

REALIGNING FOR THE FUTURE
2009/10 OPERATING BUDGET

I.	Executive Summary.....	2
II.	Overall Budget Strategy	3
III.	Enrolment Management Plan.....	8
IV.	Enrolment Projections	10
	1. Undergraduate Enrolment.....	10
	2. Graduate Enrolment	13
V.	2009/10 Operating Revenues	16
	1. Government grants.....	17
	2. Student academic fees.....	22
	3. Investment and Other Income.....	22
VI.	2009/10 Operating Expenditures	23
	1. Revenue Generation Proposals - \$1.175m	25
	2. Cost Containment Strategies - \$6.9m	27
VII.	Operating Base Budget Shortfall for 2009/10	29
VIII.	One Time Expenditures.....	29
IX.	Positioning Fund	30
X.	Ancillary Services Budget Overview.....	31
XI.	Strategic Mission Investment Fund	35
XII.	Realigning Into The Future.....	36
XIII.	Appendices.....	38

I. EXECUTIVE SUMMARY

The University of Windsor, like all universities in Ontario, faces a budgetary challenge which is structural in nature: operating revenues are not keeping pace with the increases in operating expenditures and an operating shortfall has resulted. This challenge facing Ontario universities has been clearly presented to the Government by the COU on behalf of the university sector. As approved in the 2008/09 Operating Budget, the University was working towards a balanced budget for 2009/10. However, during the first half of the 2008/09 fiscal year made it apparent that achieving a balanced budget for the 2009/10 fiscal year would be counter to key principles in the budget strategy regarding the long term viability of the institution. Specifically, the University's realignment process should not erode the University's competitive position and financial decisions must support the maintenance of the long term focus of the University.

In Fall 2008, the University negotiated a settlement with its faculty which ended a work stoppage, but which increased the overall salary expense by an amount beyond that which was in the assumptions underlying the aspirations that a balanced budget could be achieved by 2009/10. Compounding this event was the unprecedented credit crisis and the ensuing significant deterioration of market conditions.

A revised multi-year financial strategy was approved by the Board of Governors in November 2008. This revised strategy allowed for a further 3 year planning period to restore the University to a balanced base budget position in 2011/12.

The budget proposal presented herein is the first year of a new 3 year planning cycle. This budget proposal includes a base realignment of approximately \$8.0m. The resulting base shortfall for 2009/10 is \$4.78m. One-time measures have been presented to fund this base shortfall during 2009/10, allowing the University to move into 2010/11 with no accumulated shortfalls. The recent credit agency ratings confirmed a history of effective financial management within the institution. The continuation of strong prudent fiscal management through this planning period will be a priority to ensure that the long term financial strategy will be achieved. In addition to the proposed operating base expenditures, this budget proposal includes one-time expenditures to support continued efforts towards the strategic mission and to address previous commitments.

In developing the realignment strategy for 2009/10, the University has sought approaches that find the right balance between fiscal responsibility and strong academic and administrative service delivery. It is very clear that the realignment of base budgets is a difficult exercise in light of post secondary institution cost structures where approximately 80% of budgets represent faculty, staff and benefit costs. While this cost structure lies at the core of the structural challenges, it also provides the way forward. Faculty and staff at the University provide the capacity for change and for transforming the campus into one that will respond to the future needs and expectation of students. While the realignment period is a difficult time, the success of the past has provided a strong foundation for success in the future.

II. OVERALL BUDGET STRATEGY

The University has been addressing its structural financial challenge for some time; this challenge having been previously masked to some extent by the growth in enrolments during the period up to 2007/08. The Board of Governors have been made aware over the last few years 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.

The structural challenge was first addressed in the 2006/07 Operating Budget document and is being faced by 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' operating revenue base is derived from student academic fees and government grants. As noted above, both of these revenue sources are controlled and dependant on enrolment. 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 foundation of the budget strategy development.

In 2007/08, the Board approved what was to have been a plan for the University to realign its budget and to deliver a balanced budget by 2009/10. The Board recognized that time would be required as an integral part of the realignment process in order to avoid the erosion of the University's competitive position such that financial decisions would continue to support the maintenance of the long term focus of the University.

The approved 2008/09 operating budget represented the first year of what was then to have been a two-year strategy. The University was successful in realizing revenue enhancement and cost containment strategies that represented a base budget realignment of approximately \$10.25m, or 5% of the 2007/08 operating budget. Even while implementing a base realignment equivalent to 5% of the operating budget, an operating shortfall of \$4.39m was projected to be left to resolve in 2009/10. The University's fiscal strategy has included the funding of the base shortfall in year to ensure that the institution's fiscal strength is maintained. This strategy has allowed the institution to avoid carrying a cumulative deficit.

II. OVERALL BUDGET STRATEGY (CONT'D)

The strategy to balance the 2009/10 operating budget continued to be the focus at the outset of the 2008/09 fiscal year as the budget was approved. However, events occurred subsequent to the start of the 2008/09 fiscal year that led to a need for the redesign and the development of a new multi-year fiscal strategy that would continue to meet the long term goals of the institution. These events can be summarized as follows.

In Summer 2008, the collective bargaining process commenced between the University and the Windsor University Faculty Association (WUFA). Negotiations through the summer and leading up to the Fall did not produce a negotiated settlement and in September 2008, the University experienced a work stoppage. The final faculty settlement exceeded the assumptions that had been made regarding anticipated faculty costs for each year of the collective agreement (July 1, 2008 – June 30, 2011). These assumptions were based on the expectation that there would be a tempering of the rate of increase in faculty salaries across Ontario universities, something that did not occur.

In Fall 2008, the next significant financial event that occurred was the credit crisis and resulting market downturn, which has impacted the global economy. The post-secondary sector in Ontario, including the University of Windsor, has not escaped this unprecedented downturn. The impact of this financial downturn has continued to deliver significant consequences throughout the balance of this fiscal year. While investment income generated from Working Capital funds of the institution represent only approximately 1% of total operating revenue, the related impacts on the Endowment and the Pension Plans of the institution continued to add further fiscal pressures and risk to the operating budget. As noted later in this document, the base budget for investment income has been adjusted downward to reflect the investment income volatility.

The net effect of these impacts was such that in November 2008, Administration presented a revised multi-year fiscal strategy to the Board. In it were recommended actions that were considered necessary in order to achieve the goal of balancing the budget, but to extend to 2011/12 the timeframe over which to achieve the desired balance. During the realignment process, the University has been seeking an approach that promotes realignment through a carefully managed process and, as far as possible, avoids the impact of sudden and negative change. In effect, the continuing goal has been to reposition the University through a “soft landing” approach that retains the essential integrity of the institution while realigning costs and revenues. The base budget realignment that would have been required to balance the 2009/10 operating budget would have necessitated budget reductions, even greater than those experienced in 2008/09, that would have been very toxic to the University immediately following a strike.

II. OVERALL BUDGET STRATEGY (CONT'D)

In November 2008, the Board approved a revised multi-year fiscal strategy summarized as follows:

1. A balanced base budget would be presented with the 2011/12 Operating Budget;
2. Realignment targets would be established annually;
3. Budget managers would develop their respective realignment proposals, in consultation with their respective Vice-President; all proposals would be subject to review by the Budget Committee;
4. The University would continue to focus on the long term viability of the institution;
5. Strategic allocation of resources to support the mission of the institution would be continued;
6. Base resources to support the new strategic plan under development would be established; and
7. The campus would continue to be engaged throughout the process.

For the 2009/10 Operating Budget, the Board approved a realignment target of a 4% which would result in approximately \$8.0m of base realignment.

After much consultation and review, the Budget Committee determined that the 4% realignment target would be distributed across-the-board, including all areas of the campus (academic, administrative, and central areas of responsibility). It is recognized that this approach is not particularly strategic in the short-term, and that a new strategic plan will be important to set the context for subsequent years. In addition, a resource allocation model which will be sensitive to a number of drivers, *e.g.*, undergraduate and graduate enrolment and research revenue, needs to be developed. Lastly, an institution wide strategic review needs to be undertaken, to ensure that services and programs are delivered the most efficiently and effectively as possible. However, for the 2009/10 budget development process, which of necessity has had to occur during the exceptional events of 2008/09, the past practice of across-the-board realignment was the only option available.

As in the prior year, realignment proposals were to fall under one of the following categories:

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

II. OVERALL BUDGET STRATEGY (CONT'D)

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 the recommendation of the Budget Committee;
- 2) proposed reductions in expenditures shall at least maintain revenues and program/service delivery quality;
- 3) agreed upon student enrolment levels for 2009/10 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 to remain vacant may be maintained on the faculty/staff file by budgeting the position at \$0; the position's dollar value or a portion thereof, may be used to achieve a realignment goal;
 - b) positions that are declared vacant will be valued at the budgeted salary at the time that the position became vacant plus 20% benefits (or plus 10% benefits for part time staff);
 - c) all non-faculty positions that are declared vacant will be valued at the budgeted salary at the time that the position became vacant plus 10% benefits (both full-time and part time staff). This value for realignment will include all costs associated with lay-offs, both notice period and benefit continuance;
- 7) the impact of each realignment proposal upon the operations and revenues of Faculties and/or non-academic areas other than those of the proposer, must be identified for the Budget Committee;
- 8) estimated 2008/09 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 the amount used must be included in proposals (one-time funding solutions without an identified base realignment proposal will not be accepted);
- 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 your 2009/10 operating budget; and
- 12) a collegial, problem solving approach is expected at all times during this process.

II. OVERALL BUDGET STRATEGY (CONT'D)

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

With enrolment being the foundation of the fiscal position of the institution, an incentive program, the *Undergraduate Growth Incentive Program* was implemented during the development of the 2008/09 Operating Budget to encourage growth in undergraduate enrolment. 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 are maintained within the funding corridor, the financial incentive was based only on tuition revenue generated from the growth excluding any further government grants. The growth in undergraduate enrolment could be achieved through an increase in first year enrolment or improvement in retention rates, *i.e.*, overall enrolment growth. The existing program continued to be offered as a revenue enhancement tool during the development of the 2009/10 realignment proposals.

In addition to encouraging undergraduate growth, a similar program was established for graduate growth. A *Graduate Growth Incentive Program* 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 2008/09. The existing program continued to be offered as a revenue enhancement tool during the development of the 2009/10 realignment proposals. Based on the success of this program in 2008/09 and the projected increase for 2009/10, an additional \$1.9m was allocated to the base budget in support of graduate growth (see page 24).

With the parameters of the 2009/10 realignment process established, all budget managers were informed and the process began. There were numerous communications, presentations, and dialogues held with members of the campus community. A new website was developed (www.uwindsor.ca/operatingbudgets) that details the principles, process, deadlines, tools available, *etc.* New to the communication strategy this year were meetings held with respective governing Faculty councils of each Faculty where the President attended the meetings along with other Senior Administrators. These meetings allowed the President to discuss issues that the faculty members are facing, listen to suggestions, and recognize challenges in academic and administrative service delivery during this period of realignment.

