



University
of Windsor

*Laying the Foundation for
UWindsor 2.0*

2015/16 Operating Budget

Laying the Foundation for UWindsor 2.0
2015/16 OPERATING BUDGET

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I. LAYING THE FOUNDATION FOR UWINDSOR 2.0

The 2015/16 operating budget is the first step in the implementation of UWindsor 2.0. The University finds itself in a unique position in its history. The face of the University has changed significantly since its inception. The demographics of its students, faculty and staff, its renewed capital infrastructure, and the imminent opening of the first Downtown building, all position the University to realization of UWindsor 2.0, the next iteration of the University of Windsor.

The 2015/16 operating budget is the first budget in a multi-year strategy to address critical foundational changes to the University and its operations. The development of a Strategic Enrolment Framework, a revitalization of Activity Based Budgeting, the planning for an Enterprise Resource Planning system, and the delivery of the Strategic Mandate Agreement, all will enable the success of UWindsor 2.0. This budget, while addressing the operations of the institution, will set the stage for a number of initiatives that will fundamentally support UWindsor 2.0.

The President's address on March 9th, 2015 outlined the vision for the next phase of the University's growth, UWindsor 2.0. The University campus has changed over the years. It is a different place; more diverse students, capital investments that support the changing student body, and faculty and staff. UWindsor is uniquely positioned within the Provincial system.

Planning for the 2015/16 operating budget commenced in Summer 2014 with the first step being the development of key assumptions around enrolment, government grants, tuition fee framework, and expenditures. As announced in the President's Update #24 (December 18, 2014), the budget strategy for 2015/16 was guided by three criteria; 1) Enrolment realities; 2) Activity Based Budgeting, and 3) the Strategic Mandate Agreement. A three year strategy would ensure that the University would have time to address these fundamentals.

A financial strategy that supports balanced operating budgets continues to be the foundation of the 2015/16 budget. This strategy has served the institution well in maintaining its fiscal position and provides the discipline to manage unforeseen circumstances. The commitment to avoiding any cumulative deficit has underpinned the continuation of a favourable credit rating for the University. This budget includes a further realignment of 1% for the campus providing for a balanced budget for 2015/16.

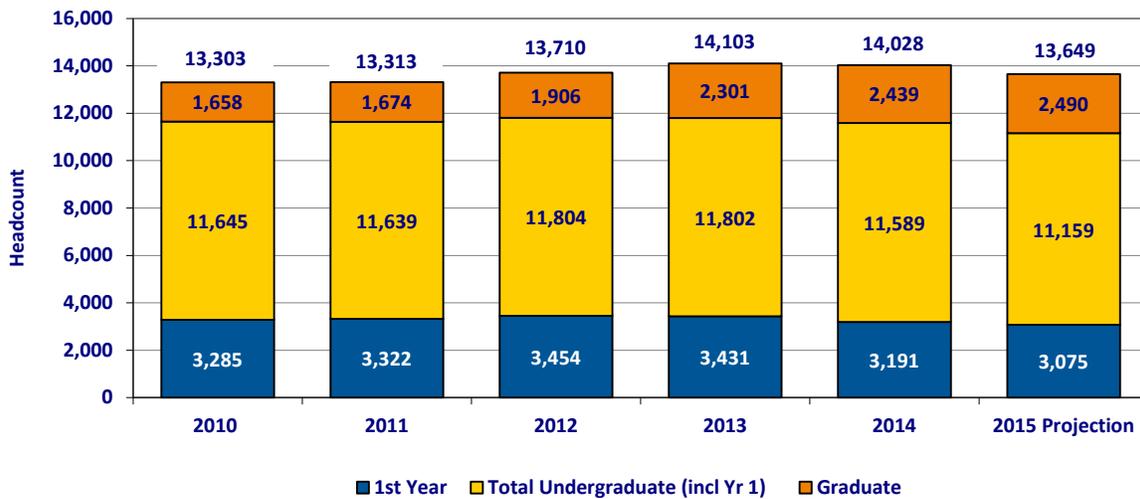
As will be detailed later in this proposal, strategic investments in the student experience are included as well as support for the strategic priorities of the institution to best position us for financial stability. The goal of this budget is to lay down the first steps in what will be a significant transformation of the University of Windsor over the next three years.

II. STUDENTS AT THE UNIVERSITY OF WINDSOR

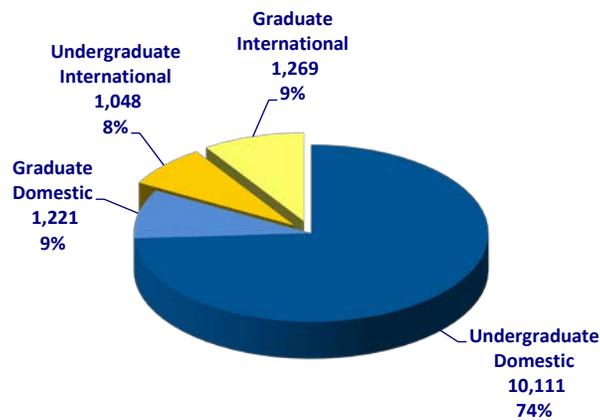
1. ENROLMENT: THE CHANGING STUDENT BODY

For Fall 2015, the projected total full-time undergraduate and graduate enrolment for Fall 2015 is 13,649, a decline in enrolment of approximately 379 full-time undergraduate and graduate students over Fall 2014.

The following graph provides a summary of Fall full-time enrolment headcount, including both a five-year history and projected enrolments for Fall 2015:



The following graph illustrates the Fall 2015 projection of full-time undergraduate and graduate enrolment headcount by visa status. The increase in international students, primarily at the graduate level, reflects some of the changes in the student body. 50% of graduate enrolment are international students, the outcome of successful course-based Masters' programs developed in response to international student needs.



II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

In addition to projected Fall 2015 full-time enrolment of 13,649, part-time undergraduate and graduate student projections total 1,923 and 128 respectively. The total undergraduate part-time enrolment represents 408 full time equivalent students.

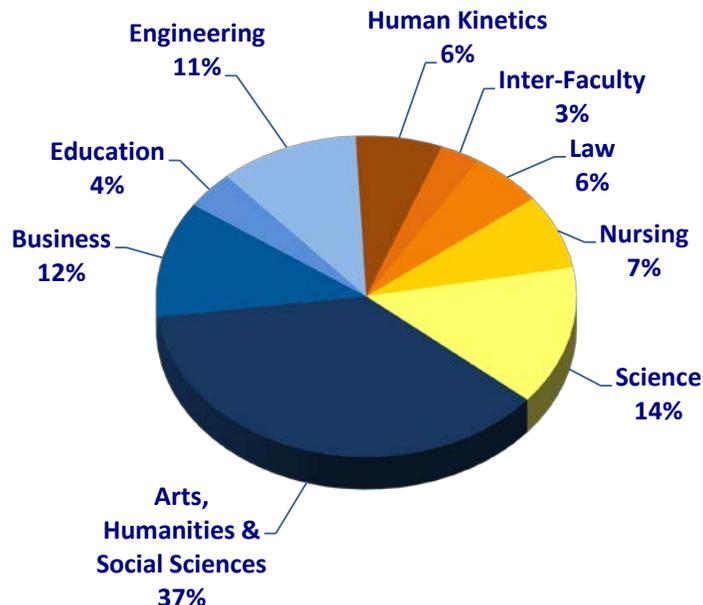
(i) Undergraduate Students

Total full-time undergraduate enrolment is projected to be 11,159 students in Fall 2015. This represents a decrease of 430 students over Fall 2014.

As of April 2015, compared to last year, 101 (direct Ontario secondary school) applications to Ontario universities have decreased by 0.6%. In comparison, the applications to UWindsor have decreased by 8.1%, with first choice applications down 10.2% compared to a decrease in the system average of 1.7%. For 105 (Canadian other than direct Ontario secondary school) applications, the system is up 2.0% compared to UWindsor's decrease of 7.4%. Education applications are down 57.3% in the province compared to UWindsor's decrease of 51.2%.

