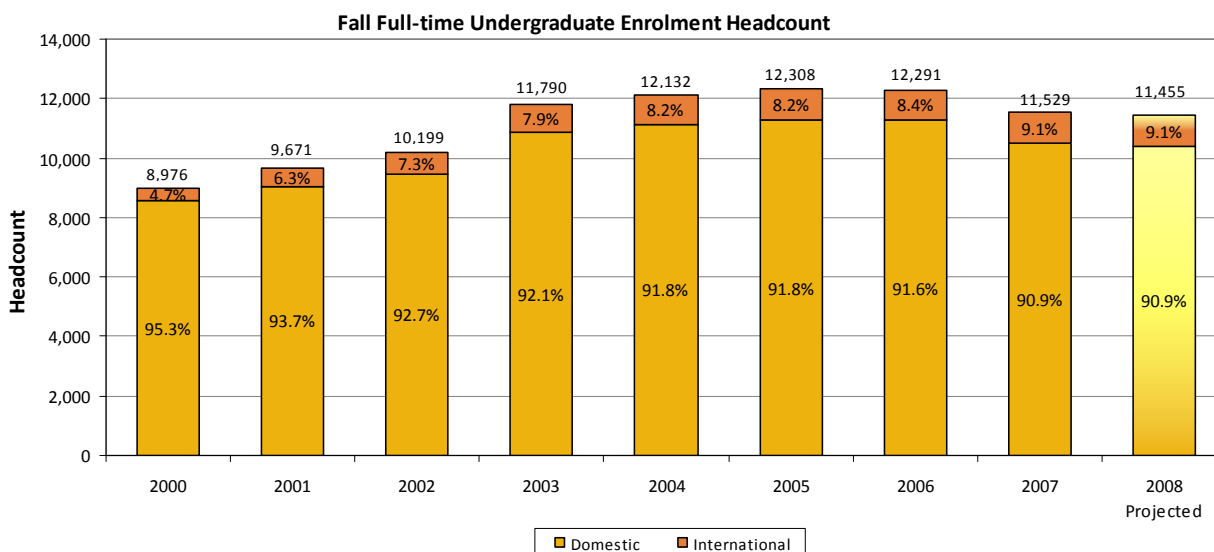


As noted in the enrolment management section (page 7), many initiatives have been introduced to meet the target enrolment for Fall, 2008. Concentrated recruitment efforts are being implemented across the campus to maximize the likelihood that the enrolment targets for first year will be met. The University is a leading Canadian institution in the offering of entrance scholarships, and programs are being enhanced, redesigned and effectively communicated to applicants. Events are being planned in the individual Faculties and for the University as a whole to support the recruitment efforts.

The University has experienced significant growth in its full-time international undergraduate enrolments over the past five years, a result of strategic international recruitment. International full-time undergraduate enrolment has increased by 302 students, or 40.7% over Fall, 2002 and represents approximately 9% of undergraduate enrolment. The University boasts one of the most internationally diverse student populations in all of Canada. Projections for Fall, 2008 undergraduate enrolment show stable international enrolment due to increasing competition for these students and the strengthening of the Canadian dollar (1,041 students). Further increases in international student enrolment will require continued enhanced scholarship initiatives, increased student recruitment in the United States or other new markets, and an increase in capacity in program areas of interest to international students (e.g., Business).

1. UNDERGRADUATE ENROLMENT (CONT'D)

The following graph illustrates the historical distribution between undergraduate domestic and international student enrolment:



For Fall, 2008, part-time undergraduate enrolment is projected to decrease over actual Fall, 2007 enrolment by 1.6%, 3,122 from 3,175.

2. GRADUATE ENROLMENT

With the graduation of double cohort students in 2006/07 and the Province's emphasis on urgent graduate expansion, there is pressure to increase graduate enrolment. The Ministry has introduced graduate expansion funding for both operating and capital in support of eligible graduate enrolment expansion, as noted on page 15. Ministry funding for graduate expansion is being provided for growth in eligible (domestic) graduate students within a maximum time frame. The projected eligible graduate headcount enrolment represents 66.1% of total graduate enrolment with 33.9% being graduate students who are ineligible for government funding. The percentage of Masters to PhD students for Fall, 2008 is 77.0% and 23.0% respectively (Fall, 2007 – 76.3%:23.6%), a slight increase in the percentage of Master's students.

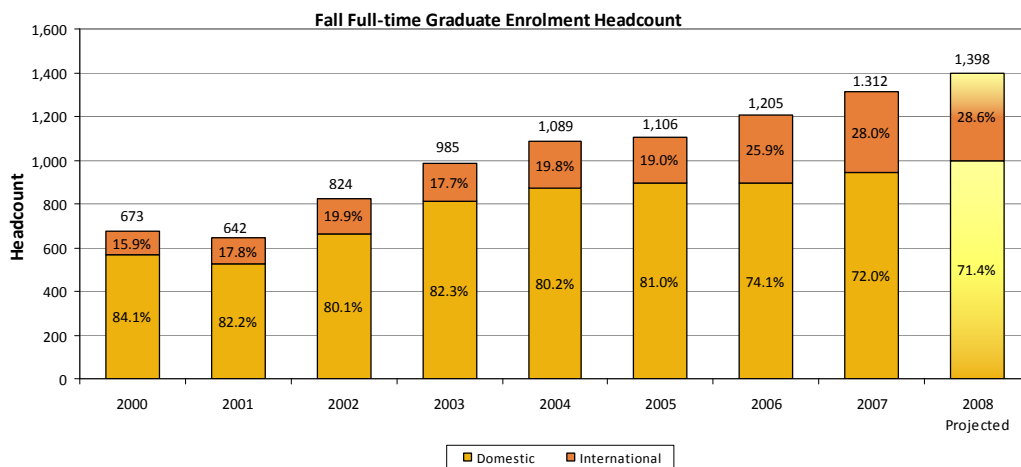
As requested by the Ministry, graduate enrolment targets, measured in full time equivalents (FTEs), have been established for all institutions. For the University, the graduate enrolment targets include an increase for Master's of 191, and a PhD increase of 25. Originally the government established these targets for Fall, 2007, but it was recognized that it may take an additional year to achieve this growth. The University has realized 21 Master's students against its goal of an additional 191; additional spaces are budgeted for Fall, 2008 and Fall, 2009 which

2. GRADUATE ENROLMENT (CONT'D)

would achieve approximately 67% of the growth target. For PhD students, the University has realized 10.4 students against its goal of 25; the balance will be fully achieved by Fall, 2009.

For Fall, 2007, graduate enrolment was projected at 1,500, an increase of 295, or 24.5% over Fall, 2006. Actual enrolment for Fall, 2007 was 1,312. For Fall, 2008, graduate enrolment targets were developed in concert with the Deans and are projected at 1,398 (Masters – 1,077; PhD – 321).

International full time graduate enrolment has increased by 203 students, or 124% over Fall, 2002 and represents approximately 28% of graduate enrolment. The following graph illustrates the historical distribution between graduate domestic and international graduate student enrolment:



The projected increase in graduate enrolment will be achieved through the expansion of existing graduate programs and through the introduction of new graduate programs as listed below. All indications are that these enrolment targets are achievable for Fall, 2008. As noted earlier, a Graduate Growth Incentive Program continues to be offered in 2008/09 to encourage growth of eligible graduate students (Appendix M).

Part-time graduate enrolment is projected to increase slightly from 167 to 174 students.

3. LONG TERM ENROLMENT

As illustrated on the graph on page 9, undergraduate enrolments are expected to stabilize at the 11,450 full-time headcount level. Key to the achievement of these projections is the attainment of the first year enrolment target for Fall, 2008, as these first year students flow through the system over the next four years. In addition, the retention of students is a key element of enrolment levels. For Fall, 2009 and Fall, 2010, the projected first year enrolment is 3,300.

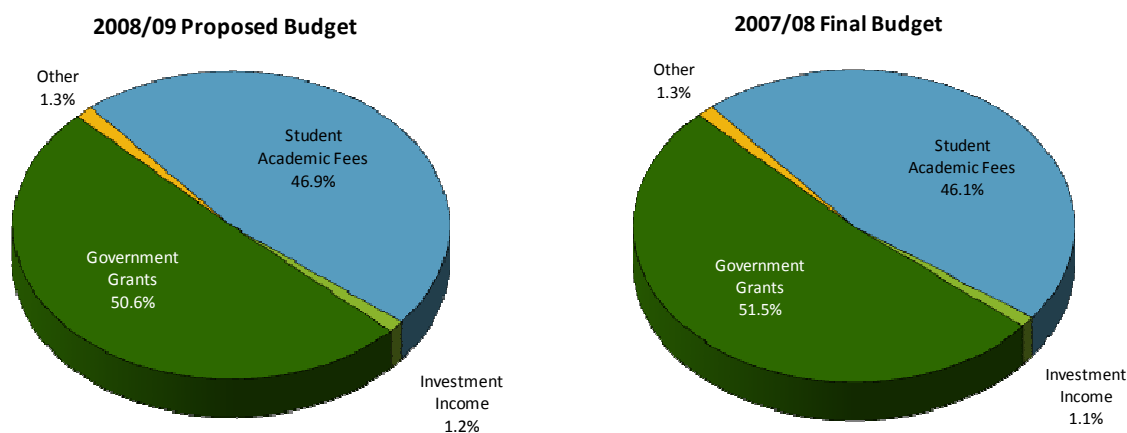
3. LONG TERM ENROLMENT (CONT'D)

Supporting the Ministry mandate to increase eligible graduate enrolment, projected graduate enrolments will increase to 1,589 by Fall, 2010. As noted, the institution's targeted graduate enrolment is based on maximizing the provincial graduate expansion funding available. All revenue associated with these targets has been incorporated into the revenue projections.

v. REVENUES

Total budgeted revenue for the 2008/09 fiscal year totals \$203.6m, resulting in a minimal increase of \$1.7m or .8% over 2007/08. The operating revenues of the University include Student Academic Fees, Government Grants (provincial and federal), Investment Income, and Other Income. The largest increase in revenue is derived from the increase in Student Academic Fees of \$2.5m. An historical analysis of the University's budgeted operating revenue appears in Appendix B.

The following charts illustrate the main sources of operating revenue for 2008/09 and 2007/08 as a percentage of total operating revenue:



The proportion of Government Grants has decreased to 50.6% of total operating revenue (2007/08– 51.5%; 2006/07– 54.2%) with Student Academic Fees representing a higher percentage of overall operating revenue of 46.9% (2007/08– 46.1%; 2006/07– 43.9%). The increasing pressure on student academic fees is evident as the percentage of government grant continues to decrease in light of the base operating funding made available by government in support of post secondary institutions. If the Government had simply increased the base operating grant by the Consumer Price Index in 2006/07, 2007/08 and in 2008/09, the University would stand to receive an additional \$4.0m in government grant funding in 2008/09.

V. REVENUES (CONT'D)

The most critical challenge is that the total overall operating revenue of the University is only increasing by \$1.7m, or .85%. As noted earlier, the structural challenges of operating revenue not keeping pace with operating expenditures is again confirmed: less than a .9% increase in revenue against cost increases in the 5% range. The need for government grants to support operations and cost increases is now at a critical level. While the Ministry has confirmed a funding formula review for the sector, the University is in the process of lobbying the Provincial government for additional mission critical grants to address our specific situation immediately (page 25).

1. GOVERNMENT GRANTS

Government grants are projected at \$103.0m, a decrease of \$993,000 or .9% over 2007/08.