All realignment proposals were completed by the respective budget managers and were due by March 13th, 2009. 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. The budget presented herein is a compilation of the individual realignment proposals approved. It should be noted that although all areas of the University were required to find 4% in realignment, there was also a commitment to not reduce

II. OVERALL BUDGET STRATEGY (CONT'D)

the funding available for undergraduate scholarships and bursaries. These funds of \$10.7M are held within the non-Faculty central administration areas of the budget, meaning that in order to preserve the scholarships and bursaries, the alignment necessary in the administrative areas exceeded 4%.

III. ENROLMENT MANAGEMENT PLAN

Strong undergraduate and graduate enrolment, both in terms of numbers and quality, is key to the long term financial viability of the institution. The management of enrolment is of primary importance for the well-being of the University's fiscal position and a significant element during the realignment process has been the development of an enrolment management plan.

The following are a number of the initiatives to be undertaken:

COMPLETE THE DEVELOPMENT OF THE STRATEGIC ENROLMENT MANAGEMENT (SEM) PLAN

The Strategic Enrolment Management Plan is almost complete and will be presented during the Fall 2009 semester. This plan establishes clear goals and measurable objectives for the number and types of students required to meet our goals. 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 account of changing institutional priorities in the context of the ongoing changes in both domestic and international markets.

RECRUITMENT AND MARKETING

The number of applications has remained relatively steady in recent years. As a result, it is particularly important that the University concentrate on strengthening its existing markets and building new ones, while concentrating on increasing enrolment yields derived from the application pool. A key strategy will be the introduction of a new look for the University's Web site, which will be unveiled in Summer 2009. The institution is continuing the refinement of its enrolment prediction capabilities, including the better use of demographic information in the geographic regions that we draw students from. In addition, a strategy to attract more transfers and returning adult students to campus is being developed. The University is also in the process of exploring ways to work more closely with the Essex County school boards to increase the local student University of Windsor participation rate, especially among first generation students and new Canadians.

ADMISSIONS POLICIES

In a competitive environment an attentive university needs to make adjustments to its admissions policies and practices from time to time. This year, as an example, we offered early admission in February to applicants based on solid Grade 11 marks (previously offers went out in April). The Faculty of Arts and Social Sciences, working collaboratively with the Registrar's

III. ENROLMENT MANAGEMENT PLAN (CONT'D)

Office and the Advising Centre, is continuing its Discovery Program (page 26) this Fall which will see selected students with a 68-69.9% high school average admitted to a full-time, specially designed program with considerable structured academic support. An initiative that will increase the enrolment of transfer and returning adult students is also being developed.

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 obtain 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 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

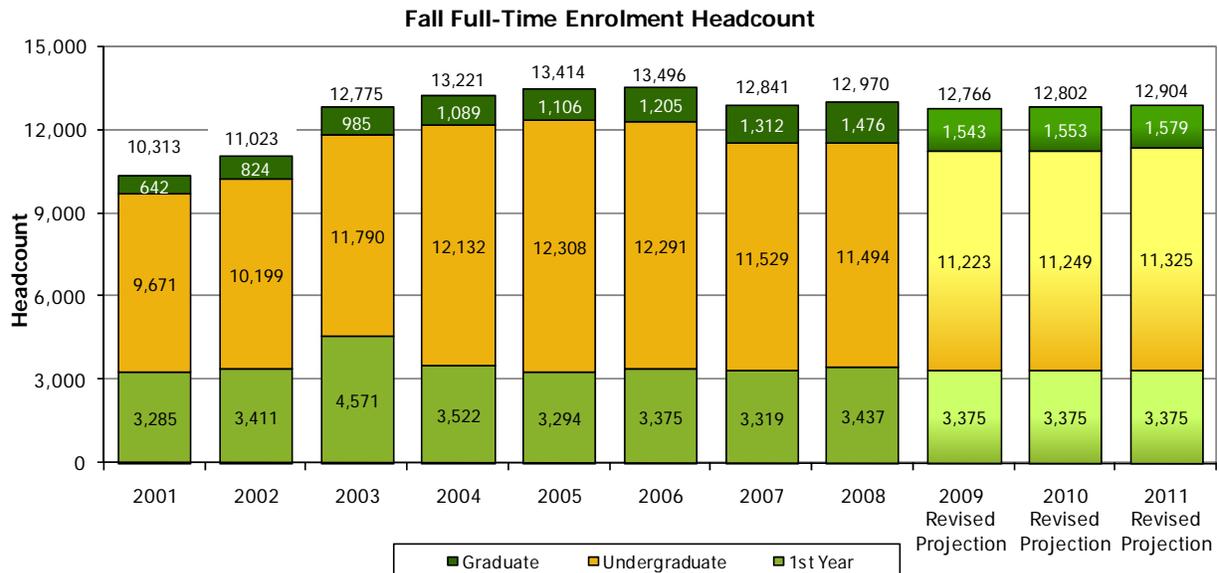
Student academic success, especially during first year studies, is critical to the University's mission as a postsecondary educational institution and to its fiscal well-being. Our plans include a) completing a comprehensive student retention study, b) enhancing academic advising, c) improving support for first-year students, and, d) reducing attrition among international and part-time students. In addition, there will be a particular focus on the development of success strategies to increase the retention of traditionally underserved students including Aboriginal students, first generation students, and students with disabilities. Further, the introduction of a co-curricular transcript as a way of encouraging students to become more engaged in the student experience and hence to improve retention, is underway.

EVALUATION

The University will continue to put a focus on evaluation of its performance regarding recruitment, admissions, and retention. This information will be one of the key indicators that line up against future strategic planning initiatives.

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 2009 and the following two years:



As illustrated, the total full-time headcount is projected to decrease in Fall 2009 to 12,766 from 12,970, representing a decrease in undergraduate enrolment of 271 and an increase in graduate enrolment of 67. The ratio of undergraduate to graduate enrolment has changed slightly from 88.6%: 11.4% to 87.9%: 12.1% as the graduate enrolment continues to increase.

1. UNDERGRADUATE ENROLMENT

As noted on the above graph, full-time undergraduate enrolment is projected to stabilize in the range of 11,200 to 11,300 headcount. Key to sustaining enrolments is the first year intake and retention rates, especially those from first to second year.

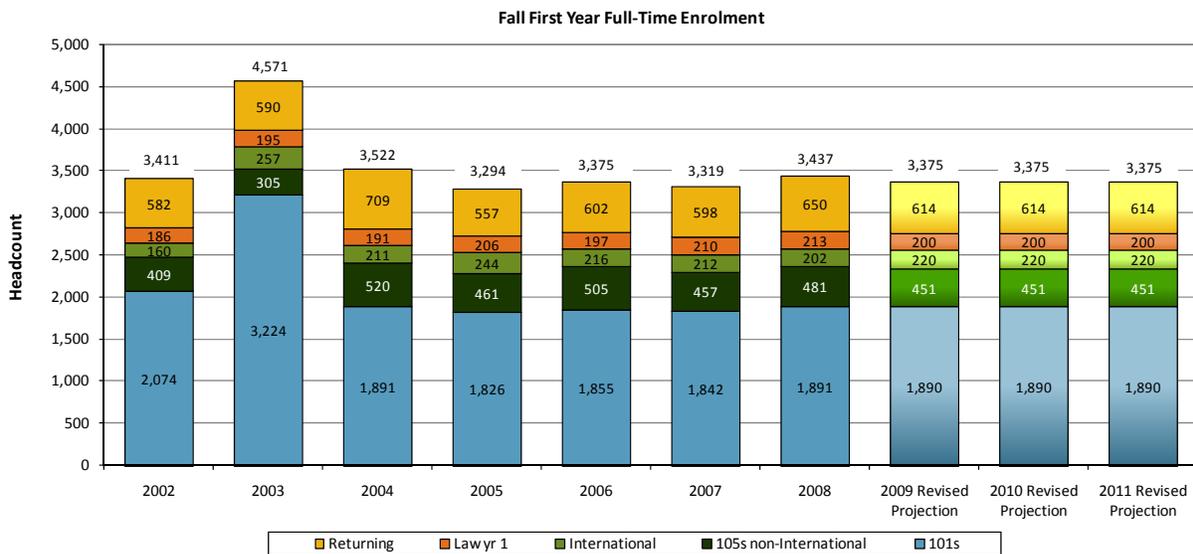
The actual undergraduate enrolment in Fall 2008 of 11,494 slightly exceeded the target of 11,455, by 39 students or .3%. The first year class exceeded the budgeted level by 137 students (budget- 3,300; actual- 3,437) which was offset with negative variances in the upper years.

Effective enrolment management is largely dependent on the ability to recruit first year students, the key predictor of subsequent upper year enrolments. First year full-time enrolments for Fall 2009 are projected at 3,375 (actual Fall 2008- 3,437). Competition for first year students entering directly from the secondary school system (namely 101's), who represent approximately 56% of first year students, is growing. Institutions in the Greater

IV. ENROLMENT PROJECTIONS (CONT'D)

Toronto Area (GTA) continue to implement measures to increase their enrolments to support the infrastructure built during the double cohort period and their structural deficits. Supported by government policy and a desire to limit costs, there is also a growing tendency for students to attend school closer to home in order to minimize costs. These factors contribute to the challenge that the University faces in this market. Directed recruitment efforts are being implemented to seek to increase the intake from the GTA, and research is being undertaken to better understand the factors underlying the decisions of GTA students whether or not to come to Windsor.

The following graph illustrates a seven year history and projection for Fall 2009 to Fall 2011 for the various components of the first year enrolment:



The above graph details the composition of the University's first year students. As noted earlier, the 101's are students entering directly from secondary school. The significant increase in 2003 represents the year of the double cohort. Commencing Fall 2005, the level of 101's has been relatively stable. The projected 101 enrolment for Fall 2009 is 1,890, about the same as the Fall 2008 enrolment of 1,891.