The following graph illustrates the distribution of Fall 2014 full-time undergraduate enrolment by Faculty:

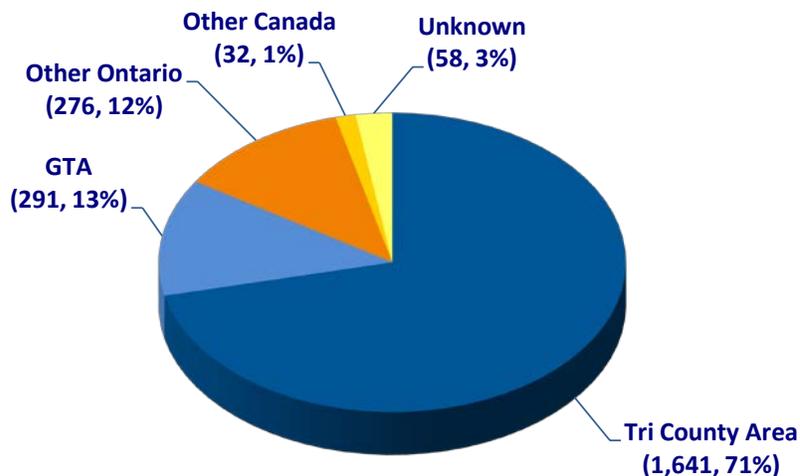
**Fall 2014 Full-Time Undergraduate Enrolment Headcount
(11,589)**



II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

UWindsor 2.0 aspires to the continued strategic and moderate growth of undergraduate student numbers, while recognizing that the growth should not compromise quality of the learning experience. This growth will be achieved in a number of ways. The development of new academic programs that meet the evolving needs of students must be continual. Improvement in the recruitment efforts has also taken on a heightened effort across campus. A new marketing strategy is currently underway with the issuance of a Request for Proposal from leading marketing firms. The aim will be to increase the visibility for the institution, raise the awareness of the strengths of UWindsor, and communicate the advantages of studying here. In addition, a greater focus on the overall student experience including career preparation will be important for strengthening retention rates. A new Career Service area will be announced during 2015/16 that will provide the support for students and faculty in preparing students for a career.

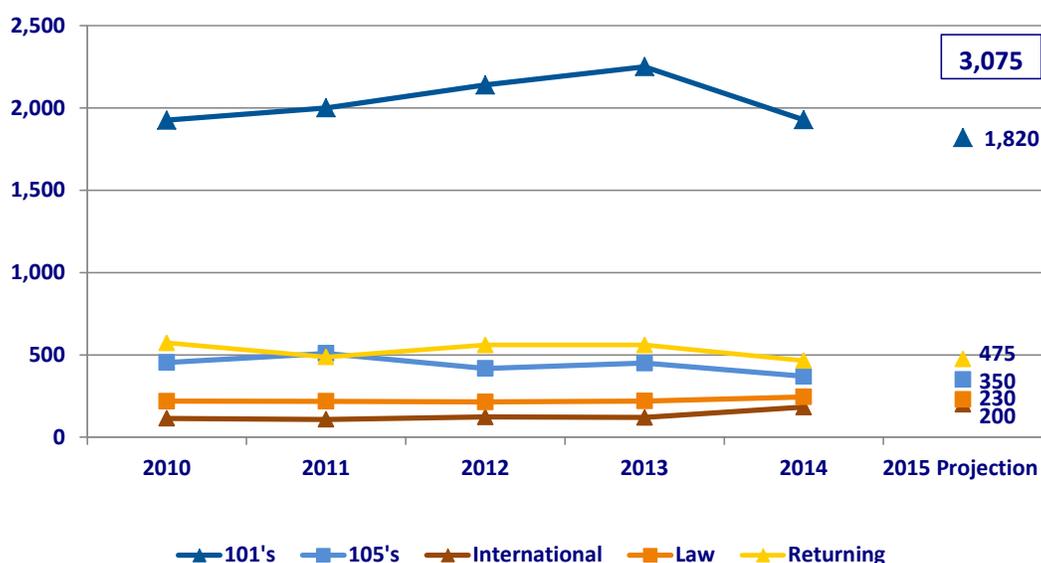
The following graph illustrates the origin of new first year domestic students in Fall 2014 (not including Law or returning first year students):



II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

Demographic projections of youth aged 18 – 24 are that the tri-county region will experience declines in population. Growth of this age category will be seen in the Greater Toronto Area (GTA) and the Ottawa region. This reality will require a creative and focussed approach to recruitment. The need for a Strategic Enrolment Plan that will address the risks in enrolment has never been important. UWindsor's approach to a Strategic Enrolment Plan is addressed later in this document.

First year enrolment is a key indicator and driver of total undergraduate enrolment. Total first year enrolment for Fall 2015 is budgeted at 3,075. The significant reduction in enrolment in a subset of programs in the Faculty of Arts, Humanities and Social Sciences is the main driver of this decline. The first year projection of 3,075 reflects a further decline in this Faculty. The following graph illustrates the various components of first year enrolment of 3,075:



At this time, confirmations for Fall 2015 suggest that budgeted enrolments will be met for first year. Efforts will be continuing throughout the spring and summer months to convert as many confirmations of enrolment as possible.

(ii) Graduate Students

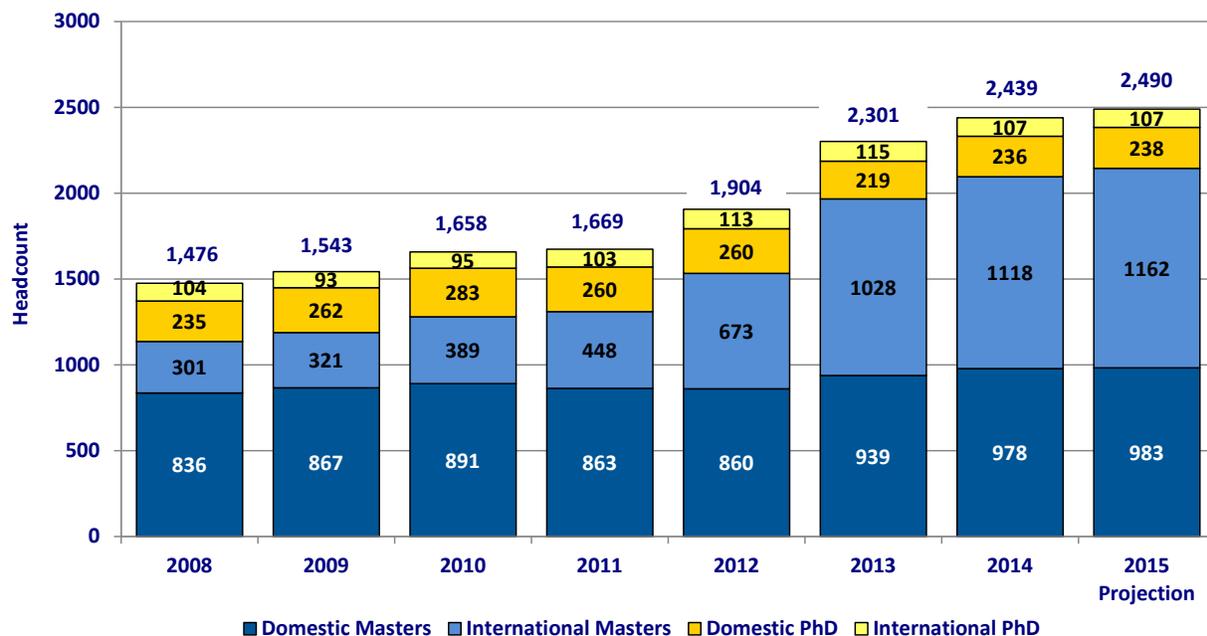
Total full-time graduate enrolment is projected to be 2,490 students in Fall 2015 (Masters-2,145; PhD-345). UWindsor has experienced significant growth of graduate students since 2006. With the Province's financial incentive to support the growth of domestic graduate students, growth of this group has been an area of focus.

II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

The Province has committed funding for graduate growth to an approved target. During the Strategic Mandate Agreement negotiations, UWindsor was provided with additional Masters' spaces and a reduction of PhD spaces which are accounted for in the 2015/16 budget. These spaces will be fully funded by the Ministry through the Graduate Expansion grant. New and/or enhanced graduate programs offered both on and off campus have contributed to the success in the growth of domestic graduate students. The Masters of Social Work program has been a key factor in realizing this growth.

In addition to the growth of domestic graduate students, UWindsor has experienced significant growth of its international graduate student body since 2006. As noted earlier, 50% of graduate enrolment is international. This growth has been primarily achieved by the successful development and delivery of course-based Masters' programs in Engineering (Master of Engineering) and Business (Master of Management). Similar programs are in place in Education (Master of Education) and Science (Master of Medical Biotechnology and Master of Applied Computing). Science will also be launching the Master of Applied Economics and Policy in Fall 2015. Renewal of existing programs and the development of new academic programs is expected to result in an increase in international graduate students into the future.

The following chart illustrates the growth of graduate students since Fall 2008 and the components of graduate enrolment which have grown significantly. Projected full-time graduate enrolment for Fall 2015 is 2,490.