This decrease in revenue again illustrates the need for further government support for operations.

PROVINCIAL GOVERNMENT GRANTS (APPENDIX C)

BASIC OPERATING GRANTS

The majority of operating funds from the Provincial Government are provided through the Basic Operating Grant which is dependant upon the University meeting its enrolment commitments within the established funding "corridor". There is no projected increase in the Basic Operating Grant for 2008/09, underlining the challenge of balancing budgets without any Ministry support for meeting inflationary pressures.

ACCESSIBILITY FUND (GROWTH FUNDING)

Originally, this funding was provided to enable universities to handle the double cohort and has continued to accommodate undergraduate growth in the system. The undergraduate funding for growth is distributed to universities based on the growth in BIU's ("basic income units") over fiscal 2004/05, which are enrolments weighted to reflect level and programs of study. Enrolment growth is measured as the positive year-over-year change in undergraduate BIU counts with Nursing excluded, as it is funded under a special envelope. Based on enrolment projections, the University is not predicting any undergraduate BIU growth in 2008/09, meaning there is no anticipated change to the government grant in this area.

GRADUATE EXPANSION ENVELOPE

In order to support graduate growth of 12,000 spaces, the government has committed to fund all eligible Masters and PhD full time equivalent growth over 2004 enrolment up to the allocated targets. Nursing growth is excluded as it is funded separately. Each university was provided individual targets, with Windsor being allocated 191 FTE growth in Masters and 25 in PhD. Each university is funded at a different amount based on its 2004/05 institutional rates of funding with Windsor being funded at approximately \$12,300 for each additional Masters and

1. GOVERNMENT GRANTS (CONT'D)

\$27,300 for each additional PhD full time equivalent. In 2007/08, the University projected significant growth of graduate students with the total amount of the graduate expansion funding included at \$2.1m. As noted earlier, University was not able to achieve the targeted graduate growth in 2007/08. For 2008/09, graduate enrolment targets have been established generating a projected graduate expansion grant of \$1.3m, requiring a reduction to the base government grant of \$844,000 from the 2007/08 budgeted grant.

In keeping with Ministry requests the university has provided a report on its projected graduate growth for 2008/09 and 2009/10. An additional 2,000 graduate places were established for which all institutions have now bid. There has been no response by the Ministry at this time on our future graduation allocation.

In addition to operating support, the Ministry has announced a Graduate Capital Expansion program. Included in this capital program is the opportunity to obtain capital support for expansion of eligible graduate enrolment. No capital funding has been included in this budget. The achievement of the projected graduate enrolments is critical due to the funding that is available yet contingent on eligible graduate enrolment growth.

QUALITY IMPROVEMENT FUND

In 2005/06, the Ministry announced that it would flow \$211m to Ontario postsecondary education through a new Quality Improvement Fund. Originally the fund consisted of three components: Advancing Quality Fund, Supporting Excellence Fund and the Change Fund. The government subsequently consolidated this funding into categories as follows:

- **Per Student funding:** The government has committed to eliminate the differences in per-student funding over a three year period. In 2007/08 the University was fully paid and no further funds are allocated for this purpose.
- **General Quality:** This envelope is allocated based on system shares. When the Reaching Higher Quality Funding was announced, the Council of Ontario Universities expected a greater share to be allocated to universities and the budget for last year was developed based on this assumption. In addition, the government had not allocated the total quality funding amount, leaving several million for alternate purposes.

2008/09 is the final year in which the significant additional funding to post secondary institutions announced in 2005 would flow. For 2008/09, a net adjustment of \$589,000 has been incorporated into the budget for this government grant. This represents a slight increase of \$161,000, net of a reduction of \$750,000 which had been included in the 2007/08 budget which was our best estimate at the time of allocation of our share of this funding.

1. GOVERNMENT GRANTS (CONT'D)

It has become increasingly evident that while it was the largest single investment in postsecondary education in decades, and it slowed the many years of declining per capita funding, the \$6.2B announced in the 2005 Provincial Government budget was well short of situating Ontario in a competitive position with institutions in other provinces on a per capita funding basis. Indeed Ontario continues to be last in Canada in *per capita* grants. The Ministry has confirmed that there is no additional base money at the present time.

QUALITY ASSURANCE FUND & GRANT IN LIEU OF TUITION INCREASE

There are no changes expected to the level of funding for the Quality Assurance Fund and a slight increase of \$115,000 for the Grant in Lieu of Tuition Increase.

PERFORMANCE FUND

The Performance Fund is distributed according to institutional performance on three indicators: graduation rate, placement rate six months after graduation, and placement rate two years after graduation. A benchmark is set at 10% below the system average and institutions at or above the benchmark will be allocated funding in proportion to their actual performance relative to the benchmark and their size. The University is projecting a slight decrease in this grant of \$190,000.

NURSING FUNDING

The special Nursing envelope, based on enrolment, covers the collaborative nursing programs as well as growth in the Masters program. Funding for this envelope has increased by \$649,000, or 18.5% to recognize the enrolment growth in the collaborative Nursing program and the Masters program.

OTHER PROVINCIAL GRANTS

Additional funding is received by the University for Research Overhead, Access for the Disabled and Municipal Tax Grants.

FEDERAL GOVERNMENT GRANTS

FEDERAL INDIRECT COSTS GRANT

The Federal government announced continuing base grants supporting research at Canadian universities. The purpose of this support is to permit Canadian universities to redirect regular operating funds previously used to support research to other priority areas within the guidelines provided. The Federal allocation for the 2008/09 budget year for the University has been confirmed at \$3.266m in support of indirect costs of research, a slight decrease of \$86,000 over 2007/08. The University files an annual statement of account outlining the proposed spending of these funds, followed by an annual Outcomes Report confirming actual expenditures.

1. GOVERNMENT GRANTS (CONT'D)

BUDGET ANNOUNCEMENTS – PROVINCIAL & FEDERAL

PROVINCIAL FUNDING

In February, 2008, the University was informed of a Campus Renewal Program (CRP), a one-time special program intended to assist postsecondary institutions to undertake capital projects on their campuses to make improvements in three priority areas: energy efficiency, campus safety and security, and the renewal of existing infrastructure. These funds were made available for the financing of projects which assist in maintaining, enhancing, and expanding the physical infrastructure of Ontario's provincially-assisted postsecondary education institutions.

For the University, this program resulted in the allocation of approximately \$4.9m. These funds have been allocated and will support a number of projects to be completed during 2008/09. A complete list of projects has been included in Appendix J.

As part of the Provincial Budget delivered on March 25th, 2008, the Province announced additional one-time funding that would be made available to institutions in support of deferred maintenance issues. The University received an additional allocation of \$7.2m in support of such projects. While the final details of this program have not yet been received, it is anticipated that they will be similar to the CRP. Identified projects should result in a reduction in the University's Facility Condition Index (FCI), which represents the relationship between the current replacement value of assets and the estimated level of deferred maintenance, currently at \$80m - \$85m. Based on a 2005 study, the FCI for the University was .15 versus a system average of .10. The final list of projects under this initiative has not yet been developed as the University is awaiting guidelines on the use of these monies.

Both of these sources of one-time funding have been earmarked for specific purposes and are not available to support operating costs, as was the case with the allocation received in late in April 2007, which resulted in the establishment of the *Positioning Fund*. Clearly, this is an indication of the Ministry's priority with respect to additional government grant funding made available.

In March, 2008, the Ministry also announced a one-time allocation of additional quality funding. The Ministry invested \$55.0m into the system, the University's share being \$2.113m. It is proposed that these one-time monies will be used to fund the 2008/09 operating shortfall (page 21).

The Ministry also announced a review of the funding formula which supports the operating grants of post secondary institutions. For the college system, a revised funding formula is expected to be implemented for the 2008/09 fiscal year. For the university sector, consultation on revisions to the funding formula will commence in 2009/10 and amendments to the formula

1. GOVERNMENT GRANTS (CONT'D)

will likely not be implemented for at least two to three years. At this time, there is no change projected to the base operating grants for the University.

FEDERAL GOVERNMENT 2007 BUDGET ANNOUNCEMENT

The Federal Budget announced on March 19th, 2007 dealt with the issue of “fiscal balance” by substantially increasing the federal transfers to the provinces. In terms of higher education and university research, the budget included an increased annual transfer in 2008/09 of \$800m to Ontario within the Canada Social Transfer that will be earmarked for postsecondary education and a series of research investments. The budget announced several actions to address the fiscal balance issue including the introduction of a new long term approach to funding support for postsecondary education. The changes outlined in the budget will ensure that the provinces will have significantly more resources to invest in postsecondary education. The Provincial Ministry has confirmed that the additional transfer payments for 2008/09 have now been incorporated into the provincial budget and no further increases in operating grants are anticipated at this time.

2. STUDENT ACADEMIC FEES

Student academic fees are projected at \$95.5m, an increase of \$2.5m or 2.6% over 2007/08.

This increase in student academic fees is a result of the impact of enrolment projections (Section IV) and tuition fee increases.

After two years of tuition freezes commencing in 2004/05, the Ministry announced the new tuition regime for 2006-2010 in March, 2006 outlining allowable tuition fee increases for institutions. In accordance with the Ministry’s tuition regime, the University recommended and gained approval for maximum allowable tuition increases for all domestic students for 2008/09. These included an 8% increase for all first year professional undergraduate programs, namely Business, Engineering, Computer Science and Law, and a 4.5% increase in all other first year undergraduate programs. Also, in accordance with the Ministry’s tuition regime, all first year graduate domestic tuition fees were approved to increase 8%. International tuition fees are not regulated by the Ministry as the University does not receive government grant for such students. International tuition increases approved include an 8% increase for all first year international undergraduate programs and a 4% increase for all upper year students.

3. INVESTMENT AND OTHER INCOME

Investment and Other income is projected at \$5.1m, an increase of \$250,000 or 5.1% over 2007/08. Investment income is generated from working capital funds of the University. Based on projected rates of return and level of working capital, investment income is projected to increase by \$200,000. Other income includes a number of sources, including but not limited to, application fees, levies, and funds taken in from reserves. For the 2008/09 operating budget, other income has increased by \$50,300. This amount is net of a reduction in income taken in from a reserve established during the Contribution Holiday period of \$370,000 and the increase in income from amounts transferred from the Endowment. As noted during the development of the 2007/08 operating budget, the increase in Endowment should support scholarships and bursaries being funded through the operating budget. Included in the 2008/09 operating budget is \$400,000 that will support such expenditures. One of the ongoing strategies for realignment is the continued and increasing support from the Endowment to the operating budget for scholarships.

VI. EXPENDITURES

Total budgeted base expenditures for the 2008/09 fiscal year totals \$208.0m, resulting in a net increase of \$1.14m or .6% over 2007/08, as summarized in the following chart (\$000's):

Base budget expenditures for 2007/08	\$	206,811
<i>Increase in Base Expenditures prior to realignment:</i>		
Increase in base due to contractual and other required funding	\$	10,250
	\$	<u>217,061</u>
<i>Realignment proposals for 2008/09</i>		
Revenue generation proposals	\$	(2,020)
Cost containment proposals	\$	(7,835)
	\$	<u>(9,855)</u>
Add: Campus Enhancement Fund	\$	750
Base budget expenditures for 2008/09	\$	<u>207,956</u>

The realignment proposals noted above represent expenditure realignments only. An additional \$400,000 in realignment has been included in the operating base revenue resulting in a total realignment of \$10.25m.