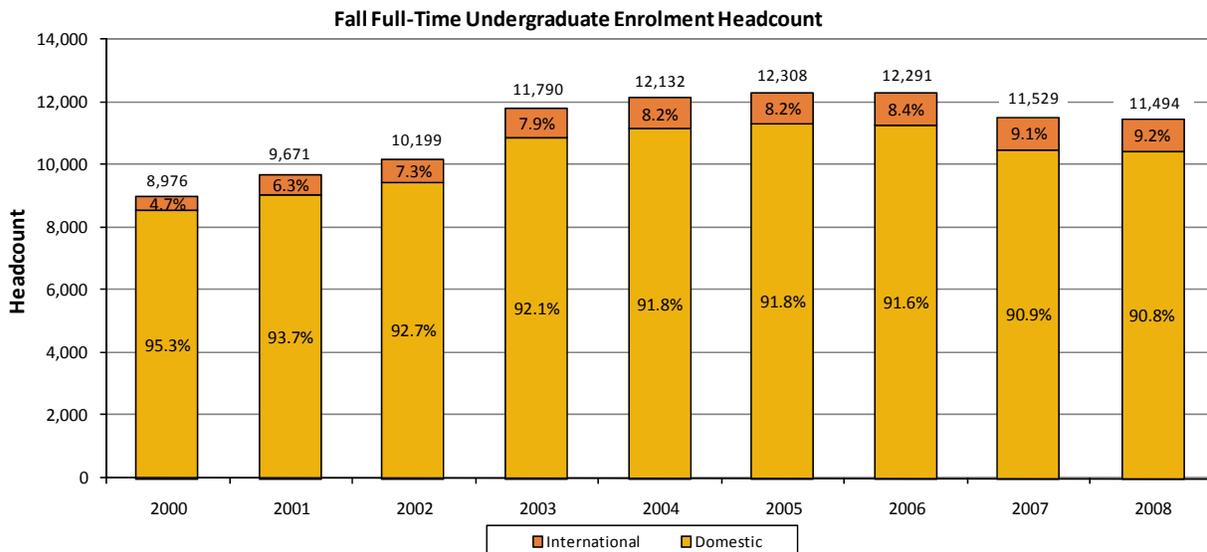
While the budget for Fall 2009 is comparable to Fall 2008, significant recruitment efforts continue to be required to achieve the budgeted enrolment. As noted in the enrolment management section (page 8), many initiatives have been introduced to meet the target enrolment for Fall 2009 and future years. Concentrated recruitment and retention efforts are being implemented by areas across the campus to maximize the likelihood that the enrolment

IV. ENROLMENT PROJECTIONS (CONT'D)

targets for first year will be met. 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 312 students, or 42.0% over Fall 2002 and represents approximately 9.2% of undergraduate enrolment. The University boasts one of the most internationally diverse student populations in all of Canada. The international undergraduate enrolment for Fall 2008 demonstrated stable enrolment even while the competition for the international students has increased (1,054 students, an increase of 10 students over Fall 2007). Further increases in international student enrolment will continue to require enhanced scholarship initiatives, increased student recruitment in new markets, and an increase in capacity in program areas of interest to international students (*e.g.*, Business).

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

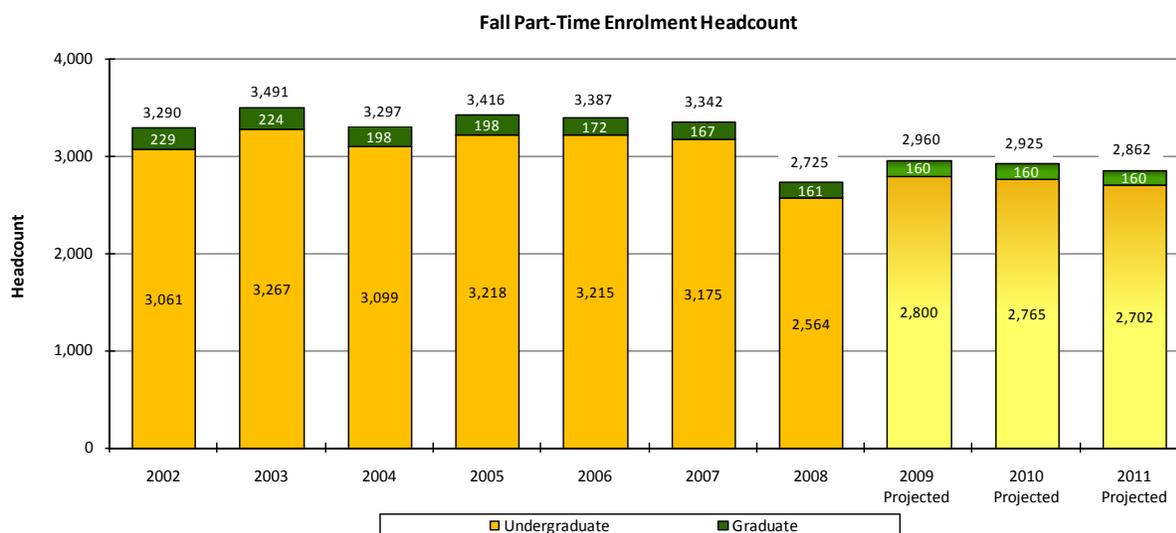


The one major unanticipated enrolment result for Fall 2008 was the significant drop in the part-time undergraduate enrolment. As the following graph illustrates, the level of enrolment within this category was static for many years. For Fall 2008, part-time undergraduate enrolment was budgeted at 3,122. The actual part-time undergraduate enrolment for Fall 2008 was 2,564, a decrease of 611 from the Fall 2007 headcount of 3,175. Winter 2009 enrolment of 2,674 resulted in similar part-time enrolment levels as the Fall. Enrolment analysis is being

IV. ENROLMENT PROJECTIONS (CONT'D)

conducted to determine the reasons for this significant decline in enrolment. Considerations for change in this long standing pattern include the Fall 2008 work stoppage, the economic climate, and change in study patterns of students. Further work is currently underway to better understand this shift.

As a result of the Fall 2008 and Winter 2009 experience, the budget for part-time undergraduate enrolment for Fall 2009 has been adjusted to 2,800. The following graph illustrates the historical enrolment pattern of the University's part-time undergraduate and graduate enrolment:

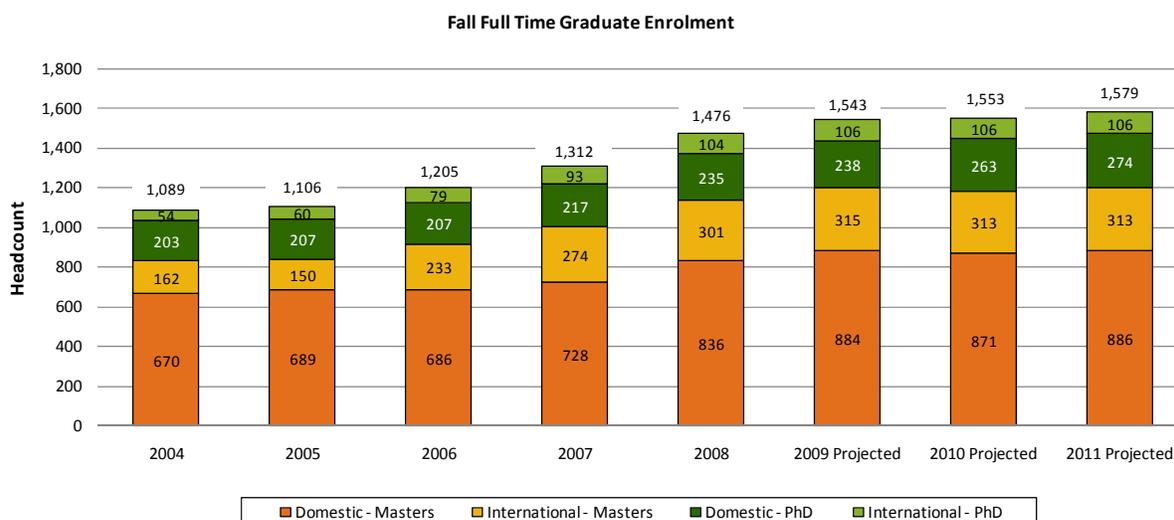


2. GRADUATE ENROLMENT

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 18. Ministry funding for graduate expansion is being provided for growth in eligible graduate students defined as domestic graduate students within the maximum allowable time frame. The eligible graduate headcount enrolment for Fall 2008 represents 72.6% of total graduate enrolment with 27.4% being graduate students who are ineligible for government funding, international students or domestic students who have exceeded the maximum allowable time. The percentage of Masters and PhD students for Fall 2008 is 77.0% and 23.0%, respectively, of graduate enrolment (Fall, 2007 – 76.3%:23.6%), a slight increase in the percentage of Masters students.

IV. ENROLMENT PROJECTIONS (CONT'D)

The following graph illustrates the historical enrolment pattern of the University's graduate student enrolment detailing the 4 main categories of graduate 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 original graduate enrolment targets included an increase in Masters' spots of 191, and an increase in PhD spots 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 134.7 Master's students against its goal of an additional 191 during the 2008/09 fiscal year. Additional growth of eligible graduate enrolments is budgeted for Fall 2009 which would achieve approximately 95% of the growth target. For PhD students, the University increased its PhD enrolment by 29 against its allocation of 25.

In February 2009, the Ministry announced that an additional 3,298 graduate spaces would be allocated throughout the province. Of this amount, the University was allocated 4 PhD spaces, recognizing the actual growth beyond the original target. These 4 PhD students were fully funded. Unfortunately the University was not allocated any additional Master's or PhD spaces through this process. Since the announcement, the University, along with Ontario universities that also received minimal or no new allocations, has petitioned the Ministry to reconsider their position and allocate the University a proportionate number of new spaces. Feedback on this request is anticipated in Fall 2009.

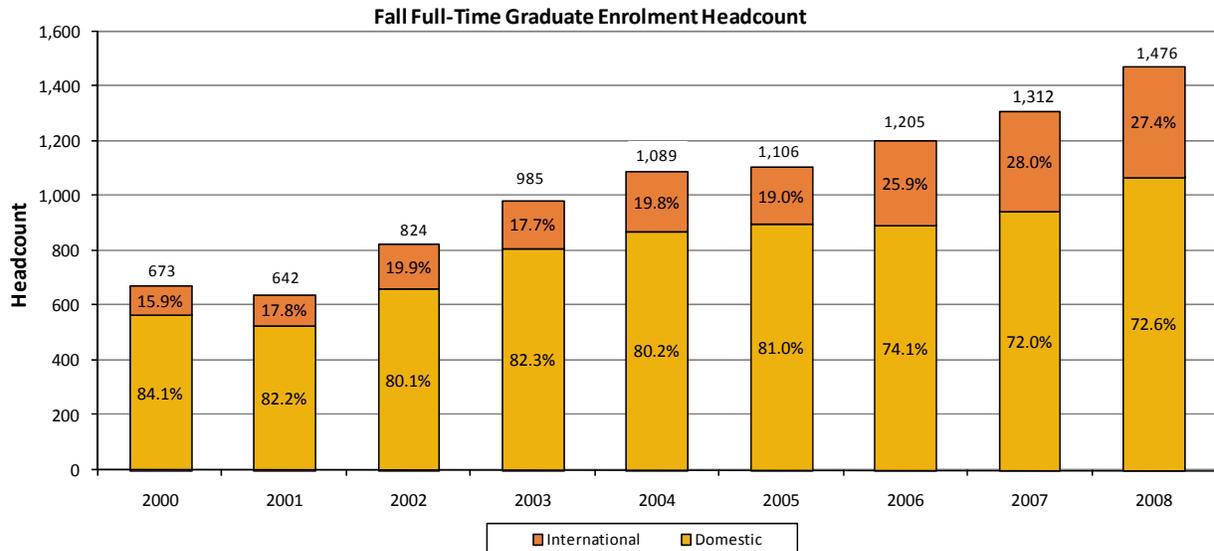
For Fall 2008, full-time graduate enrolment was projected at 1,398, an increase of 86, or 6.5% over actual Fall 2007. Actual enrolment for Fall 2008 was very favourable showing 1,476, an increase of 78 over the budgeted level and 164 over Fall 2007, or 12.5%. For Fall, 2009,

IV. ENROLMENT PROJECTIONS (CONT'D)

graduate enrolment targets were developed in concert with the Deans and are projected at 1,543 (Masters – 1,199; PhD – 344), as detailed in the preceding graph.