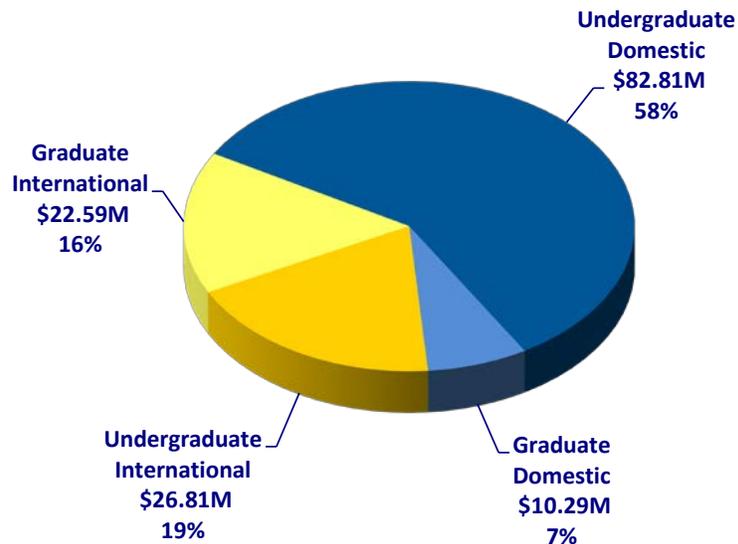


II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

(iii) International Students

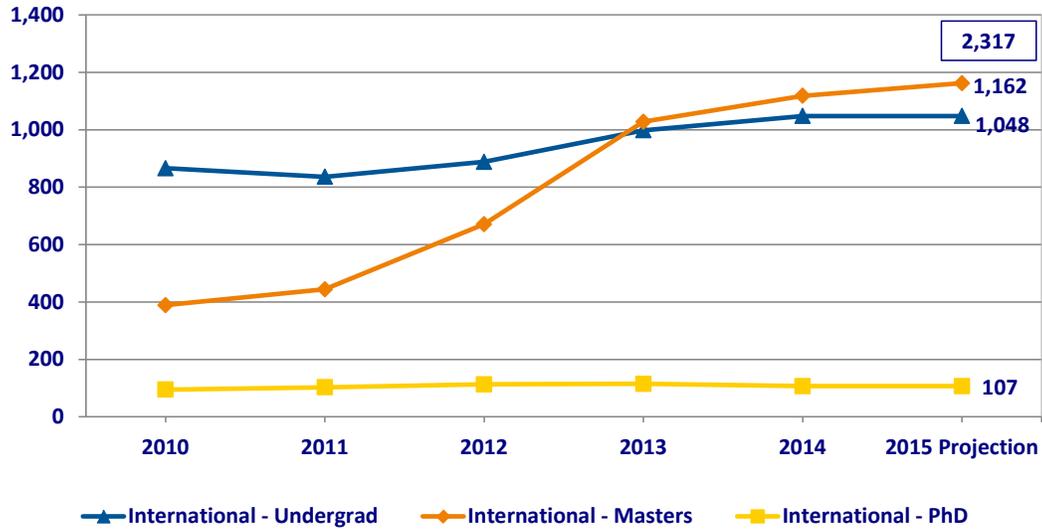
International engagement is a key priority for UWindsor as articulated in its Strategic Plan. In support of this strategic direction, the Vice Provost, International Development and the Associate Vice-Provost, International Cooperation, have been appointed to engage every academic program in international initiatives, recruit and retain the best international students, encourage student, faculty and staff to benefit from an international experience, and promote the benefits of studying or working in Windsor.

UWindsor 2.0 identifies the significant growth of international enrolment over the past decade. International full time enrolment has increased by 1,165 full-time students since Fall 2003 and as of Fall 2014, it represented 9% of full-time undergraduate enrolment and 50% of full-time graduate enrolment. Overall, international enrolment represented 16% of total Fall Full-Time 2014 enrolment. The importance of international enrolment to UWindsor is evidenced by the percentage of tuition fee revenue generated by international tuition fees. For 2015/16, international tuition fee revenue is projected to represent approximately 35% of total tuition fee revenue as illustrated in the following graph.



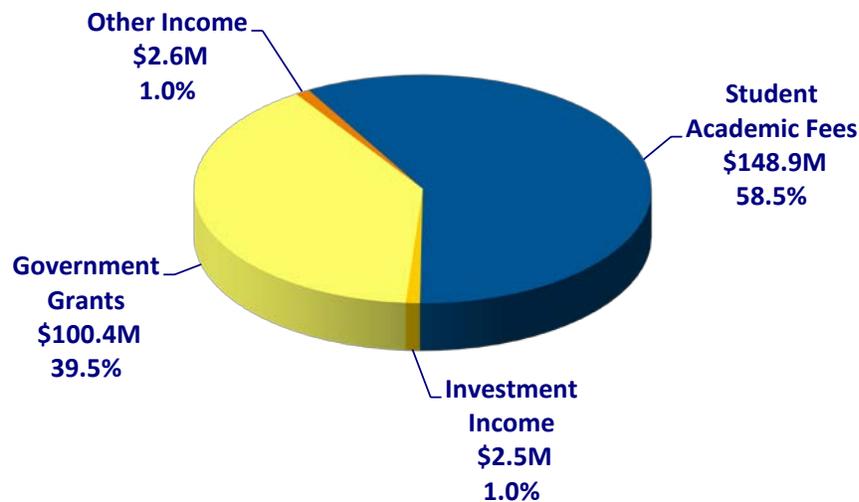
II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

The following graph illustrates the trend of full-time international enrolment over the last five years.



2. OPERATING REVENUE

The 2015/16 Operating Revenue for the institution totals \$254.4M, an increase of \$1.4M (0.6%) over 2014/15. It is comprised of the following four categories of revenue (\$000s):



II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

(i) *Student Academic & Other Fees*

In March 2013, the Ministry announced a new 4-year tuition framework that will be in place until the 2016/17 academic year.

For 2015/16, the following framework applies for domestic undergraduate and graduate fees:

- Maximum of 3% overall annually (2% (CPI) + 1%)
- Full Cost Recovery and Self-Funded programs are exempt
- International tuition remains unregulated
- Graduate programs and professional undergraduate programs (namely Engineering, Business, Law, Computer Science)
 - 5% for 1st, 2nd and 3rd year students
 - 4% for 4th year students (continuing)
- For undergraduate programs not included above:
 - 3% for all years (1st year and continuing)

The Board of Governors approved the 2015/16 tuition fees at its April 28, 2015 meeting. Fee increases for 2015/16 are compliant with the above Ministry framework. As part of the Ministry's tuition fee framework, institutions are required to allocate 10% of the incremental revenue generated by the regulated tuition fee increase, plus or minus any changes in enrolment, to support student financial aid. The 2015/16 operating budget includes an additional \$300,000 in support of this financial aid.

Total student academic fees are projected at \$148.9M for 2015/16, an increase of \$3.37M (2.3%) over 2014/15. Increases to tuition revenue due to decreased enrolment and increased tuition fees are estimated at \$3.88M. Professional course-based Masters' tuition revenue is expected to decrease by \$0.67M. An increase of \$0.16M is projected for incidental fees.

In addition to tuition fees, other compulsory ancillary fees and cost recovery fees were approved by the Board of Governors in April 2015. No student referendums were held.

(ii) *Ancillary Fees*

In addition to tuition and compulsory ancillary fees, Residence and Meal Plan fees were also approved by the Board of Governors in April 2015.

Residence Services will manage five residences on campus in 2015/16, accommodating approximately 1,025 students and providing them with a variety of offerings, ranging from traditional style dormitories to suite-style accommodations.

II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

Although Residence Services sees its primary role as providing transition support for first year students, it also focuses on encouraging upper year students to remain in the residence system. Approximately 23% of the residence population is comprised of upper year students.

In consultation with students serving on the Residence and Food Services Advisory Board (RFSAB) and on the Executive of the Windsor Inter-Residence Council (WIRC) the budget and proposed fees are developed and subsequently supported by both groups. The Board of Governors approved the 2015/16 residence fees at their April 2015 meeting.

A recommendation to discontinue the use of Electa Hall effective May 1, 2015 has been made based on the occupancy rates on campus coupled with the existing conditions of the building. This decision is in accordance with the long term strategy for Residence Services. The demolition of the building, which would commence in Summer 2015, will be brought forward in June for the Board's consideration.

Food Services has developed a three year strategic plan (2015-2018) ("the Plan") outlining short and long term initiatives that will enable the Department to deliver a financially sustainable program. The Plan identifies a vision for Food Services, based on 1,000 students living on campus and overall enrollment projection consistent with the University's projections, for the next three years. Highlights of the plan include permanently using the Marketplace, located in the CAW Student Centre, as the main food venue for residence and all other students, and focusing operating and capital improvements to this location.

The Department has completed a comprehensive review of services, expenses and allocated charges, in order to achieve a balanced budget for 2015/16. The Board of Governors approved the 2015/16 meal plan fees at their April 2015 meeting.

Parking Services is an ancillary service and thus, self-sustaining. The proposed rates for faculty, staff and students, effective July 1, 2015, continue to be below the median rate for parking at other Ontario universities. The proposed pre-tax annual rate for all staff/faculty parking permit fees for 2015/16 is \$728.14, except in the Remote Lot (\$592.35).