VI. EXPENDITURES (CONT'D)

Base increases required for contractual increases and other required faculty and staff related funding totalling \$10.25m (approximately 5% of the 2007/08 operating budget) can be summarized under the following categories:

✓ Increase in faculty salaries	\$ 6.4m
✓ Increase in staff salaries	\$ 2.63m
✓ Increase in faculty and/or staff positions	\$665,000
✓ Increase in non-salary costs	\$560,000

In addition to the above base increases a base budget has been established for the Campus Enhancement Program in the amount of \$750,000. This fund has been earmarked for initiatives that will enhance the campus aesthetics. This is a central priority critical in the recruitment and retention of students, faculty and staff. Expenditures that will be funded from these monies include, but are not limited to, campus cleanliness, recycling, green cleaning, grounds, *etc.*

OPERATING SHORTFALL FOR 2008/09

When considering the revenue and expenditures for fiscal 2008/09 outlined above, an operating shortfall of \$4.39m is projected for fiscal 2008/09. This base shortfall will form part of the realignment process for the 2009/10 operating budget. As noted earlier in the document, prudent fiscal management calls for the funding of this shortfall during 2008/09 on a one-time basis as follows:

- ✓ Positioning Fund - \$1.35m (page 30)
- ✓ Provincial Monies received to support operating in April 2008 - \$2.113m (page 18)
- ✓ Deferred Maintenance Fund - \$923,000

The need to fund the operating shortfall in year is critical in achieving the mandate of a balanced budget for 2009/10. The 2008/09 operating shortfall has been funded on a one-time basis as noted in Appendix A.

VII. REALIGNMENT PROPOSALS

The realignment process required individual budget managers to develop strategies that were tailored to the conditions, operations and goals of their respective areas. Base budget realignment for 2008/09 totals \$10.25m, representing expenditure base realignments of \$9.85m and revenue base realignments of \$400,000 (page 20).

As identified in the strategy approved as part of the 2007/08 budget, realignment proposals were to be developed under the following main 3 areas:

1. Revenue Generation
2. Maximization of Government Grants
3. Cost Containment

1. REVENUE GENERATION PROPOSALS

Realignment proposals in support of revenue generation and/or enhancement total \$2.42m (base expenditures - \$2.02m and base revenue - \$400,000 (page 20)) as follows:

1. Undergraduate growth incentive program - \$695,000
2. Contributions from Ancillary areas - \$ 650,000
3. Contribution (to scholarships) from the Endowment Fund - \$400,000
4. Overhead contribution from new academic programs - \$675,000

1. Undergraduate growth incentive program – \$695,000

As noted above in the enrolment section, undergraduate enrolments are the foundation for the University. The University's ability to recruit and retain undergraduates will ensure the long term viability for the institution.

As a key principle in the development of the realignment proposals, the growth of undergraduates is critical. With the increasing competition across the province, the need to increase our intake in the local area, and our need to ensure retention, an incentive program was developed to support Faculties in growth of undergraduate students.

Growth in undergraduates will be measured over the 2007/08 fiscal year. As the government grant is not received on a per student basis, and due to our current position in the funding corridor, it is not anticipated that there will be any additional government grant for growth of undergraduate enrolment in 2008/09. As a result, the incentive program allows for 40% of tuition revenue earned to be allocated to the Faculties. Included in Appendix L provides the details of the incentive program.

1. REVENUE GENERATION PROPOSALS (CONT'D)

A number of Faculties have included projected growth in undergraduate enrolment as part of their realignment proposal. There are a number of initiatives in place to either enhance recruitment efforts and/or improve retention. The following are only two examples of initiatives being planned.

In the Faculty of Arts and Social Sciences (FASS), the Faculty is poised to garner enrolment increases through two programs, one through recruitment and the other through retention. The Faculty has introduced a Fresh Start program which will allow for a number of students who were required to withdraw to be given a second chance through the admission into a full time Fall, 2008 program of four courses. In addition, a pilot Gateway program will provide an alternative admissions opportunity for at least 100 students who would not normally be admitted. The program utilizes personal interview and written instruments to select students and provides in-class counselling and the tried and tested Ways of Knowing course to create a nurturing and learning-supportive environment.

In the Odette School of Business, initiatives include improving the academic capability of admitted students, improving the Odette experience by implementing or reinvigorating new events and clubs and advising and tutorial services, specifically math and economics.

2. Contribution from Ancillary Operations – \$650,000

Key to the achievement of the realignment targets was the need to ensure that the entire campus community participated in the realignment process. Ancillary services, while outside of the operating budget, were included in the realignment process. As noted in the following excerpt from the Snowdon report there was a need to ensure that full direct and indirect costs should be assessed to ancillary and other areas outside of the core operating budget.

“Ancillary operations are an integral part of the University community.... At the same time, ancillary operations are intended to operate as self-funded entities and strike an appropriate balance between levels of service delivery and the financial “bottom-line”. ... To that end the University should establish a policy and methodology for determining all direct and indirect costs. ... Should University subsidies be required, or desired, the subsidy should be explicit and the rationale for the subsidy – along with any conditions – should be part of the annual budget report. Reflecting the full cost of ancillary operations will strengthen the transparency, accountability and financial rigour associated with the operations.”

Realignment targets were determined for ancillary services under the responsibility of the Executive Director of Ancillary Services, namely Residence, Food & Catering Services, Bookstore, and the Uniwin Office. The realignment target allocated for this area was \$250,000. A report on how this target was met can be found in the Ancillary section, page 31.

1. REVENUE GENERATION PROPOSALS (CONT'D)

For Parking Services, an allocation of \$300,000 was determined. The land that currently houses the parking lots on campus has primarily been purchased by the Operating Fund over many years. The value of this land which generates revenue to Parking Services is under review. As an interim step, a "land rental" fee is being assessed for 2008/09. An external assessment of the value of the land will determine the market value of the rental amount and a determination of the level of subsidy that the operating budget is contributing to Parking Services will be evident.

In the past, the Document Imaging Centre (DIC) has operated as an administrative service area. Due to the nature of this operation, these operations will be treated as an Ancillary Service. For the 2008/09 operating budget, a contribution to the operating budget of \$100,000 has been assumed. Again this allocation is to reflect the indirect costs that are not being charged to DIC, including human resources, finance, space costs, *etc.*

3. Contribution from the Endowment Fund - \$400,000

Included in the base 2008/09 Operating Budget is \$10.7m to support student financial aid through scholarships, bursaries, work study, *etc.*

As noted, with the introduction of the Ministry matching programs, namely the Ontario Student Opportunity Trust Fund (I & II) and the Ontario Trust for Student Support, the University's endowment in support of scholarships has grown significantly over the past few years. As the endowment grows, the intent is that these funds will provide relief to the operating budget. Included in the 2008/09 Operating Budget is an allocation from the Endowment fund in the amount of \$400,000 to support scholarship costs. These monies will form a permanent transfer from the Endowment to operations. With ongoing efforts in fundraising and the continuation of the matching program, this allocation should grow over time. This transfer from the Endowment has been reported in Other Income (page 20).

4. Overhead contribution from new academic programs - \$675,000

A number of new academic programs have been introduced in the last few years. Many of these programs have been developed as self-supporting academic programs. Faculties have access to revenue generated by their enrolments subject to being responsible for the full cost of operating the academic program.

The impact on the operating budget is the recovery of overheads. While the central overhead contributions may vary slightly, the anticipation is that these programs will contribute 40% of their revenue generated to the central operating budget.

1. REVENUE GENERATION PROPOSALS (CONT'D)

The programs that have been developed in recent years include the Masters of Engineering (MEng), the Human Kinetics Growth Plan, the Centre for Executive Education programs, and the Master of Social Work.

The overall impact of growth in existing programs or the introduction of new programs results in an additional contribution to overhead in the amount of \$500,000. This increase is a result of an increase in the overhead received from the ELIP (English Language Improvement Program) of \$250,000, overhead from the MEng Auto delivered through the Centre for Executive Education of \$150,000, and an increase in the MEng and Master of Social Work of \$100,000.

2. MAXIMIZATION OF GOVERNMENT GRANTS

The challenge addressed above with respect to the structural challenge of the government grant not increasing in a systematic manner to address inflationary increases continues to be an area of concern for institutions across the province. As evidenced by the trend of government grant revenues on page 15, government grants as a percentage of overall revenue is declining. Greater dependency is being placed on student fees. Confirmed in the Snowdon report, the University's breadth of academic programs is directly related to its role as a regional comprehensive university and resulting mandate in offering programs to support the local area. Snowdon notes that the case for a mission-related grant would need to be constructed carefully with due regard for the University's role in the Ontario system, its role in the Windsor-Essex region, and the relative situation of its sister institutions in the province. The University continues to investigate all opportunities in this area and has submitted a report to the Ministry of Training, Colleges and Universities for its consideration.

3. COST CONTAINMENT STRATEGIES

In addition to revenue enhancement strategies, the campus also embarked on a cost containment review. Each area was responsible for the development of cost containment strategies, and the strategies differed across the campus. Cost containment realignment proposals total \$7.83m as detailed under the following main areas of cost containment:

1. Salary savings – \$610,000
2. Discretionary Spending Reductions - \$2.04m
3. Faculty Salaries and Benefits - \$1.65m
4. Staff Salaries and Benefits - \$665,000
5. Carryforward from 2007/08 - \$2.492m
6. Scholarships - \$375,000

3. COST CONTAINMENT STRATEGIES (CONT'D)

1. Salary Savings – Savings of \$610,000

As part of the realignment process the management of faculty and staff budget dollars was allocated to the respective budget managers. For all permanent faculty and staff positions, a budget is maintained through an effective “Position Control System”. With the introduction of base budget realignment, it became apparent that greater flexibility was required to allow managers to manage their areas more effectively. In the past, positions were budgeted centrally and any savings as a result of vacancies, retirements, *etc.* would not accrue fully to the respective department. A formula was applied to the salary savings amount whereby there would be a sharing of the savings between the central budget, the department responsible, and a central fund, namely the “Innovation Fund”, which was used to fund research expenditures and other academic initiatives that occurred during the year.

While the institution was in process of realigning budgets, there has been a move to give the faculties and departments more autonomy. To increase the number of tools that would be available for areas, a new Salary and Benefit Financial Management policy was developed in concert with the Deans’ Council and other senior administrators. The policy has been included in Appendix K. The new policy allowed for areas to budget for projected salary savings as part of their realignment proposals.

The inclusion of this tool permitted the use of salary and benefits savings that will be incurred in 2008/09 to fund the realignment. Due to the large dollar value of salaries and benefits across the campus, significant salary savings can be generated. The use of these savings also allows for more effective management of salaries and benefits.

2. Discretionary Spending – Savings of \$2.04m

Discretionary accounts include discretionary salary costs related to sessional spending, overtime, casual wages, *etc.* and other discretionary non-salary accounts which include, but are not limited to, supplies, travel, and repairs. The level of discretionary base budgets in academic areas is relatively low when compared to salary and benefit budgets. On average, discretionary budgets typically represent 4 – 6% of a faculty’s base budget. For non-academic areas, these budgets are higher according to the nature of each operation. Base budget reductions have been achieved in this area.