Consistent with the growth of international undergraduate enrolment, international full time graduate enrolment has increased by 241 students, or 147% over Fall 2002 and represents 27.4% of graduate enrolment, with enrolment in the Faculties of Engineering and Science accounting for 75% of international 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 the introduction of new graduate programs. All indications are that these enrolment targets are achievable for Fall 2009. A *Graduate Growth Incentive Program* was introduced as part of the 2008/09 Operating Budget to encourage growth of eligible graduate students. This incentive program will continue to be in effect for the 2009/10 Operating Budget to encourage continued growth of eligible graduate students. Budget funds are made available to Faculties who experience net growth beyond their eligible enrolments from Fall 2006.

Part-time graduate enrolment is projected to be consistent with Fall 2008 enrolment of 160 students.

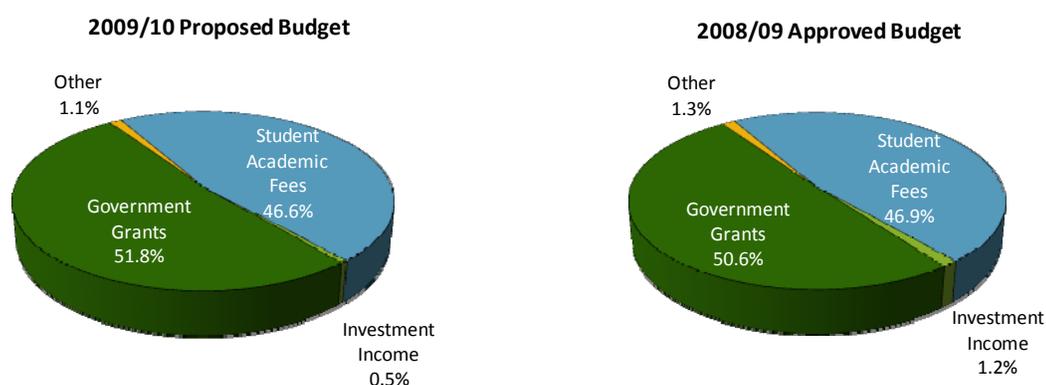
IV. ENROLMENT PROJECTIONS (CONT'D)

While projected enrolment beyond Fall 2009 is presented, projected enrolment is determined based on prior years' experience, the impact of academic programs, recent data on demographic information, and other informal networks.

V. 2009/10 OPERATING REVENUES

Total budgeted revenue for the 2009/10 fiscal year totals \$204.2m, resulting in an increase of \$646,000 or 0.3% over 2008/09. The operating revenues of the University include Student Academic Fees, Government Grants (provincial and federal), Investment Income, and Other Income. 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 2009/10 and 2008/09 as a percentage of total operating revenue:



The proportion of Government Grants has increased to 51.8% of total operating revenue (2008/09– 50.6%; 2007/08– 51.5%) with Student Academic Fees representing a percentage of overall operating revenue of 46.6% (2008/09- 46.9%; 2007/08– 46.1%).

The most critical issue reflected in these statistics is that the total overall operating revenue of the University for 2009/2010 is budgeted to rise by only 0.3% over 2008/09. As noted earlier, the structural challenges of operating revenue not keeping pace with operating expenditures is again confirmed: a 0.3% increase in revenue against cost increases in the 5% range. The need for government grants to further support operations and cost increases is now at a critical level. While the Ministry has confirmed an overall funding formula review for the sector, the University continues to lobby the Provincial government for additional mission critical grants to address our specific regional situation immediately.

V. 2009/10 OPERATING REVENUES (CONT'D)

1. GOVERNMENT GRANTS

Total Provincial government grants are projected at \$102.4m, an increase of \$2.75m or 2.8% over 2008/09. Provincial government grants represent 97% of government grants received in support of the operating budget.

BASIC OPERATING GRANTS

The majority of operating funds from the Provincial Government are provided through the Basic Operating Grant which is dependent upon the University meeting its enrolment commitments within the established funding “corridor”, as it is known.

During 2008/09, the Ministry announced that a number of individual funding envelopes previously reported and accounted for separately would now form part of the Basic Operating Grant. The following grants, totalling \$28.7m are now included in the Basic Operating Grant for 2008/09 and subsequent years:

1. Accessibility Fund (Undergraduate) - \$14.95m;
2. Accessibility Fund (Graduate) - \$1.051m;
3. Graduate Expansion Funding to April 30, 2008 - \$499,000 (page 18);
4. Quality Improvement Fund-Per Student Funding - \$6.35m;
5. Quality Assurance Fund - \$2.893m;
6. Nursing Masters Growth - \$109,000 (page 19); and
7. Grant in Lieu of Tuition Freeze - \$2.878m.

The reclassification of these grants has been illustrated in Appendix C. The net increase in the Basic Operating Grant for 2009/10 is only \$90,000, further highlighting the challenge of balancing base budgets without incremental government funding for inflationary operating increases.

ACCESSIBILITY FUND (UNDERGRADUATE)

Originally, this funding was provided to enable universities to handle the double cohort and has continued to accommodate undergraduate growth in the system. This funding has been rolled into the Basic Operating Grant for 2009/10 and future years. There continues to be additional funding allocated by the Ministry in support of undergraduate growth. Unfortunately, due to the current undergraduate enrolment levels, the University is not receiving any additional accessibility funding support from the Ministry through one-time or base funding envelopes that have been announced.

V. 2009/10 OPERATING REVENUES (CONT'D)

ACCESSIBILITY FUND (GRADUATE)

The Ministry committed to funding 12,000 new eligible graduate spaces over 2004 enrolment up to the allocated targets for all Ontario universities. Nursing growth was excluded at the time as it had been funded separately. Each university was provided individual targets, with Windsor being allocated 191 growth in Masters and 25 in PhD, to be achieved by April 30, 2008, at which time the Ministry would re-evaluate Graduate Expansion funding.

The Ministry has decided to allocate an additional 3,298 graduate spaces in Ontario to support additional graduate growth in the province. The Ministry confirmed that Windsor would maintain its original allocation of 191 Masters' spaces, providing for future growth of 56 Masters. In addition, Windsor was allocated 4 additional PhD spaces through this process, representing the 4 PhD spaces actually achieved in 2008/09. The following chart summarizes the actual Masters and PhD growth funding for 2007/08 which has now been included in the University's Basic Operating Grant and the 2008/09 actual growth & 2009/10 projected growth, for both Masters and PhD students. The University anticipates realizing a growth of 47 Masters' students in 2009/10 towards its allotment of the additional 56 Masters' spaces available.

	Growth in 2007/08 - Rolled into Base Operating Grant	Projected Growth to 2009/10	Projected Growth in 2009/10	Total Growth in 2008/09 & projected for 2009/10	Total Graduate Growth	Ministry allotment of graduate spaces	Graduate spaces to be filled
Masters students (including Nursing)	21	113.7	47	160.7	181.7	191	9.3
PhD students	10.4	19.1	-8	11.1	21.5	29	7.5
	31.4	132.8	39	171.8	203.2	220	16.8
Graduate Expansion Grant	\$ 499,000			\$ 2,387,000	\$ 2,886,000		

For 2008/09, the Ministry funded the growth at \$12,955 for each additional Masters and \$27,482 for each additional PhD.

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 as the receipt of available funding is contingent upon achievement of graduate enrolment growth.

V. 2009/10 OPERATING REVENUES (CONT'D)

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. In 2008/09, the Ministry included \$6.35m of this funding into the Basic Operating Grant as noted above.
- 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. As part of the government's "Reaching Higher 2" plan, an additional \$199m in funding for the postsecondary sector was announced in the 2009 Provincial budget. The University's portion is estimated at \$1.217m, representing Windsor's share of an approximate \$35m increase in the Quality Improvement envelope.

NURSING FUNDING

The special Nursing envelope, based on enrolment, funds the Collaborative Nursing programs with St. Clair College and Lambton College. Masters' funding of \$109,000 to April, 2008 has been rolled into the Basic Operating Grant and future growth in Nursing will be funded through the Graduate Expansion envelope.

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 decrease in this grant of \$186,000.

OTHER PROVINCIAL GRANTS

Other grants totalling \$1.8m include funding for Research Overhead (\$360,000), Access for the Disabled (\$394,000), Aboriginal Funding (\$75,000), and Municipal Tax Grant (\$975,000).

V. 2009/10 OPERATING REVENUES (CONT'D)

FEDERAL GOVERNMENT GRANTS

FEDERAL INDIRECT COSTS PROGRAM

For the seventh year, 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 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 three federal granting agencies in the years 2005/06, 2006/07 and 2007/08. The three federal granting agencies were among the 16 organizations which participated in a federal Strategic Review in 2008. This process required all government departments and agencies, on a four-year cycle, to review all program spending and assess how and whether these programs are aligned with core mandates, and how they are effective, efficient and meet the priorities of Canadians.

The funding under the Indirect Costs Program is being reduced in proportion to reductions in eligible direct costs programs that are administered by each of the funding agencies. The 2008/09 Indirect Costs Federal budget of \$330m saw a reduction of \$14.6m over the next three fiscal years. The Indirect Costs Program grants budget will be \$325.379 million in fiscal year 2009/10. Windsor's share of this funding for 2009/10 has been confirmed at \$3.217m, a decrease of \$49,600 over 2008/09.

BUDGET ANNOUNCEMENTS

PROVINCE OF ONTARIO

In the Spring 2008 Provincial budget, the Ministry announced a review of the funding formula which supports the operating grants of post secondary institutions. For the college system, a revised funding formula was 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 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. The government is expected to announce a new tuition framework for the 2010/11 fiscal year, since the current framework in the Reaching Higher plan is now entering its final year.

As part of the government's strategic commitment to postsecondary education as announced in the 2009 Provincial budget, the Ministry announced that an additional one time grant of \$81.7m would be made available to universities immediately in the 2008/09 fiscal year.

V. 2009/10 OPERATING REVENUES (CONT'D)

Of these funds Windsor was allocated \$2.087m, representing approximately 3.7% of the system. These monies will be reported in 2008/09 revenue and will be appropriated to the Positioning Fund earmarked to partially fund the 2009/10 operating shortfall (Section IX).

In addition to these one-time monies to support operations, the Ministry also announced a one-time allocation in support of the Ontario Graduate Fellowship Endowment. Windsor's allocation under this funding totals \$296,000. These funds have been allocated to address the shortfall in this endowment due to the market downturn.

FEDERAL BUDGET

In the 2009 Federal Budget, the Federal Government announced an Economic Action Plan to stimulate the Canadian economy over the next two years. The plan is intended to stimulate an early economic recovery and improve the longer-term competitiveness through \$12B in new infrastructure investment. Included in this funding, Industry Canada allocated \$2B for university and college infrastructure under the program name of "Knowledge Infrastructure Program (KIP)". Under KIP, federal funding will pay for up to half of project costs. Windsor submitted proposed projects to the Federal government in late March 2009 totalling \$84.6m as follows:

1. Centre for Engineering Innovation - \$40m (Request for Federal match of Provincial contribution)
2. Health Sciences Research Floor - \$2.1m (to be matched by Province)
3. Strategic Deferred Maintenance - \$12.5m (to be matched by Province)
4. Multicultural Learning Bridge - \$30m (to be matched by Province)

The University is anxiously awaiting feedback from the Federal government on this funding opportunity. The approval of any funding in any of the above projects will significantly assist in revitalizing the campus, enhancing the student experience, and strengthen the fiscal position of the University. Any funds received in support of deferred maintenance on campus will provide relief to the Operating Budget. As proposed in this document, the base budgets earmarked for deferred maintenance will be used to fund one-time expenditures for 2009/10 (see Section VIII). The base budget has not been removed, however for 2009/10 only, these budgets will be used to fund other one-time needs.