The proposed pre-tax parking fee rates for students are as follows for the surface parking pass: 8 month pass - \$317.79 and 12 month pass - \$380.97. The 8 month parking pass for the Parking Garage is \$485.14.

With the first building opening in the Downtown core this summer, parking options in the immediate vicinity of the former Windsor Star building are close to being finalized. A Request for Proposal (RFP) to secure parking for the School of Social Work and the Centre for Executive and Professional Education was issued and final contract negotiations are underway.

II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

(iii) Provincial Government Grants

Provincial Government Grants total \$97.2M for 2015/16, a decrease of \$2.2M from 2014/15. Provincial grants represent 38.2% of the institution's revenue. This has declined from 39.3% of the institution's revenue in 2014/15. The decrease in provincial grants is a result of the changes made to Teacher's Education as well as the 2012 Ontario budget announcement of multi-year reductions for universities. The Efficiency Reduction target in the amount of \$81M was fully implemented over the two-year period 2013/14 and 2014/15. The International Student Recovery (ISR) is being phased in over a four-year period and an estimate for the increase is included in the budget.

The ISR reduces the Provincial government grant in the amount of \$750 for each international undergraduate and Masters' student enrolled at the institution (PhD's were excluded). This phased-in reduction reduces funding by \$750 per international student who are enrolled in Years 1-3 or a Master's program. The reduction will be fully implemented by 2016/17 for all years of undergraduate study. The central budget's projected reduction in the Operating grant is estimated at \$912,000 for 2015/16, an increase in the reduction of \$188,000 over 2014/15. All self-supporting programs (i.e., MEng, Masters of Management) are responsible for bearing the cost of this operating grant reduction in their business models.

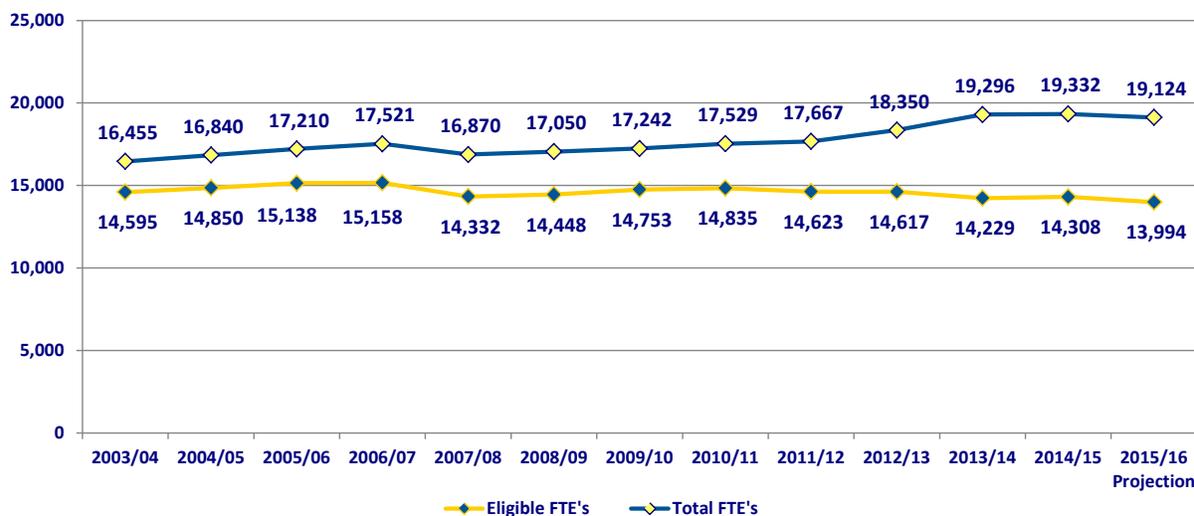
The Provincial government has made sweeping changes to Teachers' Education by lengthening the time teacher candidates spend in the Bachelor of Education program from one to two years. In doing so, they have limited the University's enrolment to 50% of the current approved targets, as Fall 2015 is the first year of the two-year program. The grant for the enrolment is also reduced by 50% and will return to steady state when both years of the program are in place by Fall 2016. One-time funding for Education will be needed in the amount of \$1.685M to accommodate this reduction. Additionally, the government changed the funding rate for Education students to 1.5 per Basic Income Unit (BIU) from 2.0. This change has permanently reduced the funding by \$1.6M. Beginning in 2015/16, the government is planning on Teachers' Education funding to be a separate funding envelope. This change may result in funding being directly related to enrolment in the academic program.

Provincial government grants are reflective of an institution's enrolment, either through actual eligible enrolments or an institution's share of the overall provincial system. UWindsor's portion of the provincial system was 3.28% for 2014/15. For 2014/15, UWindsor's enrolment was not sufficient to allow participation in the undergraduate growth funding envelope and this is not anticipated to change in 2015/16.

The following chart illustrates the history of UWindsor's total and eligible full-time equivalents since the double cohort. Total full-time equivalents are projected to grow by 13.4% over 2007/08 with eligible full-time equivalents expected to decrease 2.4%. Enrolment growth in international graduate programs is one of the main reasons for the difference between total

II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

FTE's and eligible FTE's. The following graph shows the total FTE enrolment at the University and the eligible FTE enrolment that determines the government grant:



The Graduate Expansion grant funds growth for eligible Masters and PhD students up to an approved target. This grant is projected at \$1.7M, a decrease of \$409,000 over 2014/15. The budget for 2014/15 was not achieved and this has been reflected in the 2015/16 grant projection.

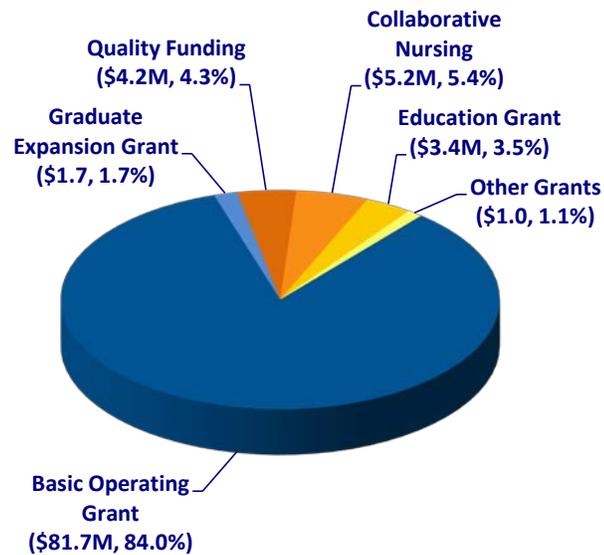
Another grant directly affected by enrolment is the Nursing Collaborative Grant. This special Nursing envelope funds the Collaborative Nursing program, which is also offered through St. Clair and Lambton Colleges. This grant is projected at \$5.2M, a decrease of \$30,000 from 2014/15.

The Municipal Act requires the University to pay the City of Windsor an amount of \$75 per full-time student enrolled (both domestic and international). The Ministry provides an offsetting grant to universities as a “grant in lieu of municipal taxes”. Beginning in 2013/14, the Ministry discontinued the per-student grant amount for international undergraduate and Masters’ students even though UWindsor remains responsible for the payment to the City for all students.

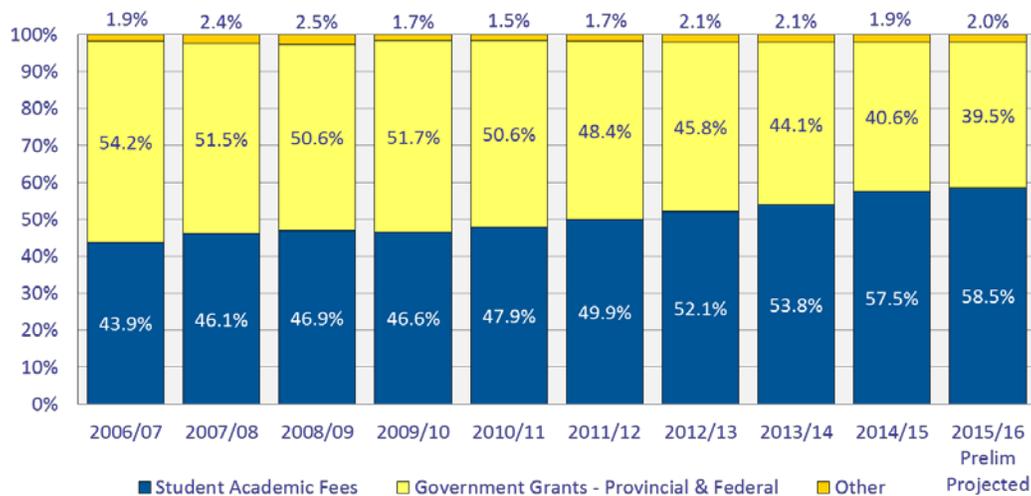
Other changes include the decrease of \$5,000 in the Performance grant and a decrease of \$25,000 in the Research Overhead grant.