3. Faculty Salaries & Benefits – Savings of \$ 1.65m

Included in the 2008/09 operating budget realignment is a total reduction of \$1.65m representing reductions in faculty salaries and benefits. The base budget reduction represents base savings generated through the replacement of retiring/departing senior faculty with junior faculty, the freezing of vacant positions, and the reduction of limited term positions. Included

3. COST CONTAINMENT STRATEGIES (CONT'D)

in the guiding principles, developed to support the realignment process was the need to minimize the impact on current service levels.

3. Staff Salaries & Benefits – Savings of \$665,000

The realignment proposals included a base savings in staff salaries and benefits amounting to \$665,000. The base budget realignment included reduction in positions, full-time positions being converted to part-time, and non replacement of retirements. Again, key to the review and approval of the realignment proposals was the need to continue essential services and consideration of the implementation of the proposals. Throughout the realignment process, the Department of Human Resources has been involved to ensure that union leadership have been informed. Fifty-six percent of the realignment represents union positions with 44 percent representing non-union positions. The implementation of the proposed reductions will be coordinated through the Department of Human Resources upon approval of the budget.

4. Carryforward from 2007/08 Operating Budget – Savings of \$2.492m

Included in the tools that budget managers could utilize in the development of their proposals, was the use of carryforward funds that would be generated out of their 2007/08 operating budgets. The early introduction of this option allowed managers to immediately manage their 2007/08 budgets in support of the 2008/09 operating budget. The management of budget in-year resulted in areas managing their resources in the most effective manner. These proposals allow for managers to carryforward funds into 2008/09 and use these funds to realize base realignments. The need to fund these carryforward amounts on a permanent basis is required. This allowed budget managers to use these funds while more permanent adjustments could be made to their budgets. In a number of instances, the use of carryforward funds was used to support base budget realignments that could not be implemented right at the start of the new fiscal year.

5. Undergraduate Scholarships - \$375,000

The realignment proposal includes a reduction of \$375,000 in undergraduate scholarships. These monies had been made available during the double cohort period and in recent years had not been fully utilized. In the 2007/08 fiscal year, this budget allocation formed part of the strategies presented to the Board of Governors in December 2007 to minimize the 2007/08 operating shortfall.

VIII. INITIATIVE FUND EXPENDITURES

As noted earlier, as part of the realignment process, an Initiative Fund was established. This fund was available to all areas of the campus on a one-time basis. This Fund would be funded through monies available in the *Positioning Fund*.

The following conditions were considered during the evaluation of individual submissions received from across the campus:

- funds will be distributed on a one-time basis only;
- proposals will be subject to approval by the Budget Committee;
- funds will be made available when approved by the Budget Committee;
- funds requested should be in support of base budget realignment proposals and appropriately cross-referenced;
- funds requested may represent one-time investments required to achieve base savings and/or enhance revenues in existing academic programs or wholly new programs, subject to the development and approval of comprehensive business plans;
- funds requested may be used to manage transitional issues resulting from the implementation of an approved realignment proposal; and
- funds will be allocated for the purpose identified in the proposal and a follow-up report will be required from the area.

A total allocation of \$656,300 was made from the Initiative Fund representing the following initiatives:

1. New Academic Programs - \$250,000

Seed money is being provided for the development and implementation of a number of new academic programs. These include a BA in Management Engineering, BEng Tech Diploma Completion Degree, CALL Online courses, M.Sc. in Actuarial Science, and a M.Sc. Medical Biotechnology. These programs will be offered support for the process of development and approval. Business plans are to be developed for each of these programs where the financial viability of the programs will be assessed including the repayment of the support from the Initiative Fund. These programs will be required to follow the process for academic program approval. The replenishment of this fund through the successful implementation of these programs will allow for further investment in subsequent program proposals.

2. Workflow Process and Operational Reviews - \$ 90,000

Funds are being made available for the review of workflow processes and/or operational reviews that will allow for cost containment in a number of areas. These funds will support the engagement of external consultants, software, and other expenditures to realize savings.

VIII. INITIATIVE FUND EXPENDITURES (CONT'D)

3. Enrolment Research Analysis - \$50,000

The past year saw the establishment of a working group that is seeking to identify and manage information relevant to enrolment management decision-making. To support the research efforts of this group a one-time allocation of \$50,000 has been made to retain the services of a part-time researcher.

4. Pathway to increasing first year retention - \$59,300

Funds are being made available to support the engagement of an educational research firm who identify reasons why first year students leave the University and who will establish a mechanism for identifying students at high risk. This information will provide opportunities to develop proactive interventions to reach these students.

5. Marketing Research Funds - \$60,000

Funds are being made available to support a research study for new Nursing programs to meet the demands of the region.

6. Marketing Communication Coordinator - \$52,000

Funds are being made available to support the funding of a Marketing Communication Coordinator in the Division of Student Ancillary Services. To ensure the financial viability of the Division, it is critical to increase the revenue generated in this area. The goal will be to improve customer satisfaction through the development of marketing plans, promotional events, publications, and web presence.

7. International Student Support - \$50,000

Funds are being provided to improve student support for international students and allow for more personal dealings with complex issues presented by international students. This position will support the recruitment process and retention initiatives.

8. MORE Engineering Outreach - \$ 45,000

Funds are being provided for the introduction of a travelling "UOW-Engineering Road Show" which will be an opportunity to reach out to potential undergraduate engineering students, parents, teachers, career counselors, and local communities. The road show will present engineering and engineering concepts in novel ways.

IX. ONE TIME EXPENDITURES

In addition to the expenditures approved through the Initiative Fund, other one-time expenditures are being proposed totalling \$3.744m as part of this budget proposal. These expenditures relate to prior commitments, previous expectations, and/or expenditures that are critical to the continued success of the strategic plan. See Appendix H & I for a listing of the proposed one-time expenditures and the funding sources of these expenditures. To address possible risks associated with the achievement of the enrolment projections, the one-time expenditures proposed will be phased in. The approval of this budget proposal will result in immediate approval of expenditures in the Phase I category as noted on Appendix I totalling \$2.984m. The expenditures identified under Phase II totalling \$1.01m will be approved in November 2008, post the Fall 2008 enrolment results.

X. POSITIONING FUND

Included in the 2007/08 Operating Budget and a key component of the strategy was the inclusion of one-time monies announced in the 2007 Provincial Budget which had been provided to institutions with no restrictions on the use of these funds. For the University, this amount totalled \$8.065m which established the *Positioning Fund* with the final distribution of these funds to be determined during the 2007/08 fiscal year. In December, 2007, the Board approved that these one-time monies would fund the 2007/08 shortfall.

The following allocations are being proposed from the Positioning Fund:

- ✓ Funding of 2007/08 Shortfall – estimated at \$5.8m
- ✓ Funding of Initiative Fund - \$656,300 (page 28)
- ✓ Funding of Space Planning consultant to address campus space needs including, but not limited to, Cody Hall, the 3rd Floor Medical building shell, and Essex Hall - \$250,000
- ✓ Partial Funding of 2008/09 Shortfall - \$1.35m (page 21)

XI. RESPONSIBILITY CENTRED MANAGEMENT

As originally introduced in the 2007/08 operating budget document, the University will be embarking on a more fully integrated budgeting and decision making approach. The term “*Responsibility Centred Management (RCM)*”, referenced as Revenue-based Allocation Model in the 2007/08 budget, is the integration of budgeting and decision making at the level of individual budget centres within the University. While only in its infancy in Windsor, the concept is becoming well known and being introduced at many institutions across the province, across Canada and internationally. This approach to budgeting places greater authority but also greater accountability at the level of individual academic units. RCM marks a distinct shift away from centralized, incremental budgeting methods toward a program-performance

XI. RESPONSIBILITY CENTRED MANAGEMENT (CONT'D)

emphasis in which local units' academic decisions have direct financial consequences for the academic unit.

A centralized, incremental approach to budgeting does not always provide the flexibility and creative responses to financial challenges. Budget and financial management practices should encourage the generation of new resources and the efficient use of current resources.

For such an approach to be successful, incentive based approaches require a clear understanding of roles and responsibilities, and clear rewards and sanctions for performance at the unit level. These models are best characterized as a collection of budget related policies with a central direction or theme: subject to checks and balances, individual accountability is most likely among strategies to yield best practices in cost containment and in revenue generation. As referenced in this document, policies have been developed for 2008/09 that will guide the authority of salaries and benefits (Appendix K) during the year. In the case of the Salary and Benefit Financial Management policy, this policy supports the move to full authority over budgeted salaries and benefits, while ensuring full accountability. Such policies will form part of the design and implementation of RCM.

A "Budget Restructuring Team" will be established to guide the University through this significant change in budget management. The team will provide oversight and will be responsible for policy making to support the implementation of RCM at Windsor. This team will be established following the approval of the 2008/09 operating budget. The team will include representatives from the various Faculties and administrative areas.

The full design and implementation of RCM will be a lengthy process as the model in the end must allow for increased authority at the individual academic areas while supporting the long term viability of the institution and the delivery of the academic mission.

XII. ANCILLARY SERVICES BUDGET OVERVIEW

Ancillary operations are self-funded service operations managed by the University. Separate budgets are prepared for each operation. Given their self-funding objectives, ancillary units are charged for services including utilities, housekeeping and administration provided by the central budget. The 2008/2009 Ancillary budgets include a contribution to the central operating budget of \$700,000, an increase of \$550,000 from the previous year's budget.

XII. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

Bookstore

The Bookstore continues to support the achievement of the students' academic goals by providing a client-centred facility and service. The Bookstore is in the process of establishing a Faculty Advisory Committee to enhance communication between the Bookstore and Faculty members and create strategies for sharing information related to textbook costs, promote best practices in textbook adoptions, orders, and purchases and to receive feedback from faculty members. In stride with the new Medical Education and future Engineering building, the Bookstore will continue to improve its physical environment by taking steps to shorten the lines during the rush period, to make the 2nd floor more visible to customers and to address the wear and tear on the store. The Bookstore maintains its initiatives in sustainability, conserving energy, recycling and selling "environmentally friendly" products. Budget plans for the 2008/2009 fiscal year include implementation of a seamless UwinCARD interface, an interface with Finance and joining the Canadian Campus Retailers Association, an online buying group to enhance our used textbook market and offer many other features that will improve the efficiency of client services both in the store and online. The Bookstore continues to make updating the technology in the store a priority. Continuing to be a visible component in both the University and City community, the Bookstore participates in various author events, conferences and charitable functions.

Budgeted revenue is estimated to decrease from \$9.0 million in the 2007/2008 budget, to \$8.8 million for 2008/2009. This reflects a partial correction in the budget estimates combined with the increased sales in Used Books with a lower sales price. The Bookstore continues to contribute to the University's operating budget in this budget, increasing its past contribution of \$150,000 to \$250,000.

Food & Catering Services

The Department of Food & Catering Services is presenting a balanced budget for 2008/2009, which includes an \$80,000 contribution towards the University's operating budget. Through consultations with students, both residence and commuter students, the department continues to identify customer demands. Expansion of service hours continues to be a major request. In response to this, the budget supports plans to increase service hours in The Market Place, Tim Horton's, Crocodile Grill, Mini Mart and Alumni Hall. The additional cost of providing these services will be offset by a projected increase in cash sales along with a blended 4% increase to its meal plan fees supported by both residence student groups, the Residence and Food Services Advisory Board and the Windsor Inter-residence Committee. The department currently serves 8,000-10,000 customers per day, excluding Catering Services which has a projected sales figure for 2008/2009 of \$1.2 million.