While there are significant opportunities for infrastructure funding, there were no announcements in the Federal budget in support of operating costs for the post secondary sector.

V. 2009/10 OPERATING REVENUES (CONT'D)

2. STUDENT ACADEMIC FEES

Student academic fees are projected at \$95.2m, a decrease of \$256,000 or 0.3% over 2008/09.

This net decrease in student academic fees is a result of the combined impact of enrolment projections (Section IV) and tuition fee increases. All 2009/10 tuition fees were approved at the March 24th Board of Governors meeting.

After two years of tuition freezes commencing in 2004/05, the Ministry announced the current 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 2009/10. 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. A 4% increase was approved for all upper year students. All first year graduate domestic tuition fees were approved to increase 8% and upper years' tuition fees will increase by 4%.

International tuition fees are not regulated by the Ministry as the University does not receive government grant for such students. Approved international undergraduate tuition increases include an 8% increase for all first year international undergraduate programs, other than Computer Science and Law which will be increasing at a higher rate to address the market conditions, in accordance with a multi-year strategy. For all upper year students, a 4% increase has been approved. For international graduate students, a 4% increase has been approved for first year and upper year students.

3. INVESTMENT AND OTHER INCOME

Investment and Other income is projected at \$1.0m, a decrease of \$1.49m or 60% over 2008/09.

As noted earlier in the document, the University has been significantly impacted by the credit crisis and resulting market downturn. The market downturn has affected the investment income earned on the University's Working Capital funds, Pension Plan and Endowment assets. Investment income from Working Capital funds is the only investment income budgeted in the operating budget. In 2008/09, the investment income budgeted was \$2.49m. During the year, the Board received updates on the need to adjust this base budget downward to reflect investment losses.

V. 2009/10 OPERATING REVENUES (CONT'D)

This proposed budget includes \$1.0m for investment income in support of the base operating expenditures. The reduction in base investment income is reflective of a more prudent approach due to the volatility experienced during 2008/09. This adjustment in base income will reduce the risk in the operating budget during 2009/10.

Working Capital funds are currently invested in pooled Bond Funds, the University's bank account, a term deposit, and a small portion is invested in a Canadian index fund. Based on the most recent upward trend in the market, there may be opportunity during 2009/10 to exceed the investment income budgeted at \$1.0m. As noted later in the document, investment income earned in excess of the base budget will be earmarked to fund the 2009/10 operating shortfall on a one-time basis. This excess investment income has been estimated at \$1.0m (Appendix B).

Other income includes a number of sources, including but not limited to, application fees, levies, and funds taken in from reserves. For the 2009/10 operating budget, other income has decreased by \$309,000, which reflects the end of a 5-year donation in support of the Faculty of Engineering. The corresponding base expenditures have also been eliminated from the budget.

VI. 2009/10 OPERATING EXPENDITURES

Total budgeted base expenditures for the 2009/10 fiscal year are \$209.0m, resulting in a net increase of \$1.038m or .5% over 2008/09 as detailed in Appendix D.

The following chart summarizes the changes made to base operating expenditures subsequent to the approval of the 2008/09 operating budget (\$000s):

Base budget expenditures for 2008/09	\$	207,956
<i>Increase in Base Expenditures prior to realignment:</i>		
Increase in base due to contractual and other required funding	\$	8,502
	\$	<u>216,458</u>
<i>Realignment proposals for 2009/10</i>		
Revenue generation proposals	\$	(1,085)
Cost containment proposals	\$	(6,899)
	\$	<u>(7,984)</u>
Strategic Mission Investment Fund established	\$	520
Base budget expenditures for 2009/10	\$	<u>208,994</u>

VI. 2009/10 OPERATING EXPENDITURES (CONT'D)

Prior to any base budget realignment for the 2009/10 operating budget, base adjustments were required to reflect the increase in costs due to faculty and staff contractual increases and other known non-salary cost increases. The net adjustment to the base budget totalled \$8.5m, summarized under the following categories:

✓ Increase in academic salaries and benefits	\$ 4.7m
✓ Increase in staff salaries and benefits	\$ 2.7m
✓ Increase in the Graduate Growth Incentive Plan (page 7)	\$ 1.9m
✓ Decrease in non-salary costs	\$ (.8m)

The increase in the Graduate Growth Incentive Plan is discussed under Section II. The decrease in non-salary costs is mainly attributable to a carry forward of base budget realignments from 2008/09 that were funded on a one-time basis during the year.

As detailed in the multi-year financial strategy, the University established a realignment target of 4% of the 2008/09 operating budget. Total base budget realignment for 2009/10 totals \$8.074m, reported as follows:

1. Realignment of Operating Expenditures	\$ 7.984m
2. Realignment included in Operating Revenue	\$.090m

Details of the realignment proposals can be found in Section VII.

The realignment process promoted individual budget managers to develop strategies that were tailored to the conditions, operations and goals of their respective areas.

Total operating expenditure base budget realignment for 2009/10 totals \$8.074m which have been achieved through the following realignment proposals:

1. Revenue Generation Proposals- \$1.175m
2. Cost Containment Proposals- \$6.9m

VI. 2009/10 OPERATING EXPENDITURES (CONT'D)

1. REVENUE GENERATION PROPOSALS - \$1.175M

Realignment proposals in support of revenue generation and/or revenue enhancement total \$1.175m as follows:

1. Undergraduate Growth Incentive Program	\$ 413,000
2. Contribution from Ancillary areas	\$ 500,000
3. Entrepreneurial Programs and Fee Increases	\$ 262,000

1. UNDERGRADUATE GROWTH INCENTIVE PROGRAM – \$413,000

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 the growth of undergraduate students.

One of the tools made available to Faculty budget managers was the establishment of the *Undergraduate Growth Program*, as discussed below. The program allows for Faculties to benefit from growth in undergraduate enrolments 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 2009/10. As a result, the incentive program allows for 40% of tuition revenue earned to be allocated to the Faculties.

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 is an example of initiatives being planned.

In the Faculty of Arts and Social Sciences (FASS), the Faculty is seeking to garner enrolment increases through two programs, one through recruitment and the other through retention. The Faculty introduced a Fresh Start program for Fall 2008 which allowed a number of second year 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. 77 students were admitted in Fall 2008 and 62 are expected to continue to Fall 2009. In addition, a pilot Gateway program will provide an alternative admissions opportunity for at least 40 students who would not normally be admitted. The program utilizes personal interview and written instruments to select

VI. 2009/10 OPERATING EXPENDITURES (CONT'D)

students and provides in-class counselling and the tried and tested Ways of Knowing course to create a nurturing and learning-supportive environment. Under the new Discovery program, students that are admitted as undeclared majors, a traditionally low retention category in the 50% range, will be offered extra assistance with a goal to increase the retention rate to 70% or more.

2. CONTRIBUTION FROM ANCILLARY OPERATIONS – \$500,000

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, are an integral part of the campus and were also included in the realignment process. As noted in the following excerpt there is 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 all ancillary areas. The Department of Ancillary Services' (Residence, Food & Catering Services, Bookstore, and the Uwin Office) realignment target for 2009/10 was \$250,000. Parking Services' realignment target for 2009/10 was \$250,000. A report on how these targets were met can be found in the Ancillary section, page 31.

3. ENTREPRENEURIAL PROGRAMS AND FEE INCREASES - \$262,000

The Faculty of Nursing has introduced two programs that are designed to bring in extra revenue. In order to provide working RN's to complete their Bachelor of Science in Nursing (BscN), convenient program delivery is being held in area hospitals. The Summer Institute is an intensive course on the principles and applications of conducting Clinical Health Research, targeting health professionals and academics.

Two administrative fee increases have been included in realignment, namely, an increase to the Graduate Application fee from \$55 to \$85, and an increase in the fees charged for software purchased through the Software Depot in IT.

VI. 2009/10 OPERATING EXPENDITURES (CONT'D)

2. COST CONTAINMENT STRATEGIES - \$6.9M

In addition to revenue enhancement strategies, budget areas 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, depending on the available resources at each area's disposal.

Cost containment realignment proposals total \$6.9m, as detailed under the following main categories:

1. FACULTY SALARIES AND BENEFITS	\$ 2.56M
2. STAFF SALARIES AND BENEFITS	\$ 1.11M
3. SALARY SAVINGS	\$ 405,000
4. DISCRETIONARY COSTS	\$ 2.83M

1. FACULTY SALARIES & BENEFITS – \$ 2.56M

Included in the 2009/10 operating budget realignment is a total reduction of \$2.56m 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 elimination or holding of vacant positions, and the reduction of limited term positions. Any one-time funding initiatives proposed by the faculties will be used to offset the adjustment included in this envelope.

2. STAFF SALARIES & BENEFITS – \$1.1M

The realignment proposals included a base savings in staff salaries and benefits amounting to \$1.1m. The base budget realignment included reduction in positions, full-time positions being converted to part-time, and non replacement of retirements and vacancies. Again, key to the review and approval of the realignment proposals is 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. The implementation of the proposed reductions will be coordinated through the Department of Human Resources upon approval of the budget.

3. SALARY SAVINGS – \$405,000

As part of the realignment process the financial management of faculty and staff salary dollars was allocated to the respective budget managers. To increase the number of tools that would be available for areas, a Salary and Benefit Financial Management policy was developed in 2008/09 in concert with the Deans' Council and other senior administrators. This policy

VI. 2009/10 OPERATING EXPENDITURES (CONT'D)

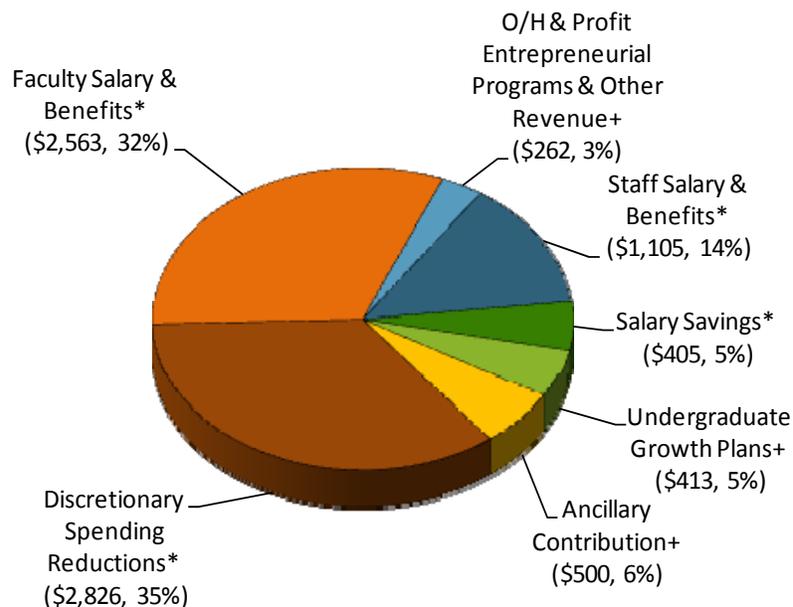
allowed areas to budget for projected salary savings generated from vacancies in faculty and staff positions, as part of their realignment proposals.