II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

The following is a summary of the 2015/16 Provincial Government Grants totalling \$97.2M in support of operations:



Government Grant funding has been steadily declining as a percentage of total operating revenue. The following graph illustrates the 14.7% drop in government funding compared to overall operating revenue since 2006/07.



III. RESEARCH AT THE UNIVERSITY OF WINDSOR

Another key priority for the institution is to build upon our research and creative strengths. Competition for external funding, encouragement of internal and external collaboration, and liaisons with industry all form part of a research-intensive university.

The total research revenue for the institution approximates \$25M annually. Revenues and expenditures in support of research are accounted for outside of the operating budget of the institution. Included in the operating revenue is the Federal Indirect Cost Grant received in support of overhead expenditures incurred by the institution. Faculties and Administration incur operating costs in support of research within their respective budgets.

A \$500,000 Research Stimulus Fund (RSF) was established in the 2013/14 budget, under the purview of the office of the Vice President, Research and Innovation. The RSF is used to help support research initiatives that build on our strengths, that position us favourably for Tri-Council and other research funding, and that create opportunities for graduate and undergraduate student engagement in research and scholarly endeavors. The engagement of students and trainees in research and scholarship is important. The value of the RSF will be determined annually through the budgeting process, and through the assessment of the impact of investments made under the fund. The 2013/14 report on how the RSF has enhanced research on campus can be found at www.uwindsor.ca/research. For 2015/16, the RSF remains at \$500,000.

1. FEDERAL INDIRECT COST GRANT

The Federal government supports research through annual grants that offset a portion of the University budget used in support of research overhead costs. The formula applied for the allocation of grant monies under this program is based on the three-year average funding each institution has received from any of the Tri-Council granting agencies (NSERC, SSHRC, and CIHR) in the years 2012/13, 2013/14 and 2014/15.

The total Federal Indirect Costs Program budget was \$341M for 2014/15. UWindsor's share of this was confirmed at \$3.28M. The projection for UWindsor's share in 2015/16 is \$3.17M, a decrease of \$110,000.

2. INVESTMENTS IN SUPPORT OF RESEARCH & ECONOMIC DEVELOPMENT

The Windsor-Essex economy is facing an unprecedented period for transformation and redefinition. UWindsor is making significant investments to see this transformation become reality. The new Innovation Centre will be a key piece in helping the campus bring together the people, the programs, and the networks that will enable collaboration and innovation to happen. This type of cooperation among key organizations, industry, government and academia, will enable the Windsor-Essex Region to be much more proactive in its entrepreneurship practice and innovation.

IV. OPERATING EXPENDITURES

1. FACULTY & STAFF

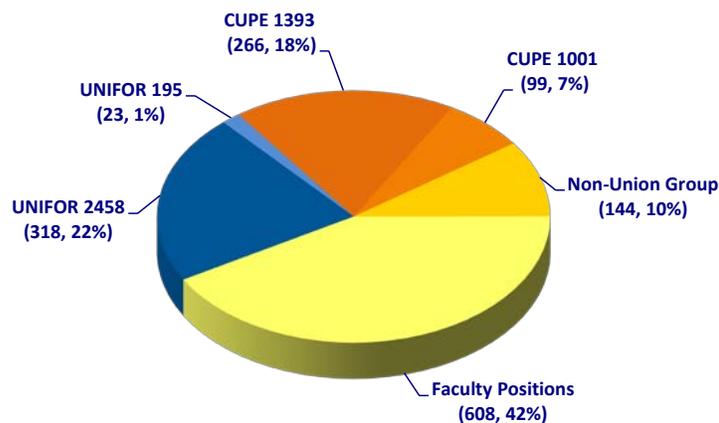
The campus community is diverse, and is comprised of people who make wide ranging contributions that contribute to the successful achievement of the institution's priorities. The University's mission of enabling people to make a better world through education, scholarship, research and engagement could not be achieved without the dedication of faculty and staff.

The largest investment in the UWindsor operating budget is faculty, staff and student salary, wage and benefit costs including pension. These costs in 2015/16 total over \$194M, and represent 76% of the total operating budget of the University.

The University operates with 8 bargaining units and a non-union group. The following bargaining groups are organized at the University:

1. Windsor University Faculty Association – *Faculty, librarians, ancillary academic staff and sessional instructors*
2. UNIFOR Local 195 – *Campus Community Police & Parking*
3. UNIFOR Local 2458 Full Time – *Office & Clerical Staff*
4. UNIFOR Local 2458 Part Time – *Office & Clerical Staff*
5. UNIFOR Local 2458 Engineers – *Stationary Engineers*
6. CUPE Local 1001 – *Full & Part Time Food Services, Housekeeping & Grounds*
7. CUPE Local 1393 – *Technical staff, trades, and professional staff*
8. CUPE Local 4580 – *Graduate and Teaching Assistants***

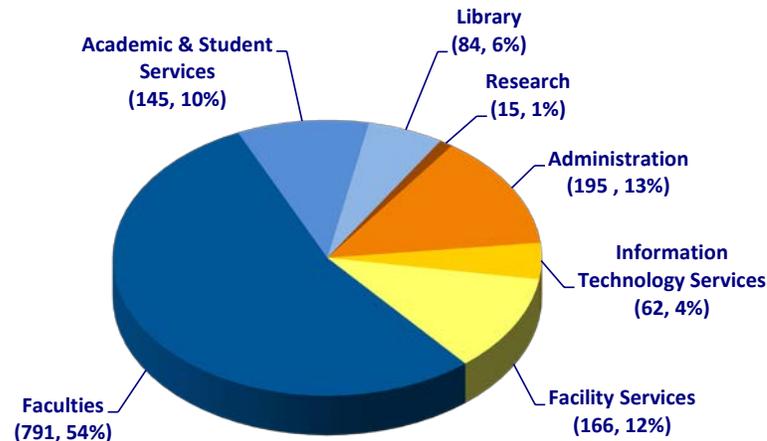
The following graph illustrates the number of full-time equivalent positions incorporated in the operating budget.



** CUPE Local 4580-Graduate & Teaching Assistants not included in the above graph as number of positions not specifically budgeted

IV. OPERATING EXPENDITURES (CONT'D)

The following pie chart illustrates the distribution across the campus of the budgeted full-time equivalent positions:



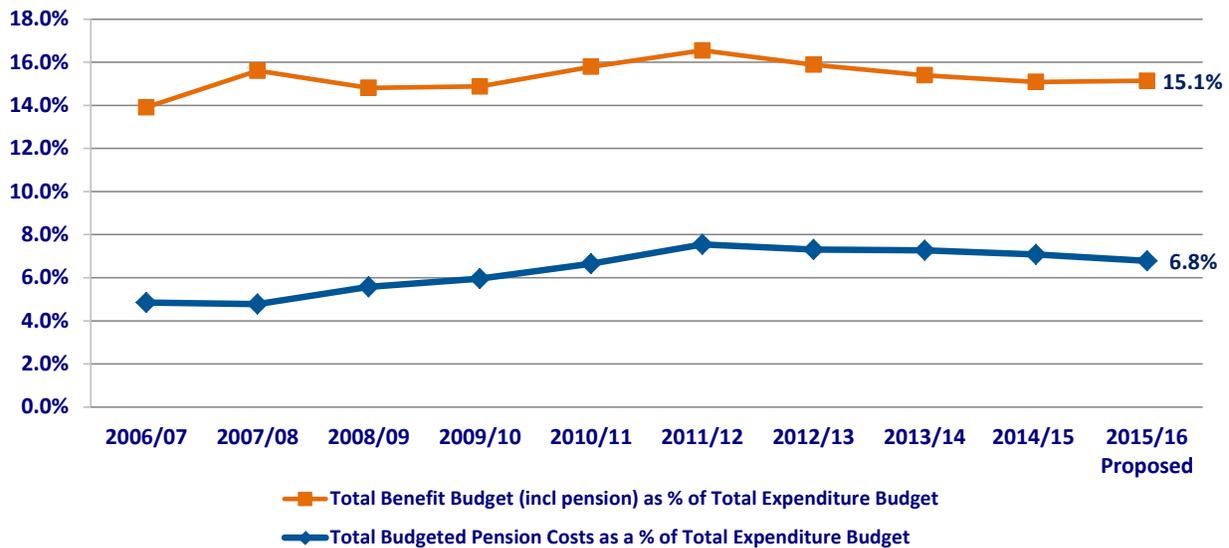
2. PENSION COSTS

UWindsor has two pension plans to provide post-retirement support to our faculty and staff. The University has a Faculty Pension Plan and an Employees' Plan. Due to the significance of pension contribution costs, planning for these required contributions is ongoing. Mandatory tri-annual actuarial valuations completed for each Plan dictate contribution levels required by the members of the Plans and the University. UWindsor filed mandatory valuations as of July 1, 2014 for both Plans in March 2015.