XII. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

Residence Services

With a decrease in the number of students attending the University of Windsor from outside of Windsor/Essex County, Residence Services has taken a conservative approach to setting its occupancy rate for 2008-2009. While setting a target of 95% versus 97% occupancy is a realistic approach, it generates lower revenues. Achieving a balanced budget is increasingly difficult where 80% of the expenses are essentially fixed. The budget includes the addition of a contribution to the University's operating budget of \$40,000 to its budget realignment process and a contribution of \$220,000 to decrease its outstanding deficit.

In developing the budget, Residence Services carefully reviewed all expenses in an effort to reduce operating costs. A partial re-structuring of the Department resulted in the elimination of one position on the Facilities side with minimal disruption to student service. A proposed elimination of Cogeco cable service would have significantly reduced expenses but was rejected by the students in the formulation of the fees for the coming year. As a result, the Department needed a 4.5% increase to balance its budget. This increase was unanimously supported by both residence councils following an extensive fee development process.

Residence Services is continuing with a major renovation initiative which began last summer and was made possible by the re-financing of the outstanding residence mortgages through the University's bond issuance. Renovations made and/or planned include face-lifts to the lobbies of the residence buildings, lighting improvements, heating and cooling improvements and much needed washroom upgrades. Renovations were chosen by a review of the outstanding deferred maintenance list, feedback from the students and a concentration on energy saving initiatives.

Student Health Services

Student Health Services at the University of Windsor provides comprehensive primary health care to all the students who need it. The clinic can take care of all health care needs that one might find at a family physician's office, including and not limited to: acute care, counselling for a wide range of health problems (including mental health), eating disorders, immunization, sexual health, allergy injections, smoking cessation, annual health exams, women's health, travel advise and blood work. The clinic is open year round. Between September and April, there are four full time physician equivalents, daily walk-in hours, and a psychiatrist in attendance one day each week.

The Health Promotion Office offers programs to encourage wise decision making to promote and preserve optimal health for a lifetime. Educational resources and programs are available to cover health areas such as: sexual health, alcohol and drug use, eating disorders, gambling, and mental health.

XII. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

The operation is supported through Health Fees assessed to all students, OHIP and Greenshield billings. For the first time after 11 years, Student Health Services requested and received an increase in student health fees. With this, it is fiscally able to continue with its usual standard of high-quality care. There continues to be a high demand for services and the increase was strongly supported by the Ancillary Fee Board, made up of both administrators and students.

UwinCard Office

The UwinCARD Office has been operating since August 2007 and is presenting a balanced budget for the 2008-2009 fiscal. The budget includes a contribution of \$10,000 in support of the central operating budget. The UwinCARD Office strives to meet students' increasing expectation of comprehensive services by integrating available technology into their daily transactions. The UwinCARD serves as the students' identification, library card, copy card, print card, debit card, access card, and laundry card for more than 100 interface points across campus. Students can review balances and transaction history, as well as, make deposits to their UwinCARD on-line. The UwinCARD Office will continue to search out new opportunities to integrate services for the benefit of students and campus operations.

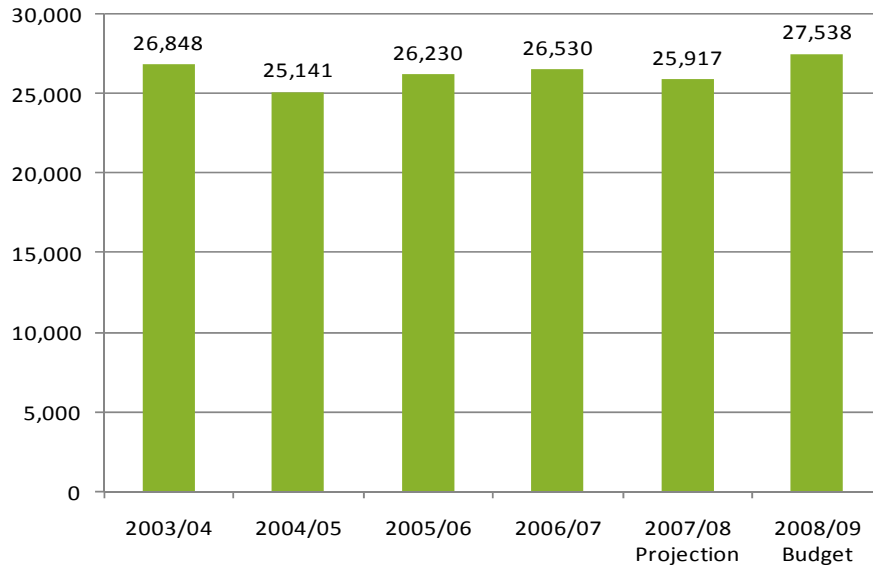
Parking Services

Parking Services is presenting a balanced budget for 2008/09, which includes a contribution towards the University's operating budget. This is the first budget year wherein Parking Services calculated the direct and indirect costs of operating our service including the costs associated with land rental fees for our 27 parking lots as assessed by the Budget Committee.

In developing the budget, Parking Services carefully reviewed all expenses in an effort to reduce operating costs to help offset the new land rental fees and contribute to the operating budget. As a result of this effort Parking Services has proposed a modest increase of 10% to our annual parking permit fees and a 20% increase to our parking fine rates. With this pending increase the University of Windsor will still be providing the lowest parking rates of any Ontario university.

XII. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

Following is a history and projection of operating revenues for Ancillary operations (\$000s):



XIII. 2009/10 OPERATING BUDGET – LOOKING AHEAD

Looking forward to 2009/10, the financial position of the University does not change from a structural perspective. The incremental revenue to be generated in 2009/10 does not cover the increase in costs anticipated for contractual purposes.

The projected revenue for 2009/10 approximates \$208.9m, an increase of \$5.3m or 2.58%. When considering cost increases required to support contractual agreements, anticipated expenditures are increasing by 3.4%. The incremental shortfall for 2009/10 is \$1.82m, resulting in a projected shortfall of \$6.2m without any investment in strategic initiatives.

Consistent with the Board of Governor's mandate to balance the budget for the 2009/10 fiscal year, additional realignment strategies and actions will be required to balance the budget.

Concern about the University's ability to bear another year of realignment has been noted at many levels. While the realignment strategies proposed for 2008/09 were difficult, those required for 2009/10 will be even more challenging.

At the same time, the University's ability to compete in the post-secondary market is being challenged and it must continue to make the strategic investments required to maintain its position in the sector. Notwithstanding the concerns that further realignment will create, the University is committed to meet the Board's mandate and present a balanced position for 2009/10.

XIII. 2009/10 OPERATING BUDGET – LOOKING AHEAD (CONT'D)

The need to further diversify and enhance the University's revenue base must be at the forefront of all future strategies. The concentration of revenue in student academic fees and government grants derived from current activities must be challenged. Other revenue sources need to be pursued. Fundraising, entrepreneurial activities, introduction of new programs, possibly non-core, and additional overhead must be pursued. Perhaps most obviously, fundraising must be the key strategy to relieve the operating fund of the cost of scholarships and bursaries, and the cost of capital. Concerted and strategic efforts to lobby both federal and provincial governments for additional funding must continue.

From an expenditure perspective, savings can be generated as senior faculty retire and are replaced with new arrivals. When reviewing the demographics of the faculty, 110 members will reach the age of 65 within the next five years with total salaries approximating \$15m. While mandatory retirement has been eliminated in Ontario, many of these members may choose to retire as they approach normal retirement age or shortly thereafter and the consequent salary savings may be used to support future budget realignment efforts. The successful negotiation of the faculty agreement in the next months will also be critical in achieving the mandated balanced base budget.

Clearly, another round of realignment will have significant impact on the level of service provided in both academic faculties and service areas. The ability of the institution to provide the current level of service will be challenged. Some very difficult decisions will need to be made to achieve the goal. The long term success of the institution must be at the heart of all campus stakeholders. The achievement of a balanced budget must be done with caution so as not to hinder progress towards our espoused goals.

The philosophy of empowering managers to manage will continue to be the foundation of the realignments into the next year. Individual budget managers will be responsible for the evaluation of programs and the realigning of non-essential services.

Extreme care must be taken not to jeopardise the strength and stability of the University and its ability to move forward while preserving the financial viability of the institution.

XIV. CONCLUSION

The proposed 2008/09 operating budget gives further evidence of the prudent fiscal management that is rooted in the policies, practices and everyday operations of the University. Fiscal viability provides a firm foundation during challenging times. The many great achievements of recent years have resulted in an institution with direction and one that is driven by its strategic mission and plan. Maintaining this focus will be central to the continued strength of the institution. The budget presented herein allows the institution to focus on the long term and to move forward always maintaining attention to its strategic plan. The Faculties are guided by their academic plans and the increasing authority over and accountability for their budget allocations will provide them further flexibility in achieving their respective mandates.

Realigning Forward towards a stronger institution will continue to be the focus in the coming year as we aim to achieve a balanced budget for 2009/10.

XV. A PERSONAL NOTE

The process that has resulted in this document represents a significant change from previous University of Windsor budgets. It is a product of the “Managing Better” document Neil Gold and I presented to Senate and the Board in January, 2007, one which significantly decentralized the setting and management of budgets through delegation to the Provost, Deans and Executive Directors of both authority and responsibility for their own use of resources. This represents a fundamental shift from the much more centralized processes of the past, those normally associated with smaller institutions and no longer desirable in a University that has very much “come of age” as a comprehensive institution.

It is unfortunate that these changes were brought in at a time of real fiscal constraint and, as might have been expected, the above budget has not been achieved without difficulties and significant growing pains. What’s more, there are legitimate concerns about next year’s budgets which will have to incorporate a similar round of budget cuts, always a more difficult exercise the second time around. While it is difficult to make cuts without impinging negatively on service levels, it is important to manage the realignment process without spawning a downward spiral that requires even further budget cuts. The entire team is committed to living up to the Board’s expectation for a balanced base budget in 2009/10, recognizing the critical importance of fiscal responsibility to any future development, and is confident that we can achieve this in the long-term best interests of the University.

The University remains in a solid overall fiscal position with many exciting developments on the horizon. With strong new leadership from Alan Wildeman and the continued efforts and support of all faculty and staff, the University of Windsor is well poised to thrive in the future,

XV. A PERSONAL NOTE (CONT'D)

more than living up to the vital role it increasingly plays in the economic and social development of Southwestern Ontario.

I am grateful for the leadership of Neil Gold and the entire Budget Committee in overseeing the development of this budget and all of the related programme initiatives, policy changes and supportive documentation and research. I am particularly appreciative of both the hard work and talent of Sandra Aversa, who is the principal author of this document, and the wonderful supporting work behind-the-scenes of many others, but notably David Butcher, Assistant Director of Finance, Budgets and Systems.

I have discussed the changes in process and responsibility with incoming President Wildeman and he is very comfortable with the changes and the support they will give to him as he assumes the leadership role at a particularly challenging time for university budgets in Ontario.

This is the right budget document for the times and I very much hope that the Board of Governors will give it both close scrutiny and full support.