The inclusion of this tool permitted the use of salary and benefits savings that will be incurred in 2009/10 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.

4. DISCRETIONARY COSTS – \$2.83M

Discretionary budgets 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.

The following pie chart illustrates the breakdown of the proposed base expenditure realignments totalling \$8.074m by type (\$000s):



Note: * Cost Containment Strategy +Revenue Generation Proposal

VII. OPERATING BASE BUDGET SHORTFALL FOR 2009/10

When considering the proposed revenue and expenditures base budget for fiscal 2009/10 as outlined above, an operating shortfall of \$4.78m is projected. As approved in the multi-year strategy, during the 3 year realignment period, base shortfalls would be experienced. The strategy continues to be the achievement of a balanced base budget for the 2011/12 fiscal year. Consistent with prior years' strategy to minimize the cumulative deficits through the realignment period, prudent fiscal management calls for the funding of this shortfall on a one-time basis.

The 2009/10 operating budget proposal includes the funding of the base shortfall with the following one-time funds:

- ✓ Positioning Fund - \$2.97m (page 30)
- ✓ Investment Income - \$1m (page 22)
- ✓ Additional in-year savings to be identified - \$ 810,000

The need to fund the operating shortfall in year is critical in achieving the mandate of a balanced budget for 2011/12. The 2009/10 operating shortfall will be funded on a one-time basis as illustrated in Appendix A.

VIII. ONE TIME EXPENDITURES

In addition to the base budget proposed, other one-time expenditures are being proposed totalling \$1.3m 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. During the 2009/10 budget process, a general call for one-time expenditures was not made. With the expectation of infrastructure dollars being awarded by the Federal and/or Provincial governments, there are no one-time expenditures included for deferred maintenance projects in this budget proposal.

One-time expenditures totalling \$1.3m can be categorized as follows:

- | | |
|--|------------|
| 1. Information Technology Requirements | \$ 626,000 |
| 2. Matching Fund Program | \$ 150,000 |
| 3. Teaching Resource | \$ 50,000 |
| 4. Research Initiative | \$ 125,000 |
| 5. Graduate Assistantships | \$ 400,000 |

The inclusion of these one-time expenditures in the 2009/10 operating budget reflects the critical need to have these initiatives continue.

VIII. ONE TIME EXPENDITURES (CONT'D)

The following summarizes the Information Technology investments included in this budget proposal totalling \$626,000:

Enhancement and maintenance of Student Computing on Campus - \$281,400

These one-time expenditures will be directed to student computing on campus. Included in this investment are costs associated with the campus Learning Management System, the new Student Portal, and student networks in the Leddy Library, the CAW Student Centre and the University Computer Centre labs.

Application Development Systems - \$187,500

This one-time investment will support the development and maintenance of administrative systems to support University operations; Business Intelligence Tools for student enrolment projections, the e-Commerce system which will allow for the acceptance of online payments across the campus, and application development tools for new applications.

Computing Infrastructure Upgrades - \$157,100

This one-time investment will provide required infrastructure upgrades to the central system. The ongoing maintenance of the infrastructure is critical to ensure that operations are continual and reliable.

As discussed in Section V, the awarding of any Knowledge Infrastructure Program funding in support of deferred maintenance will offer immediate relief to base budgets for deferred maintenance in the operating budgets. One-time expenditures in the amount of \$951,000, categorizes 1 – 4 above, will be funded from these base budgets. Should the University not be awarded funding under KIP, the one-time expenditures will be put on hold pending the resolution of additional funding or pending the results of the 6 month review to be completed in early Fall 2009.

The one-time investment in graduate assistantships totalling \$400,000 will be funded from the newly established Strategic Mission Investment Fund (Section XI).

IX. 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*. The distribution of these funds was 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 of \$5.7m.

IX. POSITIONING FUND (CONT'D)

With the funding of the 2007/08 shortfall, \$2.26m was remaining and the Board approved the final distribution of this one-time fund as part of the 2008/09 operating budget as follows:

- ✓ Partial Funding of 2008/09 Shortfall - \$1.35m
- ✓ Funding of Initiative Fund - \$656,300
- ✓ Funding for Space Planning Review - \$250,000

The above distribution of the funds for 2007/08 & 2008/09 would deplete the fund. During 2008/09, certain one-time expenditures approved as part of the 2008/09 one-time expenditures were deferred resulting in \$525,000 being added back to the *Positioning Fund*. With the prospect of significant campus infrastructure funding, and the need to focus on those areas, the Space Planning Review expenditures, which were primarily for the engagement of external help for this work, were deferred and funding returned to the *Positioning Fund*. Space planning will continue using internal resources.

Included in the Provincial Budget, a one-time allocation was made to the post-secondary sector in support of growth, quality, and sustainability. As noted in Section V, the University's share is \$2,087,000. These monies were reported in 2008/09 resulting in monies being available to again replenish the *Positioning Fund*.

The net impact of the above adjustments results in the *Positioning Fund* having a balance of \$2.97m at the end of April 30, 2009 that will be carried forward to fund the 2009/10 operating shortfall on a one-time basis (see page 29).

X. 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, overhead, and administration provided by the central budget. The 2009/10 Ancillary budgets include a contribution to the central operating budget of \$1.2m, an increase of \$500,000 over 2008/09.

Bookstore

In an ongoing effort to support the achievement of students' academic goals by providing a client-centred facility and service, the Bookstore continues this endeavour with several projects. The Bookstore is in the process of establishing a Faculty Advisory Committee to enhance communication between the Bookstore and faculty members and develop strategies for sharing information related to textbook costs, promoting best practices in textbook adoptions, orders, and purchases, and to receive feedback from faculty members. 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

X. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

energy, recycling and selling “environmentally friendly” products. Budget plans for the 2009/10 fiscal year include implementation of a seamless UwinCARD interface, Phase 2 of the financial interface, and joining the Canadian Campus Retailers Association, an online buying group that will 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 technological upgrades 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.

The budgeted revenue for 2009/10 is estimated at \$8.6m, an increase of \$113,000. The Bookstore contributes to the University’s operating budget to cover overhead costs in the amount of \$334,000, representing an increase of \$84,000. To continue to meet its financial obligations, strategies for new markets and initiatives will be introduced to increase revenue and expenditures and operational costs have been carefully reviewed, streamlining operations where possible.

Food & Catering Services

The Department of Food & Catering Services is presenting a balanced budget for 2009/10 which includes a \$154,000 overhead contribution towards the University’s central budget. Through consultation with residence and commuter students, the Department continues to identify customer demands. Expansion of services is the most prominent request of all parties. In response to this, the budget supports plans to (1) renovate the Crocodile Grill, allowing for menu expansion and the more flexibility in hours of operations, (2) convert an existing coffee shop in the Toldo Building to a Tim Hortons and (3) replace the salad bar in the Market Place with a made-to-order salad concept. The cost of renovations will be offset by a projected increase in cash sales along with a 4.6% increase to its meal plan fees. These fee increases were supported by both residence student groups, the Residence and Food Services Advisory Board and the Windsor Inter-Residence Committee and approved by the Board in March 2009. The Department currently processes over 8,500 guest transactions per day. In addition, Catering Services has budgeted sales estimate for 2009/10 of \$1.29m.

Residence Services

In developing its budget for 2009/10, Residence Services used recent years’ history and trends in enrolment to establish its occupancy rate of 90% or 1,335 students. The most prevalent trend is that a growing proportion of students attending the University are from within Windsor/Essex County. Thus, the budget has been based on 120 students less than projected in the 2008/09 Residence budget, consequently decreasing the budgeted revenues by \$560,000.

To ensure Residence Services remains attractive to all students, it continues to focus its efforts on keeping fees competitive with local off-campus providers while hailing its exclusive

X. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

advantage of a comprehensive Residence Life program that provides students with support and opportunities not found in off-campus housing. This year, in an effort to attract first year students to the traditional buildings, Residence Services is offering the concept of specialized living environments (*i.e.*, theme floors) in Macdonald and Laurier Halls. For the first time in Residence history, single rooms in these traditional style residences are available on a limited basis. Through its marketing efforts to returning students, Residence Services has been successful in attracting a significant number of upper year students to its residences.

On an ongoing basis, reviews of each budget line item are conducted to identify potential savings. In a budget where approximately 80% of expenses are fixed due to infrastructure costs and debt repayment, cost savings are becoming increasingly difficult. Adjustments were made in the area of services where possible. Other expenses are fixed by service contracts or collective agreements providing little flexibility for the Department. Any proposed changes in services were discussed with student groups to ensure their support. In some cases, the changes were actually proposed by students. Residence Services is also starting to benefit in reductions to some line items such as repair and maintenance as extensive renovation work has been done in the buildings over the past 18 months.

Through the summer of 2009, Residence Services will continue to increase its sustainability efforts and maintain a healthy environment for students. Working with Ameresco Inc., Residence Services will use the energy savings generated from the renovations in Phase 1, to fund approximately \$3m in additional infrastructure work to the residence buildings, with Phase 2 renovations commencing at the end of April 2009.

Student Health Services

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

The Health Promotion Office offers programs to encourage wise decision-making to promote and preserve optimal health. Educational resources and programs are available to cover health areas such as sexual health, alcohol and drug use, eating disorders, gambling and mental health. The operation is supported through Health Fees assessed to all students, OHIP, and Green Shield billings.

X. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

UwinCARD Office

The UwinCARD Office has been in operation since August 2007 and is presenting a balanced budget for the 2009/10 fiscal year. The budget includes a contribution of \$13,000 in support of central overheads. The UwinCARD serves as the only card students require for identification, library access, photocopying, laser printing, laundry, purchases made in Food Services and the University Bookstore, and Residence and Forge access.

The 2009/10 budget year will see the launch of a real-time online deposit system that will allow students and/or parents to add funds to their UwinCARD and make purchases over the web in real time. An interface with the Bookstore point of sale system that will allow students to make purchases using their UwinCARD is also being developed. Both these initiatives will assist in keeping funds on campus. The web development area is attempting to address the need on campus for low volume, low value payment solutions such as caution cards. The UwinCARD Office continues to search out new opportunities to integrate services and promote use of the UwinCARD for the benefit of students and campus operations.

Parking Services

Parking Services is presenting a balanced budget for 2009/10 which includes an overhead contribution to the University's operating budget of \$550,000 annually, an increase of \$250,000 over 2008/09.

For the 2009/10 budget, Parking Services is proposing a strategy that will, over a period of the next three or four years, see parking permit fees at the University be adjusted to the median level of permit fee costs for universities within the province. Such a development will allow the

University to appropriately maintain its parking assets, plan for future development, and provide support to the operating budget.