The 2015/16 base budget includes \$17.3M in support of pension contributions. This amount includes a deficit repayment of \$4.6M for the Faculty Pension Plan, a decrease of \$750,000 from 2014/15. The reduction in the base funding required to fund the special payments for the Faculty Plan has been reallocated to the Strategic Priority Fund in support of the hiring of 50 new faculty as announced in the President's UWindsor 2.0 address. Pension costs in the 2015/16 budget represent 45% of the total benefit budget.

The following graph illustrates the percentage of the operating budget in support of total benefits and pension costs. As noted in the graph, total benefit costs, which include pension contributions, represent 15% of the operating budget.

IV. OPERATING EXPENDITURES (CONT'D)

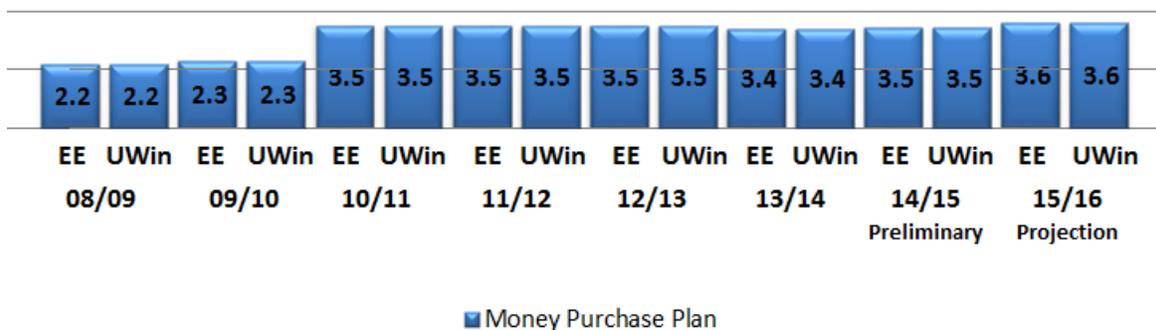


(i) The Employees' Plan

The Employees' Plan is fully cost-shared between the University and the plan members. Employees are currently contributing in the range of 6.4% and 9.2% of their salaries, depending on their earning level, and the University matches this contribution.

As of the July 1, 2014 valuation, the Employees' Plan has a going concern surplus of \$5.8M and a solvency surplus of \$.9M. No changes to the contribution levels of the plan members or the University are required based on the valuation. The filing of this valuation will result in no changes to plan members or University contribution levels until the next mandatory valuation as of July 1, 2017.

The following graph illustrates the pension contributions to the Employee plan (\$M):



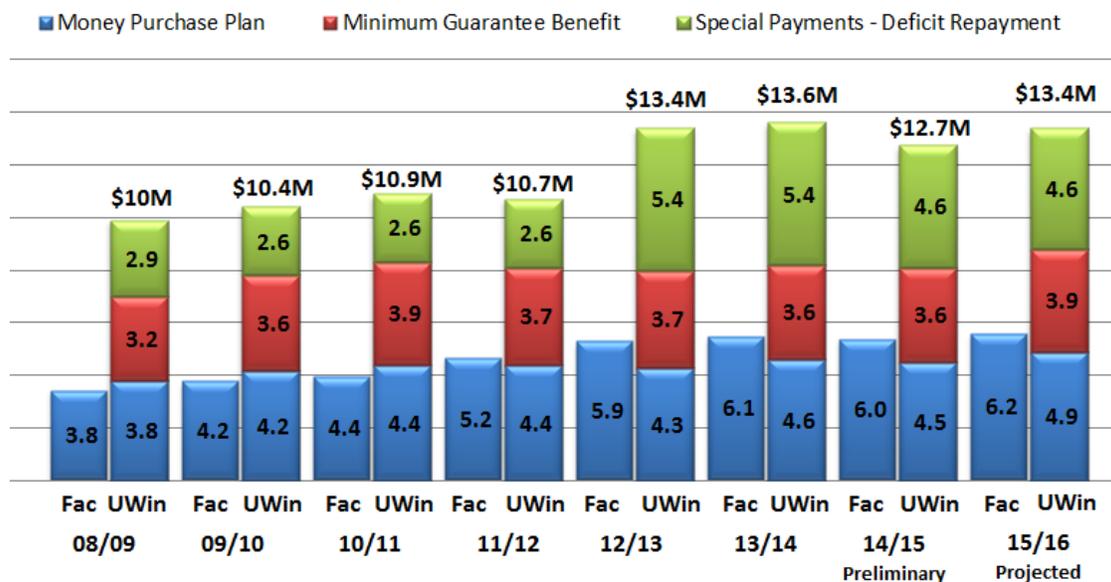
IV. OPERATING EXPENDITURES (CONT'D)

(ii) The Faculty Plan

The Faculty Plan is a hybrid plan comprised of two components. The first component is the *money purchase plan*, which had been fully cost-shared between plan members and the University in the past. Contributions to the money purchase component of the plan are 8% (changing to 9% on July 1, 2016) of faculty salaries for plan members and 6% of faculty salaries for the employer, subject to Income Tax Act annual contribution limits. The other component is the *minimum guaranteed benefit*, which represents the amount paid to ensure pensions are at a defined benefit level prescribed in the pension plan. The minimum guarantee benefit is not cost-shared, and the University is solely responsible for funding this component of the pension benefit.

The actuarial valuation filed as of July 1, 2014 resulted in a \$36.4M going concern deficit with no solvency deficit. UWindsor is making annual contributions in the amount of \$4.6M to fund the going concern deficit.

The following graph illustrates the pension contributions to the Faculty plan (\$M):



(iii) Summary of Pension Plan Costs

The cost of the two University pension plans for the 2015/16 operating budget represents 6.8% of the University's total operating budget. The Employees' Plan pension costs which are fully cost-shared represent up to 9.2% of the direct wages and salaries for both members and the employer.

IV. OPERATING EXPENDITURES (CONT'D)

The Faculty Plan pension costs for the University have risen from about 10.5% to 10.68% of faculty salaries for the funding of the money purchase and minimum guarantee component. In addition to these costs, the special payment of \$4.6M is fully funded by the University as noted above. Plan members contribute 8% of faculty salaries towards the money purchase component.

Due to the significance of pension contribution costs to the operating budget, annual monitoring of the financial status of the pension plans will continue.

3. CAMPUS EXPANSION

A number of new buildings will be completed during Summer 2015 and fully operational during the 2015/16 fiscal year. Operating expenses related to the Joyce Entrepreneurship Centre, Assumption Hall, the Welcome Centre, and the Pitt/Ferry Building (formerly the Windsor Star building) are all included in the 2015/16 budget. Operating costs related to the completion of the first two stages of the Board-approved Campus Master Plan (revitalization of Sunset Avenue corridor) form part of the operating budget as well.

The budget for External Debt costs for 2015/16 has increased by \$1.134M over 2014/15 to \$6.277M. This base budget includes debt repayment principal and interest payments for the Welcome Centre, the Pitt/Ferry Building and the Joyce Entrepreneurship Centre. The debt cost for the Welcome Centre is funded from existing base budgets related to the former lease payments made to Canterbury College and Assumption University. The Pitt/Ferry debt costs will be funded from graduate growth funding from MSW enrolment, an annual contribution from the Centre for Executive and Professional Education (CEPE), and savings generated from the former external lease for CEPE. The SoCA debt costs will be funded from future lease payments on the leasable portion of the former TBQ building.

Moving central administration to Assumption Hall has allowed the University to begin planning for the consolidation of student transactional services to the Chrysler Hall complex. Providing a central location for student services has been a major priority in the University's Campus Transformation Plan. This new opportunity significantly accelerates the achievement of that goal, in a more cost-effective location that will be a central address in a pedestrianized district following the closure of Sunset Avenue. A service enhancement review that will consider how best to consolidate services into a one-stop shop for students will be soon be underway. The outcome of this service review will provide the necessary information for the renovation of the existing space. Students will be heavily involved in this review.

IV. OPERATING EXPENDITURES (CONT'D)

4. STRATEGIC PRIORITY FUND – 2015/16 SPENDING

The Strategic Priority Fund (the Fund) was introduced as part of the 2009/10 Operating Budget, in response to a clear need to support the strategic allocation of resources and to provide dedicated funding to support the delivery of the University's Strategic Plan. The Fund provides a vehicle to fund initiatives that will allow the University to change and enhance its operations to meet its strategic objectives. The Fund has already enabled a number of initiatives that are improving our curriculum, enhancing student experience, promoting research, and building a basis for future developments in curriculum and all aspects of University operations.

New initiatives funded in this budget which total \$1.253M (\$63,830 – base; \$1.19M – one time) include the following successful submissions received by various Faculties across campus:

\$63,830 - A Comprehensive Approach to Sexual Assault Education and Prevention

A base allocation for the establishment of a permanent position to lead, coordinate, and teach a range of sexual assault education and prevention initiatives on campus.