Ross Paul
President

XVI. APPENDICES

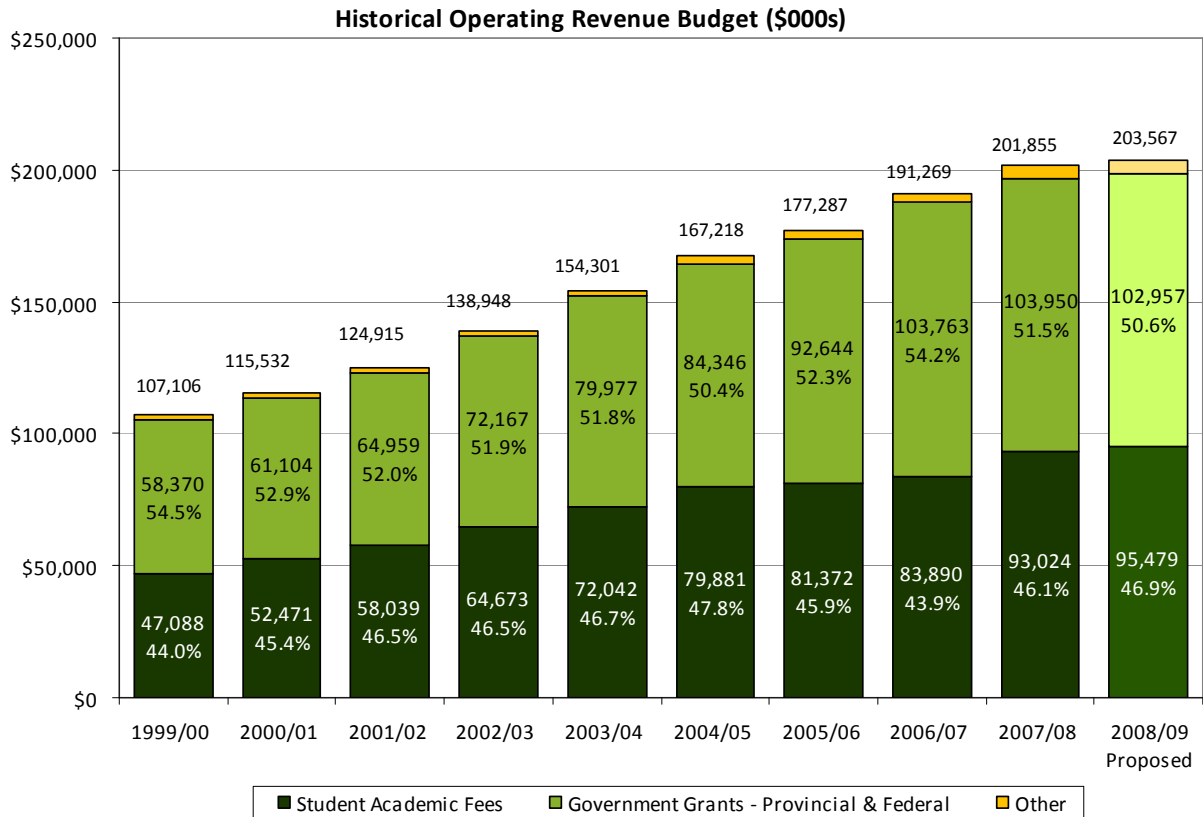
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APPENDIX A: 2008/09 BUDGET PROPOSAL

	2008/09 PROPOSED BASE BUDGET (\$000s)	2008/09 PROPOSED ONE TIME EXPENDITURES (\$000s)	2008/09 INITIATIVE ONE TIME EXPENDITURES (\$000s)	TOTAL (\$000s)
BASE OPERATING REVENUE	\$ 203,567			\$ 203,567
EXPENDITURE OF FUNDS				
TOTAL PROVOST	\$ 151,598	\$ 1,739	\$ 514	\$ 153,851
TOTAL VICE PRESIDENT RESEARCH	4,216			4,216
TOTAL VICE PRESIDENT ADMIN & FINANCE	41,232	555	142	41,929
TOTAL VICE PRESIDENT ADVANCEMENT	3,939	500		4,439
TOTAL CENTRAL ADMINISTRATION	6,971	1,200		8,171
TOTAL EXPENDITURES	\$ 207,956	\$ 3,994	\$ 656	\$ 212,606
BASE OPERATING SHORTFALL	(\$4,389)			(\$4,389)
ADDITIONAL ONE TIME EXPENDITURES TO BE FUNDED		(\$3,994)	(\$656)	(\$4,650)
	(\$4,389)	(\$3,994)	(\$656)	(\$9,039)
SOURCES OF ONE-TIME FUNDING				
Positioning Fund	\$ 1,353	\$ 250	\$ 656	\$ 2,259
Provincial One Time Monies received in 2007/08	2,113			2,113
Investment of Bond Proceeds		2,000		2,000
Deferred Maintenance Fund (\$7.2m) - Restricted Funds	923	1,744		2,667
TOTAL ONE-TIME FUNDING SOURCES	\$ 4,389	\$ 3,994	\$ 656	\$ 9,039
NET UNFUNDED AMOUNT	\$ 0	\$ 0	\$ 0	\$ 0

APPENDIX B: PROPOSED OPERATING REVENUE FOR 2008/09

	2008/09 PROPOSED BASE BUDGET (\$000s)	2007/08 APPROVED BASE BUDGET (\$000s)	\$ INCREASE (DECREASE) OVER 2007/08 (\$000s)	% INCREASE (DECREASE) OVER 2007/08
SOURCES OF FUNDS				
Student Academic Fees	\$ 95,479	\$ 93,024	\$ 2,455	2.6%
Government Grants - Provincial (Appendix B)	99,691	100,598	(907)	(0.9%)
Government Grants - Federal	3,266	3,352	(86)	(2.6%)
Investment Income	2,490	2,290	200	8.7%
Other	2,641	2,591	50	1.9%
TOTAL OPERATING REVENUE	\$ 203,567	\$ 201,855	\$ 1,712	0.8%



APPENDIX C: PROVINCIAL GOVERNMENT GRANTS

	2008/09	2007/08		
	PROPOSED	APPROVED	\$ INCREASE	% INCREASE
	BUDGET	BUDGET	(DECREASE)	(DECREASE)
	(\$000s)	(\$000s)	(\$000s)	
OPERATING GRANTS				
Basic Operating Grants	\$ 59,046	\$ 59,046	\$ 0	0.0%
Accessibility Fund (Undergraduate)	14,950	14,950	0	0.0%
Accessibility Fund (Graduate)	2,348	3,192	(844)	(26.4%)
TOTAL OPERATING GRANTS	\$ 76,344	\$ 77,188	\$ (844)	(1.1%)
QUALITY IMPROVEMENT FUND				
Per Student Funding	7,363	7,363	0	0.0%
Advancing Quality	3,600	4,189	(589)	(14.1%)
TOTAL QUALITY IMPROVEMENT	\$ 10,963	\$ 11,552	\$ (589)	(5.1%)
Quality Improvement Fund	2,893	2,893	0	0.0%
Nursing Funding	4,149	3,500	649	18.5%
Grant in Lieu of Tuition Freeze	2,878	2,763	115	4.2%
Performance Fund	700	890	(190)	(21.3%)
Other Provincial Grants*	1,764	1,812	(48)	(2.6%)
TOTAL PROVINCIAL GRANTS	\$ 99,691	\$ 100,598	\$ (907)	(0.9%)

* Other Provincial Grants are made up of Research Overhead, Taxes, Aboriginal and Disabilities Grants

APPENDIX D: MANAGEMENT OF STUDENT ENROLMENT

DEMOGRAPHICS vs. PARTICIPATION RATE

While demographics suggest that number of targeted group students will flatten or decrease across Ontario with the exception of Essex County, Middlesex County (London) and the GTA, it is considered likely that the participation rate will increase over the same period, which could result in continuing enrolment growth at Windsor. It is expected that the tightening economy in South-western Ontario will also positively impact the participation rate.

INCREASING COMPETITION AMONG ONTARIO UNIVERSITIES

Now that the Double Cohort students have mostly graduated, due to financial obligations incurred during the period of expansion, there is considerable pressure on Ontario universities to sustain enrolment levels and to possibly increase them on some campuses, especially in the GTA. This has resulted in more aggressive student recruitment and marketing operations, earlier offers of admission, enhancement of financial aid awards, on-campus facilities enhancements, and growth in international student recruitment operations. It is anticipated that competitive pressures will continue to grow in the next several years.

INTERNATIONAL COMPETITION FOR FOREIGN STUDENTS

Competing countries' success in attracting and retaining international students impacts Canada's visa student numbers. In the past Windsor had large student enrolments from Malaysia. After Australia's strong push our Malaysian student numbers have virtually disappeared. Serious competition, especially from Australia, the UK and the US, has resulted in a flattening of our international student enrolment. These countries and others have or are developing national strategies to attract international students; something Canada has not done. While we are looking at new markets in other regions, the prospects for continuing international student enrolment growth appear to be limited.

VALUE OF A UNIVERSITY EDUCATION vs. COSTS OF ATTENDANCE

Many First Generation students are said to underestimate the value of a university education, while overestimating the costs. This results in some students not attending university and others dropping out in first year. This is particularly true for students where parental income is low. An opportunity exists to increase the commitment of those who choose to attend the University and to increase awareness in our region regarding the importance of obtaining a university education.

NEW IMMIGRANTS

Recent growth due to immigration will likely result in increased demand for higher education. Past trends indicate that the immigrant population is more likely to have a university degree. This suggests that immigrant parents place a high value on education and are likely to encourage their children to pursue degrees. With half of Canadian's immigrants landing in Ontario (most in Toronto) and a growing local immigration population, there is potential for Windsor to benefit from this trend.

APPENDIX D: MANAGEMENT OF STUDENT ENROLMENT (CONT'D)

OUT-OF-PROVINCE UNIVERSITIES RECRUITING ONTARIO STUDENTS

Since Saskatchewan, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland are all expected to face deep and ongoing declines in the target student group, we anticipate that universities from these provinces will likely increase their student recruitment efforts in student-rich Ontario, which is the only province that is expected to have in the short term net growth in this demographic. This trend will likely result in increased competition for Ontario students.

CONVERSION OF COLLEGES INTO UNIVERSITIES IN ALBERTA AND BRITISH COLUMBIA

There is a trend in the western provinces to convert colleges into universities to increase the number of available spaces for in-province students. In the past 5 years, many Ontario universities, including Windsor, have recruited successfully in BC and Alberta. It is likely that the additional university spots that are being created through the conversion of colleges to universities will result in fewer students leaving their home province to enrol at university. This may cause the Windsor out-of-province enrolment to decline.

U.S. STUDENT ENROLMENT

Some 7,000 US students attend Canadian universities. However, fewer than 70 attend the University of Windsor. Our U.S. students are generally in the JD/LLB programme, some Science graduate programmes and in a cross-section of FASS undergraduate programmes. We have had some success in enrolling student athletes from the U.S., as well as Canadians who started their university education in the U.S. and wish to return home. Even though we are located on the border with the U.S. and within a day's drive of nearly half the U.S. population, we have not enrolled many American students.

RURAL vs. URBAN STUDENTS

Students from rural communities are considerably less likely to attend university than students from urban communities. This suggests that we may want to focus our recruitment efforts more on urban than rural communities.