As part of its proposal Parking Services seeks to establish differential rates for student and faculty/staff rates. Parking Services will evaluate permit rates against the provincial median and rates will be adjusted accordingly in 2010/11 and 2011/12.

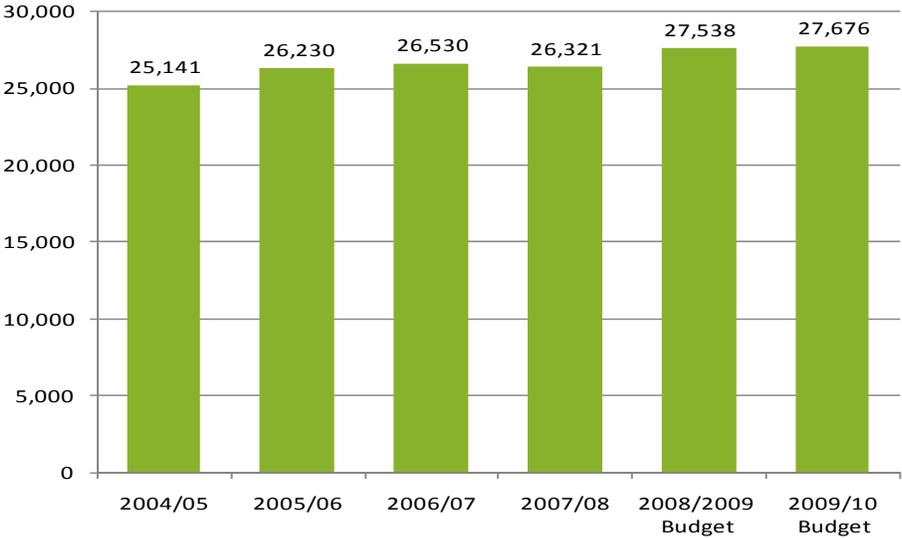
Student rates for an eight month (academic year) permit will increase from \$220.00 to \$286.00 representing a \$.39 a day increase, while the yearly student rate of \$286.00 will increase to \$343.00 or a \$.30 a day increase.

The annual faculty/staff rate will increase from \$264.00 to \$422.40, representing a \$3.05 a week increase or \$.61 a day. This new rate moves us some way towards the goal of reaching the median but will still keep us well below the provincial median of over \$725.00.

X. ANCILLARY SERVICES BUDGET OVERVIEW (CONT'D)

The University supports the principle of sustainability and it is envisioned that these parking proposals will encourage users to review individual parking needs. In addition it is hoped that this strategy will encourage greater car-pooling and use of public transportation and in turn will reduce future need for additional parking space capacity.

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



XI. STRATEGIC MISSION INVESTMENT FUND

Forming part of the approved multi-year financial plan, one of the key principles outlined in the development of the 2009/10 Operating Budget was the need for the budget to support strategic allocation of resources and to provide an opportunity to support the President’s new strategic plan. The revised multi-year plan provided for a “Strategic Mission Investment Fund”. This fund was established at \$520,000 base budget for 2009/10. The intent is that this base allocation would grow through the current planning cycle to a level of \$1.6m. This base budget will be available to support strategic initiatives identified in the President’s strategic plan.

The development of the strategic plan is currently underway and a final plan is expected within the 2009/10 fiscal year. As a result, there are no proposed base allocations from this fund in the current budget. For 2009/10, one-time expenditures have been supported from this base budget. Graduate growth has clearly been a key initiative both for the government and the University.

XI. STRATEGIC MISSION INVESTMENT FUND (CONT'D)

For 2009/10, \$400,000 will be used to support graduate assistantships from this base budget. The base budget for GA/TAs is \$7.2m, which has been maintained. This one-time allocation will continue to support graduate students.

Further allocations from this fund may be made during 2009/10, either on base or one-time basis.

XII. REALIGNING INTO THE FUTURE

The budget presented herein is the first in a three year strategy to bring the University to a balanced budget position for 2011/12. With each additional year of realignment, the challenges and complexity remain. The ability to manage further realignments with through reductions in non-salary base budgets will become untenable. The future of realignments will depend upon the ability to continually and creatively adapt academic and administrative service delivery, while preserving the quality of the University.

Our enrolment drives our revenue and therefore is the major input which, together with expenditures levels, determines how we operate. Thus, the need for an agreed and well-communicated Strategic Enrolment Plan will be a condition of future realignments. All areas, Faculties and service areas, will need to respond to contribute to the achievement of both undergraduate and graduate enrolment targets. The improvement of the student experience will drive recruitment and retention and hence will be the focus of all areas on campus: the student experience is shaped by all contributions to it and thus all areas will need to coordinate their efforts to make the difference in the student's experience. And all enrolment opportunities need to be explored and developed, *i.e.*, international opportunities, development of academic programs that will meet the needs of changing markets, greater collaboration with colleges, both locally and across the province.

Fundamental to future realignment success will be assessment of contents, outcomes, pedagogy, structure and other delivery elements in academic programs. A comprehensive evaluation of existing academic programs will be undertaken for engagement, quality, attractiveness and relevance, efficiency and effectiveness. Examples of areas to be considered in the review include: a review of the structure of academic programs, consideration of alternate delivery methods, establishment of foundation courses, curriculum reform, *etc.* An approach to such reviews will be developed and support offered to Faculties as required.

A review of non-academic service areas will also be undertaken. Ensuring that focussed, engaging, supportive, caring, efficient and effective delivery models are in place to support the academic mission of the institution is critical in a period of realignment. Opportunities to provide streamlined service delivery through the elimination of duplicated activities,

XII. REALIGNING INTO THE FUTURE (CONT'D)

elimination of non-value added services, and establishing services that will respond to the transformation of the campus will in the end provide for an effective service model that responds to student in ways that are meaningful and supportive of them.

The three year financial strategy approved by the Board in November 2008 modelled the impact of annual realignment targets of 4%, 3.75%, and 3.5%, commencing with the 2009/10 fiscal year. The budget proposed herein positions the University to meet the Board's mandate. All indications are that further realignment will be required through the current 3 year planning period. The current plan is to announce the 2010/11 realignment target and its distribution by late Fall 2009. This will allow for Fall 2009 actual enrolments to be known, further refinement of the assumptions embedded in the multi-year strategy, and further resource allocation in support of the new strategic mission.

Faculty and staff at the University provide the capacity for change and transforming the campus into one that will respond to the future needs and expectation of students. While this continues to be a difficult period, the success of the past will be the foundation for success into the future. All efforts must be taken to maximize the value added by the University's key resource, its people.

XIII. APPENDICES

Appendix A: 2009/10 Operating Budget Proposal	39
Appendix B: Proposed Operating Revenue for 2009/10.....	40
Appendix C: Provincial Government Grants	41
Appendix D: Proposed Operating Expenditures for 2009/10	42
Appendix E: Proposed Operating Expenditures for 2009/10 - By Function	43
Appendix F: Proposed Operating Expenditures for 2009/10 - By Type.....	44

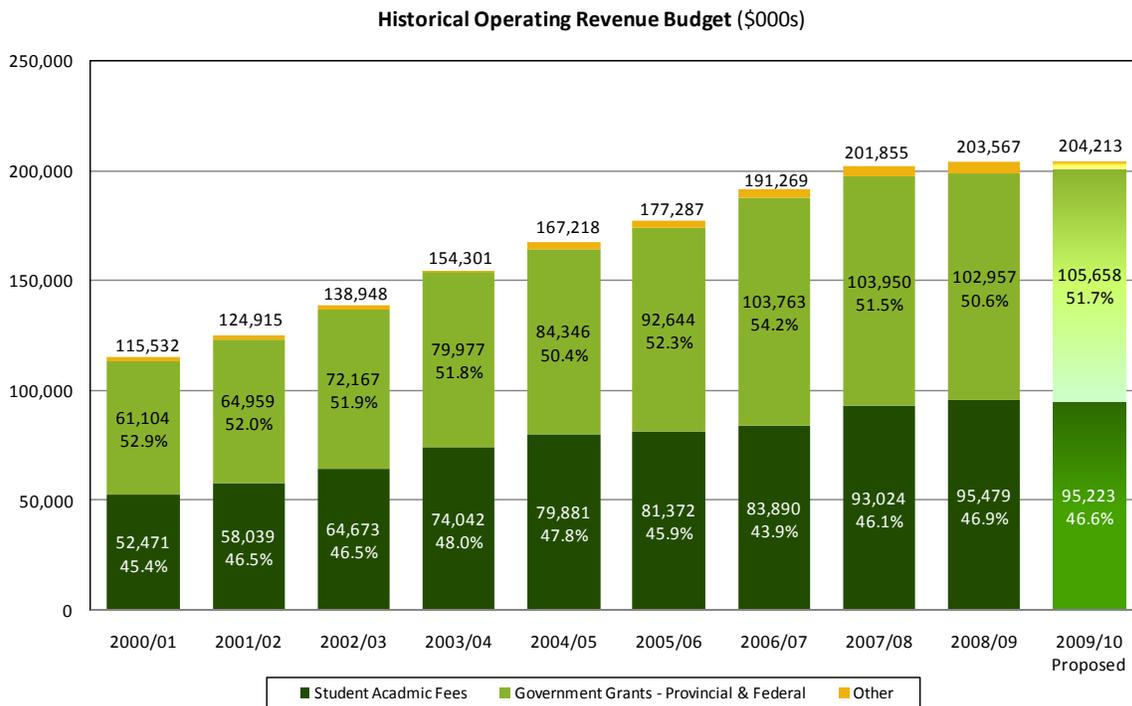
APPENDIX A: 2009/10 OPERATING BUDGET PROPOSAL

	2009/10 PROPOSED BASE BUDGET	2009/10 PROPOSED ONE TIME EXPENDITURES*	TOTAL
	(\$000s)	(\$000s)	(\$000s)
BASE OPERATING REVENUE (Appendix B)	\$ 204,213		\$ 204,213
EXPENDITURE OF FUNDS (Appendix D)			
TOTAL PROVOST	\$ 154,974	\$ 600	\$ 155,574
TOTAL VICE PRESIDENT RESEARCH	4,550	125	4,675
TOTAL VICE PRESIDENT ADMIN & FINANCE	42,872	626	43,498
TOTAL VICE PRESIDENT ADVANCEMENT	3,720	-	3,720
TOTAL CENTRAL ADMINISTRATION	2,878	-	2,878
TOTAL EXPENDITURES	\$ 208,994	\$ 1,351	\$ 210,345
BASE OPERATING SHORTFALL	(\$4,781)		(\$4,781)
ADDITIONAL ONE TIME EXPENDITURES TO BE FUNDED		(\$1,351)	(\$1,351)
	(\$4,781)	(\$1,351)	(\$6,132)
SOURCES OF ONE-TIME FUNDING			
Positioning Fund	\$ 2,970		\$ 2,970
Excess investment income earned in year	1,000		1,000
Deferred Maintenance Base Budgets		951	951
Strategic Mission Investment Fund		400	400
One-time savings in year	811		811
TOTAL ONE-TIME FUNDING SOURCES	\$ 4,781	\$ 1,351	\$ 6,132
NET UNFUNDED AMOUNT	\$ 0	\$ 0	\$ 0