\$255,300 - UWindsor Online: Developing Capacity and Enhancing the Student Experience in Online Courses

Support for the development of strategic online courses and complete online programs based on principles of high-quality online education.

\$192,000 - Promoting Student Success through Academic Advising: Implementation of Three Advising Models (Sequential Advising, Proactive Developmental Academic Advising, and Online Advising)

Improved advising quality and advising accessibility for FAHSS students, and pilot of online advising (OLA) delivery.

\$180,000 - Engineering Communications across the Curriculum

Establishment of comprehensive communications and professional skills development programming across the UWindsor Engineering curriculum.

\$140,000 - Undergraduate Science Collaborative and Integrative Experience (USci) Network

Implementation of a multifaceted approach to enriching learning experiences for students taking courses and programs in Science.

\$135,000 - Entrepreneurship Practice & Innovation Centre (EPICentre) - Student Development & Support

Support for the coordination and growth of experiential programming and student development provided through EPICentre.

IV. OPERATING EXPENDITURES (CONT'D)

\$85,848 - Enhancing the Campus Response to Victims of Sexual Violence

Development of a sustainable, tiered training program to improve support offered to students who disclose experiences of sexual violence.

\$85,000 - Supporting the Academic Writing Needs of Students at the University of Windsor

Provision for the Writing Support Desk (WSD) in Leddy Library, which offers individual, group, and online writing assistance to students.

\$60,000 - Mobile Production Capabilities: Digital Journalism

Purchase of mobile audio-video control kit to produce features from diverse locations.

\$56,233 - University of Windsor Student Life Skills Challenge Course

Development of a University of Windsor Student Life Skills Challenge Course involving collaborative mental and physical challenges.

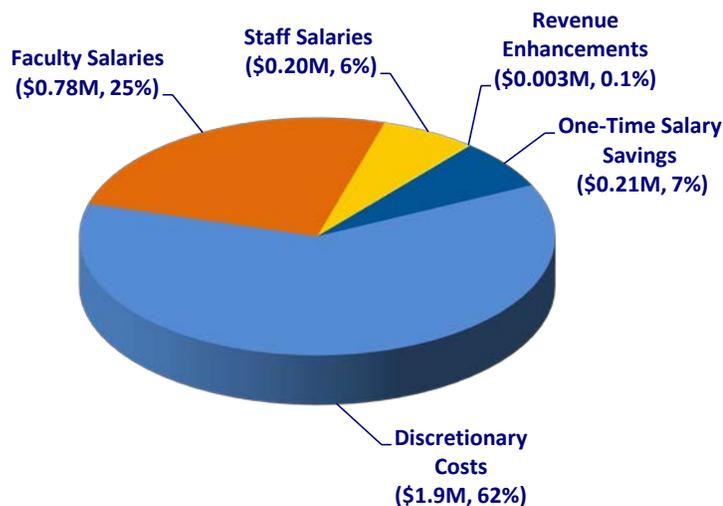
In addition to the new initiatives noted above, there is a further \$469,000 in initiatives previously approved that will be expended in 2015/16. The unallocated portion of the Fund totals \$283,000.

V. 2015/16 OPERATING BUDGET – IN SUMMARY

1. 2015/16 BUDGET REALIGNMENT

Early in the planning cycle for the 2015/16 operating budget, certain assumptions regarding enrolment, government grants, and tuition fees were made. This preliminary planning continued to show that operating expenditures were increasing at a rate greater than the operating revenue. The total budget realignment established to balance the budget totals \$3.1M, a 1% realignment of base budget. All areas participated in the realignment and budget managers developed realignment strategies to address their respective targets.

The following chart illustrates the categories of budget realignments that were developed to address the realignment targets:



Revenue enhancement realignment proposals total \$3,000

Faculty Salaries & Benefits realignment proposals total \$780,000 and represent base budget reductions from savings generated through the replacement of retiring/departing senior faculty with junior faculty, the elimination or holding of vacant positions, and the funding of faculty positions through self-supporting program budgets.

Staff Salaries & Benefits realignment proposals total \$200,000 and represent reduction in positions, full-time positions being converted to part-time positions, non-replacement of retirements and vacancies, and the funding of staff positions through self-supporting program budgets.

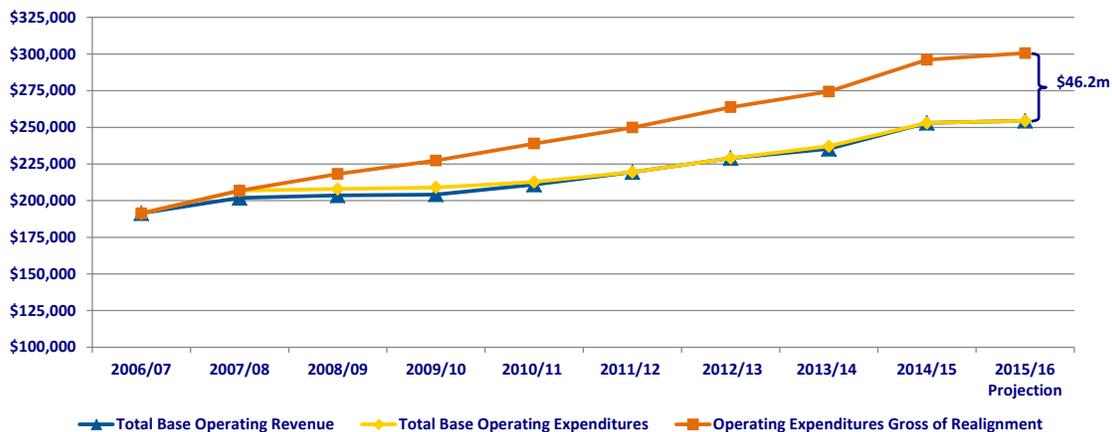
V. 2015/16 OPERATING BUDGET – IN SUMMARY (CONT'D)

One-time salary savings realignment proposals total \$211,000 and represent base budget realignment amounts that are tied to future retirements of faculty and staff. These base amounts are funded with one-time monies during the fiscal year. Faculty and administrative areas have been granted flexibility in addressing their base realignments with one-time savings. Cost structures of areas have deemed this flexibility necessary to implement the base realignments.

Discretionary cost realignment proposals total \$1.9M and represent salary costs related to sessional spending, overtime, casual wages, supplies, travel, repairs, etc. Levels of discretionary budgets have been reduced through the multiple years of realignment. In an effort to minimize the impact on full-time employment, discretionary budgets have been used wherever possible to address realignment targets.

The graph below emphasizes the structural challenge when comparing the total base operating revenue and the base operating expenditures, gross of realignment that the University has been challenged with. If UWindsor had not commenced its multi-year fiscal realignment strategy, the gap between revenue and expenditures would now be \$46.2M.

The following graph illustrates UWindsor's base budget (\$000s) during the multi-year strategy and the total cumulative amount of \$46.2M that has been realigned to date:



2. PROPOSED 2015/16 OPERATING BUDGET

The proposed 2015/16 operating budget includes total operating revenue of \$254.4M and total operating expenditures of \$254.4M.

As illustrated in Appendix A, a balanced budget for 2015/16 is proposed.

VI. INITIATIVES ENABLING THE REALIZATION OF UWINDSOR 2.0

The realization of UWindsor 2.0 will be dependent on a number of initiatives that will provide the resources, infrastructure, and processes to allow the University to adapt to the changes in its student body. Guided by the Strategic Mandate Agreement, the institution will need to implement the following initiatives that will provide the foundation for success.

1. STRATEGIC ENROLMENT PLAN

A strategic enrolment plan to support the University's academic mission and our Strategic Mandate Agreement with the Province has never been more important. A key initiative in the next year, therefore, will be to develop an enrolment plan that addresses our current environment (including the changing internal and external landscapes), supports our current strengths and proposed areas of growth, mitigates demographic challenges, and takes advantage of unique opportunities so as to ensure the long term fiscal health of the University.

An effective strategic enrolment plan will enable relevant decision-making processes to be integrated with the overall strategic direction of the University. Recruitment and retention strategies, student financial matters (including tuition fees and financial aid), and curriculum development and delivery models are only a few examples of decisions that, if taken in the context of a robust strategic enrolment plan, will chart the University's course forward in a coherent manner.

The Provost will soon announce a consultative process that will guide the development of a strategic enrolment plan.

2. STRATEGIC PRIORITY FUND – HIRING OF NEW FACULTY POSITIONS

The need to hire the best and brightest faculty members will ensure that the professoriate is renewed. A commitment has been made to hire up to 50 new faculty positions as part of the UWindsor 2.0 strategy. While the current Strategic Priority Fund has supported one-time initiatives for 2015/16, the base budget for the current year and the next three years will be dedicated to the hiring of the new positions. The Provost will oversee the process to renew the faculty and this process is currently underway. The goal will be to pursue the highest quality faculty who are scholars and who are committed to teaching in a diverse and internationalized campus. It is the hope that the first of new faculty will be onboard by Summer 2016.