DEMAND FOR GRADUATE EDUCATION

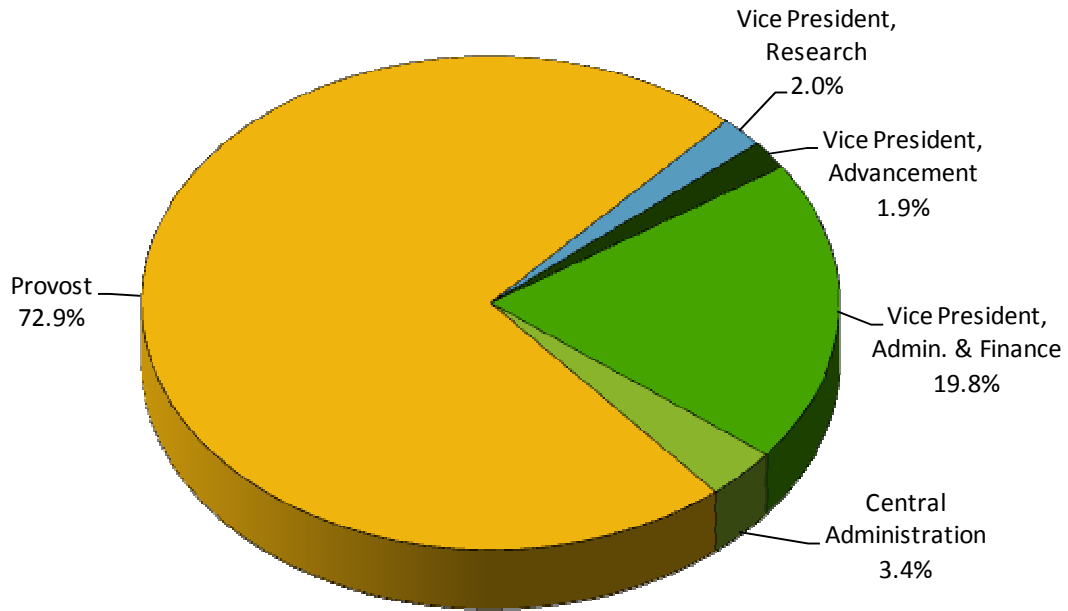
The Canadian labour market is generating a growing demand for graduate degrees. In recent years, the number of jobs requiring a graduate degree has doubled. There is particular need for graduates with degrees in health specialities, business and international relations and in new and emerging fields, such as nanotechnology, environmental studies and multidisciplinary studies. Some suggest that an opportunity exists to increase course-based master's degree programmes in professional fields.

APPENDIX E: PROPOSED OPERATING EXPENDITURES FOR 2008/09

	2008/09 PROPOSED BASE BUDGET (\$000s)	2007/08 APPROVED BUDGET (RECLASSIFIED) (\$000s)	\$ INCREASE (DECREASE) OVER 2007/08 (\$000s)	% INCREASE (DECREASE) OVER 2007/08
EXPENDITURE OF FUNDS				
PROVOST				
Faculties	\$ 114,364	\$ 115,386	\$ (1,022)	(0.9%)
Academic & Student Services	9,234	9,138	96	1.1%
Library	12,205	12,254	(49)	(0.4%)
Scholarships	10,713	11,088	(375)	(3.4%)
Other Academic	5,081	4,525	556	12.3%
TOTAL PROVOST	\$ 151,597	\$ 152,391	\$ (794)	(0.5%)
VICE PRESIDENT RESEARCH				
Research Services & Research Ethics Board	\$ 2,804	\$ 2,705	\$ 99	3.7%
Great Lakes Institute for Environmental Research	1,412	1,327	85	6.4%
TOTAL VICE PRESIDENT RESEARCH	\$ 4,216	\$ 4,032	\$ 184	4.6%
VICE PRESIDENT ADMINISTRATION & FINANCE				
Administration	\$ 12,914	\$ 12,109	\$ 805	6.6%
Information Technology Services	8,537	8,450	87	1.0%
Facilities Services	19,273	18,375	898	4.9%
Repairs & Renovations (Central)	1,208	1,208	0	0.0%
Ancillary Services Contributions	(700)	(150)	(550)	366.7%
TOTAL VICE PRESIDENT ADMIN & FINANCE	\$ 41,232	\$ 39,992	\$ 1,240	3.1%
VICE PRESIDENT UNIVERSITY ADVANCEMENT				
Development / Alumni Affairs	\$ 2,144	\$ 2,032	\$ 112	5.5%
Public Affairs	1,795	1,731	64	3.7%
TOTAL VICE PRESIDENT ADVANCEMENT	\$ 3,939	\$ 3,763	\$ 176	4.7%
CENTRAL ADMINISTRATION				
Administration Costs	\$ 2,050	\$ 2,461	\$ (411)	(16.7%)
Operating Fund Debt Costs	4,172	4,172	0	0.0%
Campus Enhancement Program	750	0	750	0.0%
TOTAL CENTRAL ADMINISTRATION	\$ 6,972	\$ 6,633	\$ 339	5.1%
TOTAL OPERATING EXPENDITURES	\$ 207,956	\$ 206,811	\$ 1,145	0.6%

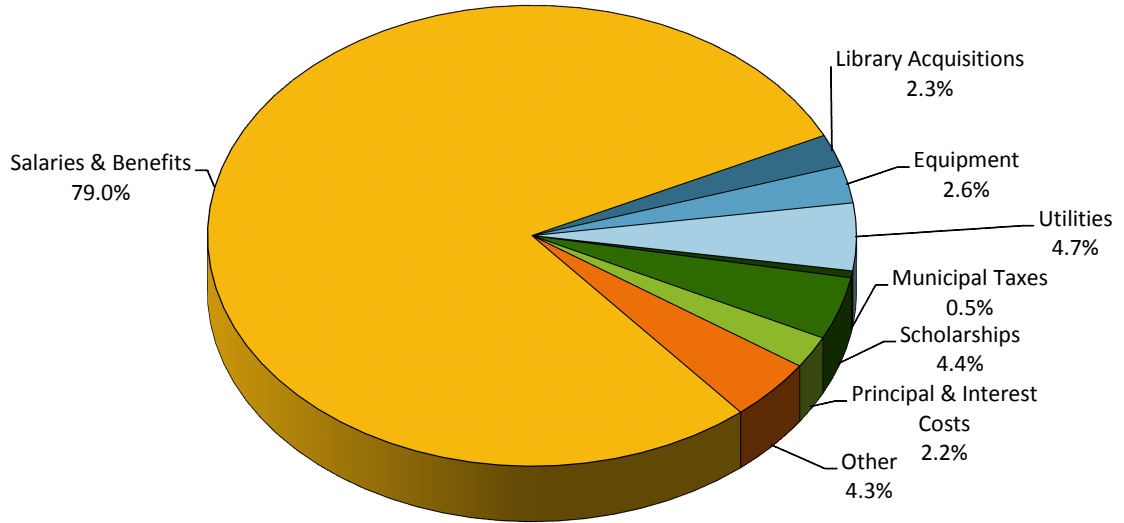
APPENDIX F: 2008/09 OPERATING EXPENDITURES BY FUNCTION

	2008/09 PROPOSED BASE BUDGET	2007/08 APPROVED BUDGET RECLASSIFIED	\$ INCREASE (DECREASE) OVER 2007/08	% INCREASE (DECREASE) OVER 2007/08
	(\$000s)	(\$000s)	(\$000s)	
PROVOST	\$ 151,597	\$ 152,391	\$ (794)	(0.5%)
VICE PRESIDENT, RESEARCH	4,216	4,032	184	4.6%
VICE PRESIDENT, ADMIN. & FINANCE	41,232	39,992	1,240	3.1%
VICE PRESIDENT, ADVANCEMENT	3,939	3,763	176	4.7%
CENTRAL ADMINISTRATION	6,972	6,633	339	5.1%
TOTAL OPERATING EXPENDITURES	\$ 207,956	\$ 206,811	\$ 1,145	0.6%

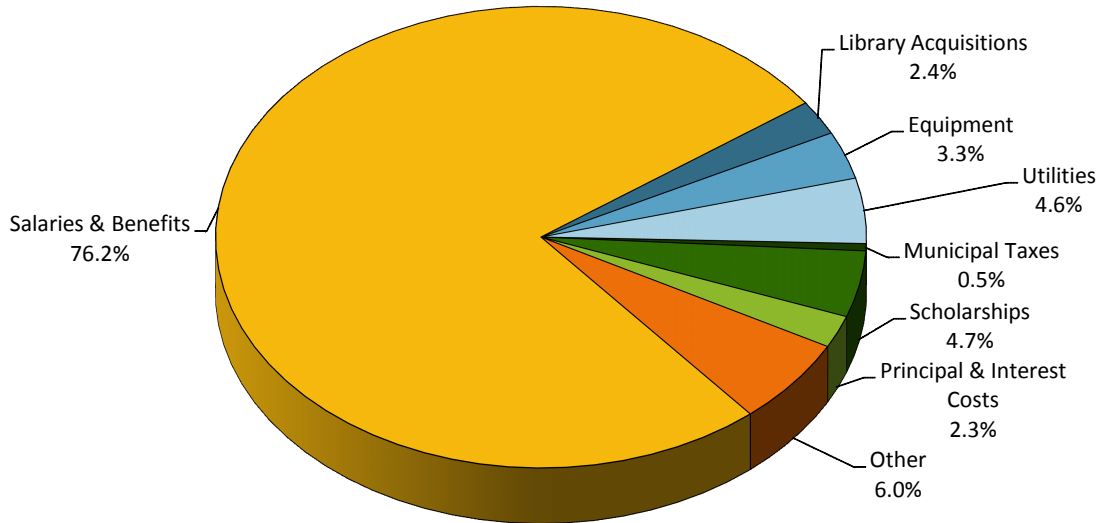


APPENDIX G: 2008/09 OPERATING EXPENDITURES BY TYPE

2008/09 Proposed



2007/08 Approved



APPENDIX H: ONE-TIME & INITIATIVE FUND EXPENDITURES FOR 2008/09

	PROPOSED ONE-TIME ALLOCATIONS (\$000s)	PROPOSED INITIATIVE FUND ALLOCATIONS (\$000s)	TOTAL ONE-TIME ALLOCATIONS FOR 2008/09 (\$000s)
PROVOST			
Faculties	\$1,117	\$105	\$1,222
Academic & Student Services	52	159	\$211
Library	300		\$300
Scholarships	0		\$0
Other Academic	270	250	\$520
TOTAL PROVOST	\$1,739	\$514	\$2,253
VICE PRESIDENT RESEARCH			
Research Services & Research Ethics Board	\$0		\$0
Great Lakes Institute for Environmental Research	0		\$0
TOTAL VICE PRESIDENT RESEARCH	\$0	\$0	\$0
VICE PRESIDENT ADMINISTRATION & FINANCE			
Administration	\$150	\$40	\$190
Information Technology Services	375		\$375
Facilities Services	30	50	\$80
Repairs & Renovations (Central)	0		\$0
Ancillary Services	0	52	\$52
TOTAL VICE PRESIDENT ADMIN & FINANCE	\$555	\$142	\$697
VICE PRESIDENT UNIVERSITY ADVANCEMENT			
Public Affairs / Development	\$500		\$500
TOTAL VICE PRESIDENT ADVANCEMENT	\$500	\$0	\$500
CENTRAL ADMINISTRATION			
Central Administration Costs	\$1,200		
Operating Fund Debt Costs	\$0		
Campus Enhancement Program	\$0		
TOTAL CENTRAL ADMINISTRATION	\$1,200	\$0	\$0
TOTAL EXPENDITURES	\$3,994	\$656	\$3,450
FUNDING SOURCES FOR ONE-TIME & INITIATIVE FUND			
Funding from Positioning Fund	250	656	906
Funding from Investment of Bond Proceeds	2,000	0	2,000
Funding from Deferred Maintenance Fund	1,744	0	1,744
	\$3,994	\$656	\$4,650

APPENDIX I: ONE-TIME EXPENDITURES

The following one-time expenditures are being proposed as part of the 2008/09 operating budget (page 29 - \$3.744m & page 30 - \$250,000). The expenditures are presented in relation to their support to the strategic mission.