VI. INITIATIVES ENABLING THE REALIZATION OF UWINDSOR 2.0 (CONT'D)

3. ACTIVITY BASED BUDGETING (ABB)

In 2009/10, the University embarked on a new budget model to consider how the revenue generated in any one Faculty compares to their historical budget. The activity in the Faculties revolves around their enrolment and research activity, to a lesser degree. The limitations of implementing the ABB methodology in the actual budget of the University has been limited due to the variance between the revenue and the historical base budget and the lack of flexibility to reallocate base budgets supporting faculty positions. The success of UWindsor 2.0 is contingent on being able to move base budget dollars to those Faculties that support the University's strategic direction and the Strategic Mandate Agreement. To this end, a commitment has been made to review the existing methodology, make changes as required, and then to fully implement a new resource allocation model by 2017/18. This review will be achieved through consultation with the Deans and other academic and administrative leadership across the campus. The goal is to complete the review and develop an implementation strategy by the end of calendar 2015. This will enable the new budget model to shadow the 2016/17 budget with full implementation in the 2017/18 budget.

4. CAMPUS TRANSFORMATION PLAN – PHASE II

Appropriate spaces will be required to support the delivery of UWindsor 2.0. Spaces that can support new ways of teaching and learning, required student social and collaborative spaces, and research facilities need to develop. Understanding how the student body will change and determining what type of spaces will be required will be part of the planning to see UWindsor 2.0 to fruition.

The Downtown Campus will continue to grow by Fall 2016 as the School of Creative Arts (SoCA) moves into the former Armouries facility and a new building on the former Tunnel Bar-B-Q site. Bringing these cultural programs Downtown will serve to enhance the experience of the students, faculty and the community. The new facilities will provide an exciting creative complex, and enable SoCA to envision new interdisciplinary programs.

An expanded and improved "Lancer Sports and Recreation Centre" will provide the athletic and social spaces required for an exceptional student experience. The University will continue to work with the student governments to assess the feasibility of such a structure.

Other capital programs in the planning stages include changes to support Windsor Law, the Faculty of Science and the vision for Leddy Library that will support the needs of today's students and future students. The CAW Student Centre, a hub for all students, needs to be refreshed. Administration hopes to work with the UWSA and OPUS to develop a long-term capital plan for this facility during this year. These capital projects will be considered and brought forward over the next three years.

VI. INITIATIVES ENABLING THE REALIZATION OF UWINDSOR 2.0 (CONT'D)

5. ENTERPRISE RESOURCE PLANNING (ERP) SYSTEMS TRANSFORMATION

Another key initiative to position the University for years to come will be the implementation of a reliable, high-quality ERP system that will support the student of the future. A key strategic priority for the institution is to provide an exceptional undergraduate and graduate experience.

UWindsor currently uses an in-house custom built student information system (SIS), an unsupported version of JD Edwards for financial management (FIS), and a DLGL human resources system (VIP). At present each of the systems have functional limitations and do not provide the flexibility required to meet UWindsor's strategic priorities and ever-increasing expectations of stakeholders.

Some of the current systems' limitations include: lack of system flexibility, insufficient reporting and analysis capabilities to support decision making; inefficient and labor-intensive business processes; elevated operational risk associated with the diminishing ability to provide support; and the lack of a comprehensive Customer Relationship Management (CRM) system that will support our student cycle from recruitment of prospective students to their becoming alumni.

To support the current student body and a re-imagined student of tomorrow will require systems that can be adapted to support these changing demographics. Providing a student support network that includes faculty, advisor, and parents accessible through a unified technology portal and self-service will enhance the retention of our students. Providing a system to support the needs of graduate education that allows administrators to track student progress, properly comply with research grant requirements, and ensure flexibility in degrees and programs will address current shortfalls. Providing faculty with a cohesive view of student information not currently available and empower faculty to manage administrative activities such as course management and lessen the administrative burden will enhance their effectiveness.

As current academic programs and offerings continue to evolve to meet students' demands, foundational systems will be required. How will a student of tomorrow complete their degree? Full-time, part-time, online, across various institutions, these are all possibilities and systems will play a key role in achieving this flexibility for students.

Software vendors have invested heavily to keep pace with changing student expectations and growing variation in education delivery. UWindsor has struggled to keep pace as software development is not the University's core business, and the custom in-house supported SIS system is not providing the capabilities available in common ERP packages. Competition for students continues to grow and ensuring that the foundations are in place to meet student expectations and support their success will need to be addressed. UWindsor has undertaken a "readiness assessment" and plans to commence the procurement process for an ERP solution that will serve the institution for decades to come. A Funding solution for the ERP systems transformation will be developed and brought to the Board as necessary.

VI. INITIATIVES ENABLING THE REALIZATION OF UWINDSOR 2.0 (CONT'D)

The 2015/16 operating budget positions the University of Windsor to be able to respond to the Strategic Mandate Agreement and provincial differentiation framework. Over the next three years, this and subsequent budgets will position the institution as a place that first and foremost values the student experience, and that allows the University of Windsor to capture a more distinctive reputation and greater recognition for what it is doing. The initiatives described in this budget lay down important foundational steps that will support this goal.

APPENDIX A: 2015/16 OPERATING BUDGET

	2015/16 PROPOSED BASE BUDGET (\$000s)	2014/15 APPROVED BASE BUDGET RECLASSIFIED (\$000s)	\$ INCREASE (DECREASE) OVER 2014/15 (\$000s)	% INCREASE (DECREASE) OVER 2014/15
BASE OPERATING REVENUE				
Student Academic Fees	\$ 129,568	\$ 125,524	\$ 4,044	3.2%
Professional Course-Based Masters' Fees	19,347	20,020	(673)	(3.4%)
Total Student Fees	\$ 148,915	\$ 145,544	\$ 3,371	2.3%
Government Grants - Provincial	97,213	99,364	(2,151)	(2.2%)
Government Grants - Federal	3,171	3,266	(95)	(2.9%)
Investment Income	2,500	2,500	-	0.0%
Other	2,607	2,331	276	11.8%
TOTAL OPERATING REVENUE	\$ 254,406	\$ 253,005	\$ 1,401	0.6%
BASE OPERATING EXPENDITURES				
Faculties	\$ 132,058	\$ 132,191	\$ (133)	(0.1%)
Professional Course-Based Masters	19,347	20,020	(673)	(3.4%)
Academic & Student Services	15,465	14,969	496	3.3%
Library	11,806	11,675	131	1.1%
Scholarships	13,563	13,263	300	2.3%
Research	5,286	5,252	34	0.6%
Administration	19,265	20,065	(800)	(4.0%)
International	2,070	1,867	203	10.9%
Information Technology Services	9,264	9,070	194	2.1%
Facility Costs	27,330	26,191	1,139	4.3%
External Debt Costs	6,277	5,143	1,134	22.0%
Institutional Overheads	(9,329)	(7,699)	(1,630)	21.2%
Strategic Priority Fund	2,004	998	1,006	100.8%
TOTAL EXPENDITURES	\$ 254,406	\$ 253,005	\$ 1,401	0.6%
BASE OPERATING SURPLUS/(SHORTFALL)	\$ 0	\$ 0	\$ 0	

APPENDIX B: 2015/16 PROVINCIAL GRANTS

	2015/16 PROPOSED BASE BUDGET (\$000s)	2014/15 APPROVED BASE BUDGET (\$000s)	\$ INCREASE (DECREASE) FROM 2014/15 (\$000s)	% INCREASE (DECREASE) FROM 2014/15
BASIC OPERATING GRANTS				
Basic Operating Grants *	\$ 80,759	\$ 85,871	\$ (5,112)	(6.0%)
Accessibility Fund (Graduate)	1,676	2,085	(409)	(19.6%)
TOTAL BASIC OPERATING GRANTS	\$ 82,435	\$ 87,956	\$ (5,521)	(6.3%)
OTHER PROVINCIAL GRANTS				
Quality Improvement Fund	\$ 4,200	\$ 4,100	\$ 100	2.4%
Nursing Funding	5,200	5,230	(30)	(0.6%)
Education Funding *	3,370	-	3,370	0.0%
Performance Fund	490	495	(5)	(1.0%)
Research Overhead	265	290	(25)	(8.6%)
Municipal Tax Grant	818	838	(20)	(2.4%)
Aboriginal Grant	-	75	(75)	(100.0%)
Disabilities Grant	435	380	55	14.5%
TOTAL OTHER PROVINCIAL GRANTS	\$ 14,778	\$ 11,408	\$ 3,370	29.5%
TOTAL PROVINCIAL GRANTS	\$ 97,213	\$ 99,364	\$ (2,151)	(2.2%)

* Beginning in 2015/16, the Education Grant becomes a separate funding envelope and is not part of Basic Operating Grants