Proposed One Time Expenditures	To Greater Heights	Multi Year Agreement (MYA)	Taskforce on Performance	Timing of funding
<ul style="list-style-type: none"> Learning Commons - \$300,000 	Learning centredness	Quality	# 25 - ...continue aggressively with plans to upgrade facilities...	Phase II
<ul style="list-style-type: none"> Support to Office of Academic Integrity - \$52,000 	Learning centredness; Faculty & Staff Relations	Quality		Phase I
<ul style="list-style-type: none"> Campus Portal - \$100,000 	Student Recruitment & Retention; Learning centredness; Faculty & Staff Relations	Quality	#10 - ... investigate and report on improvements to website...	Phase I - \$50,000 Phase II - \$50,000
<ul style="list-style-type: none"> mStoner Website Project - \$250,000 	Learning centredness; Student Recruitment & Retention; Grad Expansion; Faculty & Staff Relations	Quality	#10 - ... investigate and report on improvements to website...	Phase I - \$125,000 Phase II - \$125,000
<ul style="list-style-type: none"> Green Corridor Project - \$75,000 	Student Recruitment & Retention; Environmental Sustainability & Attractiveness	Quality	# 20- develop a comprehensive campus beautification plan...	Phase I
<ul style="list-style-type: none"> Aesthetic Environmental Vision Plan - \$75,000 	Student Recruitment & Retention; Environmental Sustainability & Attractiveness	Quality	# 20- develop a comprehensive campus beautification plan	Phase I
<ul style="list-style-type: none"> Undergraduate Growth Incentive Program - \$200,000 	Student Recruitment & Retention; Learning centredness	Access; Quality		Phase I
<ul style="list-style-type: none"> Graduate Growth Incentive Program - \$450,000 	Graduate Expansion; Improved Research Culture	Access; Quality		Phase I
<ul style="list-style-type: none"> Graduate Scholarships - \$300,000 	Student Recruitment & Retention; Graduate Expansion	Access; Quality		Phase I
<ul style="list-style-type: none"> Marketing of Campaigns - \$100,000 	Learning centredness; Student Recruitment & Retention	Quality	# 25 - ...continue aggressively with plans to upgrade facilities...	Phase I - \$50,000 Phase II - \$50,000

APPENDIX I: ONE-TIME EXPENDITURES (CONT'D)

Proposed One Time Expenditures	To Greater Heights	Multi Year Agreement (MYA)	Taskforce on Performance	Timing of funding
<ul style="list-style-type: none"> Health & Safety Requirements - \$30,000 				Phase I
<ul style="list-style-type: none"> Matching marketing program - \$150,000 				Phase I
<ul style="list-style-type: none"> Academic expenditures - \$336,500 	Learning centredness	Quality		Phase I
<ul style="list-style-type: none"> Information Technology - \$175,500 	Learning centredness; Faculty & Staff Relations	Quality	# 9 - ...support the priorities in the Annual Informational Technology Strategic Plan....	Phase I - \$140,500 Phase II - \$35,000
<ul style="list-style-type: none"> Learning Management System - \$500,000 	Learning centredness; Student Recruitment & Retention	Quality	# 9 - ...support the priorities in the Annual Informational Technology Strategic Plan....	Phase I - \$250,000 Phase II - \$250,000
<ul style="list-style-type: none"> Marketing & Branding Initiative - \$400,000 	Student Recruitment & Retention	Quality	# 7 - ...branding exercise by a professional firm...; # 16 - ...use a communication firm to help define our needs...	Phase I - \$200,000 Phase II - \$200,000
<ul style="list-style-type: none"> Space Planning Consultant - \$250,000 	Learning centredness; Faculty & Staff Relations	Quality	# 25 - ...continue aggressively with plans to upgrade facilities...	Phase I
<ul style="list-style-type: none"> Federal fundraising consultant - \$100,000 	Learning centredness; Faculty & Staff Relations	Quality	# 25 - ...continue aggressively with plans to upgrade facilities...	Phase I
<ul style="list-style-type: none"> Support for diversity and inclusion initiatives – President or designate with advice from Senate Advisory Committee - \$150,000 	Learning centredness; Social Justice; Student Recruitment & Retention	Quality		Phase I

APPENDIX J: 2007/08 CAMPUS RENEWAL PROGRAM - \$4.9M

List of projects to be funded from Campus Renewal Program (page 18):

Chiller at River	\$ 500,000
St. Denis Centre Fieldhouse Roof	400,000
Energy Conversion Centre - Standby Fuel	400,000
Building Management Systems Upgrades	100,000
Computer Centre Accessibility	120,000
Bookstore Roof	100,000
Tunnel Repairs	100,000
Energy Update Project	400,000
Campus Ramp Repairs	120,000
Prince of Wales (demolition)	400,000
Stand by Generator – Energy Conversion Centre	710,000
Cupolas (Dillon Hall)	250,000
Chrysler Hall Windsor (Redesign)	100,000
Classroom upgrades	745,000

Deferred Maintenance Projects

\$ 4,445,000

Mass Notification Systems	\$ 135,000
Emergency Response	102,390
Communications	40,000
Emergency Services – Vehicles	45,000
Close Circuit Television System Expansion	30,000
Risk Assessment/Continuity Planning	63,125
Emergency Power Generation	20,000
Off Site Web Hosting	5,000

Campus Safety & Security Projects

\$ 440,515

Total Projects

\$4,885,515

APPENDIX K: SALARY & BENEFITS FINANCIAL MANAGEMENT POLICY

PURPOSE AND SCOPE:

Effective May 1, 2008, all Faculty and Administrative Units will have authority over all salary and benefit budgets supporting faculty and staff positions within their respective operating budgets.

POLICY:

1. Each Faculty and Administrative Unit will have spending authority over all salary and related specified benefits funds supporting each faculty and staff position within their respective operating budgets, subject to the following.
2. The current faculty and staff addition and replacement process will remain in effect and so each proposal for filling or creating a position must be approved through the Appointments Review Advisory Committee (ARAC) process.
3. Central will fund all contractual salary and benefits increases for filled positions included in a Faculty or Administrative Unit's budgeted complement.
4. Each position provided by Central will be funded at the amount determined from time to time, with benefits. When a position that has been provided by a central allocation is to be filled and the standard budget for the position is lower than the reasonably expected starting salary, subject to agreement between the budget manager and the relevant Vice-President, Central may fund the differential.
5. A Faculty or Administrative Unit may liquidate a position and use the resulting funds (salary and related specified benefits) for such purposes as the manager may wish, subject to any approval process that may be in place from time to time.
6. A Faculty or Administrative Unit that has the funds to do so may create a new position provided that the manager has all the funds necessary to fund the salary and actual benefits relating to the position.
7. The Faculty or Administrative Unit will be responsible for all costs related to the hiring of the position, *i.e.*, start up grants, equipment requirements. Recruitment costs, *i.e.*, advertising, will continue to be the responsibility of Central.
8. The Faculty or Administrative Unit will be responsible for all employment costs for budgeted positions, *i.e.*, sabbatical leaves, retraining leaves, leaves of absences without salary, parental leaves, compassionate leaves *etc.*
9. Exceptions to this policy must be approved by Budget Committee or in cases where the effect would be minor, the relevant Vice-President as the applicable policy may provide.

APPENDIX L: UNDERGRADUATE GROWTH INCENTIVE PROGRAM

To encourage growth for undergraduate programs at the University in fiscal 2008/2009, the Budget Committee is proposing the adoption of the following “*Undergraduate Growth Incentive Program*.” As the optimal enrolment targets for each faculty have not yet been established, this plan would be in effect for the **2008/2009 fiscal period ONLY**.

This will be a one-time allocation as there is no mechanism in place to deal with enrolment reductions. As Government Grant revenue is not received incrementally for undergraduate enrolment there will be no sharing of grant or “Basic Income Units” (BIU) revenue. The program will be exclusive of any previously negotiated revenue-sharing initiatives based on undergraduate enrolment. The funds will be directed to the Dean of the faculty for use at their discretion.

The program will cover both Domestic and International undergraduate enrolment for Intersession (May – June 2008), Summer Session (July- August 2008), Fall, 2008 and Winter 2009 semesters, that is the fiscal period beginning May 1, 2008 and ending April 30, 2009. The FTE growth will be determined using overall faculty totals, not by growth in individual departments.

In 2009, Faculties will be given 40% of the tuition collected on undergraduate student growth in their faculty for 2008/09 over 2007/08. For undergraduate student growth we include all students (visa and non-visa, full and part time). Since different students pay different tuition fees, we will work with the average tuition fee.

The average tuition fee is the total tuition fee collected by the faculty divided by the number of undergraduate FTE students in the faculty. That is;

$$\text{AvgFee} = (\text{Total Tuition Collected in fiscal 2008-09}) / (\text{fiscal 2008-09 FTE})$$

The growth is calculated as:

$$\text{FTEGrowth} = (\text{2008-09 FTE}) - (\text{2007-2008 FTE}).$$

The amount transferred to the faculty is:

$$\text{FacTransfer} = 0.4 \times \text{FTEGrowth} \times \text{AvgFee}.$$

If FTEGrowth is negative, then there is no transfer of funds (positive or negative). That is, there is no penalty for a decrease in FTE for 2008/09 only.

APPENDIX M: GRADUATE GROWTH INCENTIVE PROGRAMS

INCENTIVE PLAN A – BASED ON FACULTY GROWTH

Non-thesis Master's Programs:

\$8000/student for grad program support

Thesis Master's Programs:

\$8000/student for grad program support + \$4000 for research stipend support

**Hybrid Masters Programs (2008 amendment):*

\$10000/student for grad program support

PhD programs (existing & new):

\$12000/student for graduate program support + \$4000 for research stipend support

INCENTIVE PLAN B – BASED ON DEPARTMENT GROWTH

All Master's Programs: \$4000/student

PhD programs: \$6000/student

GOAL

The Graduate Growth Incentive Program is aimed at increasing the enrolment of domestic graduate students across the university.

ELIGIBLE GROWTH

Incentives are available only for growth in domestic graduate student enrolment beyond baseline enrolment within each Faculty (Plan A) or each Department (Plan B). Growth will be determined from the November government count date.

Baseline Enrolment = November 2006 eligible domestic graduate student enrolment (FTEs) as provided by University of Windsor Institutional Analysis.

Masters and PhD growth are counted separately.

ACADEMIC PROGRAMS EXCLUDED

Full-cost recovery programs (e.g. Master of Management) and any new course-based programs (e.g. MEng, 1-year MSW) that have negotiated a funding arrangement with the VP Academic & Provost.

INCENTIVE FUNDING BEYOND NOVEMBER 2007

The baseline for measuring eligible growth will remain at November 2006 for the duration of the Program.

LIFESPAN OF THE PROGRAM

Four-year commitment beginning 2006 and to be reviewed in 2011. Yearly reviews will be conducted to determine the success of the program.

ADMINISTRATION OF FUNDS

All growth funds will be directed to the Dean of the Faculty (Plan A) or the Department Head (Plan B) on Dec 1 of each year. Growth funds must be used to support graduate programs.

OTHER GRADUATE STUDENT SUPPORT

GA and Scholarship support to graduate students will continue subject to the budget and will not be taken from the Graduate Growth Incentive Funds