* See Section VIII

APPENDIX B: PROPOSED OPERATING REVENUE FOR 2009/10

	2009/10 PROPOSED BASE BUDGET (\$000s)	2008/09 APPROVED BASE BUDGET (\$000s)	\$ INCREASE (DECREASE) OVER 2008/09 (\$000s)	% INCREASE (DECREASE) OVER 2008/09
SOURCES OF FUNDS				
Student Academic Fees	\$95,223	\$95,479	(\$256)	(0.3%)
Government Grants - Provincial (Appendix C)	102,441	99,691	2,750	2.8%
Government Grants - Federal	3,217	3,266	(49)	(1.5%)
Investment Income	1,000	2,490	(1,490)	(59.8%)
Other	2,332	2,641	(309)	(11.7%)
TOTAL OPERATING REVENUE	\$204,213	\$203,567	\$646	0.3%



APPENDIX C: PROVINCIAL GOVERNMENT GRANTS

	2009/10 PROPOSED BUDGET (\$000s)	2008/09 RESTATED BUDGET ⁽¹⁾ (\$000s)	2008/09 ORIGINAL BUDGET (\$000s)	\$ INCREASE (DECREASE) FROM RESTATED (\$000s)	% INCREASE (DECREASE) FROM RESTATED
OPERATING GRANTS					
Basic Operating Grants	\$ 87,866	\$ 87,776	\$ 59,046	\$ 90	0.1%
Accessibility Fund (Undergraduate)	0	0	14,950	0	0.0%
Accessibility Fund (Graduate)	2,387	798	2,348	1,589	199.1%
Quality Assurance Fund	0	0	2,893	0	0.0%
Grant in Lieu of Tuition Freeze	0	0	2,878	0	0.0%
TOTAL OPERATING GRANTS	\$ 90,253	\$ 88,574	\$ 82,115	1,679	1.9%
QUALITY IMPROVEMENT FUND					
Per Student Funding	1,013	1,013	7,363	0	0.0%
Advancing Quality	4,817	3,600	3,600	1,217	33.8%
TOTAL QUALITY IMPROVEMENT	\$ 5,830	\$ 4,613	\$ 10,963	\$ 1,217	26.4%
Nursing Funding	4,040	4,040	4,149	0	0.0%
Performance Fund	514	700	700	(186)	(26.6%)
Other Provincial Grants*	1,804	1,764	1,764	40	2.3%
TOTAL PROVINCIAL GRANTS	\$ 102,441	\$ 99,691	\$ 99,691	\$ 2,750	2.8%

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

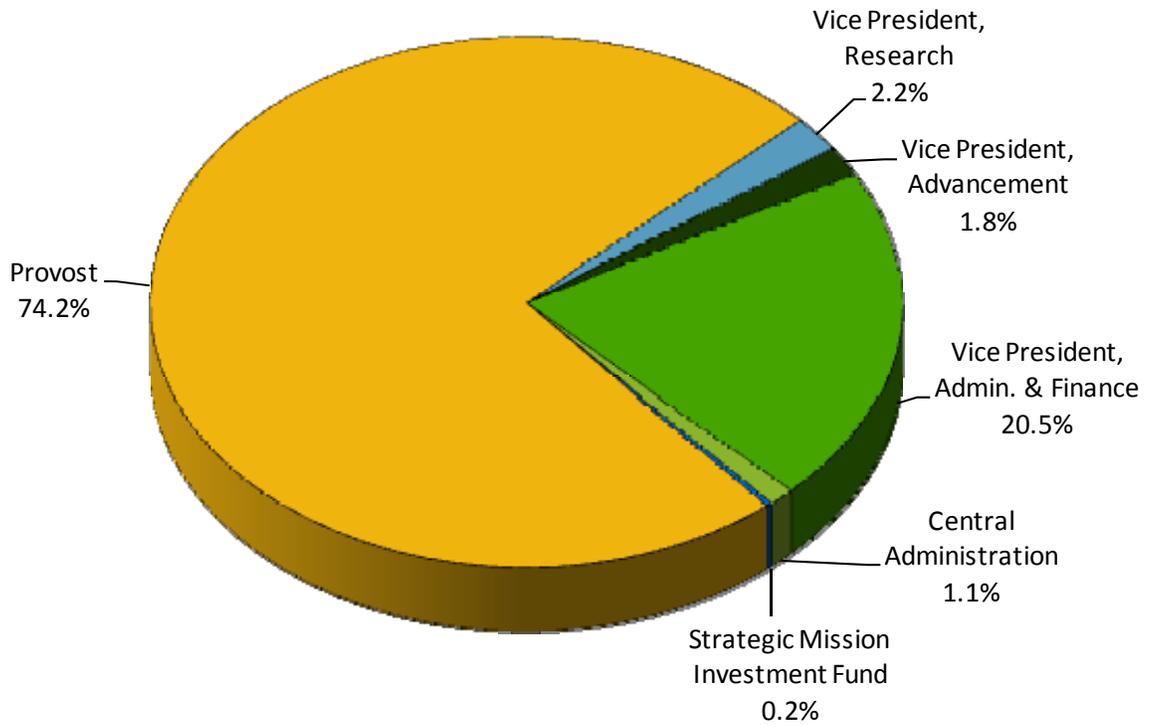
1) Approved Government Grant reclassified to reflect Ministry base reclassifications (see Section V, Basic Operating Grants)

APPENDIX D: PROPOSED OPERATING EXPENDITURES FOR 2009/10

	2009/10 PROPOSED BASE BUDGET (\$000s)	2008/09 APPROVED BUDGET (RECLASSIFIED) (\$000s)	\$ INCREASE (DECREASE) OVER 2008/09 (\$000s)	% INCREASE (DECREASE) OVER 2008/09
EXPENDITURE OF FUNDS				
PROVOST				
Faculties	\$ 117,272	\$ 116,057	\$ 1,215	1.0%
Academic & Student Services	9,259	9,234	25	0.3%
Library	12,109	12,205	(96)	(0.8%)
Scholarships	10,713	10,713	0	0.0%
Other Academic	5,621	5,931	(310)	(5.2%)
TOTAL PROVOST	\$ 154,974	\$ 154,140	\$ 834	0.5%
VICE PRESIDENT RESEARCH				
Research Services & Research Ethics Board	\$ 3,010	\$ 2,804	\$ 206	7.3%
Great Lakes Institute for Environmental Research	1,540	1,412	128	9.1%
TOTAL VICE PRESIDENT RESEARCH	\$ 4,550	\$ 4,216	\$ 334	7.9%
VICE PRESIDENT ADMINISTRATION & FINANCE				
Administration	\$ 12,851	\$ 12,914	\$ (63)	(0.5%)
Information Technology Services	8,796	8,537	259	3.0%
Facilities Services	20,017	20,023	(6)	(0.0%)
Repairs & Renovations (Central)	1,208	1,208	0	0.0%
TOTAL VICE PRESIDENT ADMIN & FINANCE	\$ 42,872	\$ 42,682	\$ 190	0.4%
VICE PRESIDENT ADVANCEMENT				
Development / Alumni Affairs	\$ 2,112	\$ 2,144	\$ (32)	(1.5%)
Public Affairs	1,608	1,659	(51)	(3.1%)
TOTAL VICE PRESIDENT ADVANCEMENT	\$ 3,720	\$ 3,803	\$ (83)	(2.2%)
CENTRAL ADMINISTRATION				
Administration Costs	\$ 1,646	\$ 1,903	\$ (257)	(13.5%)
Overhead Recoveries	(2,260)	(2,260)	0	0.0%
Operating Fund Debt Costs	4,172	4,172	0	0.0%
Ancillary Services Overhead Contributions	(1,200)	(700)	(500)	71.4%
TOTAL CENTRAL ADMINISTRATION	\$ 2,358	\$ 3,115	\$ (757)	(24.3%)
	\$ 208,474	\$ 207,956	\$ 518	0.2%
STRATEGIC MISSION INVESTMENT FUND				
	520	0	520	n/a
TOTAL OPERATING EXPENDITURES	\$ 208,994	\$ 207,956	\$ 1,038	0.5%

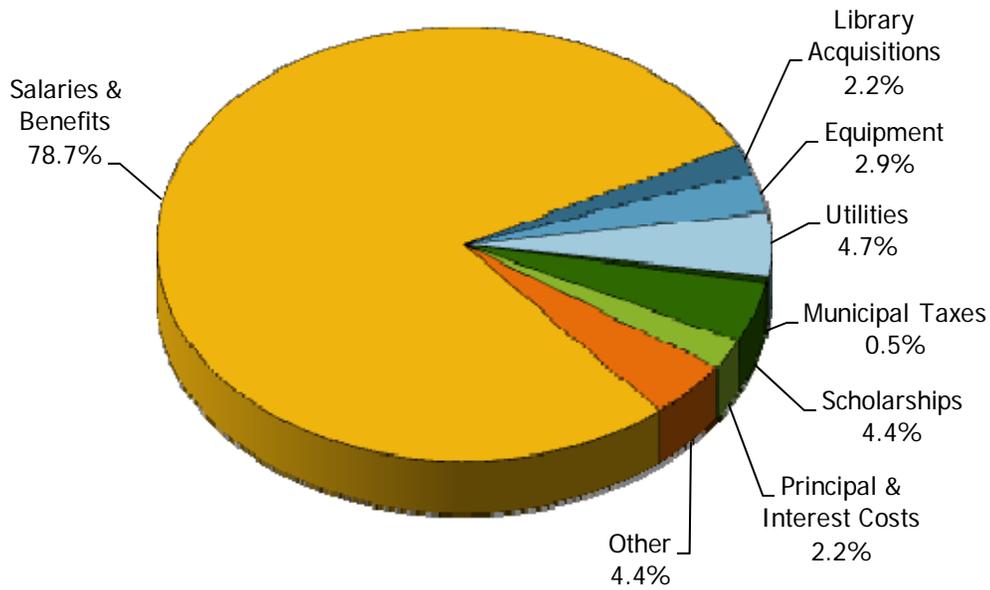
APPENDIX E: PROPOSED OPERATING EXPENDITURES FOR 2009/10 - BY FUNCTION

	2009/10 PROPOSED BASE BUDGET	2008/09 APPROVED BUDGET RECLASSIFIED	\$ INCREASE (DECREASE) OVER 2008/09	% INCREASE (DECREASE) OVER 2008/09
	(\$000s)	(\$000s)	(\$000s)	
PROVOST	\$ 154,974	\$ 154,140	\$ 834	0.54%
VICE PRESIDENT, RESEARCH	4,550	4,216	334	7.92%
VICE PRESIDENT, ADMIN & FINANCE	42,872	42,682	190	0.45%
VICE PRESIDENT, ADVANCEMENT	3,720	3,803	(83)	(2.18%)
CENTRAL ADMINISTRATION	2,358	3,115	(757)	(24.30%)
STRATEGIC MISSION INVESTMENT FUND	520	0	520	n/a
TOTAL OPERATING EXPENDITURES	\$ 208,994	\$ 207,956	\$ 1,038	0.50%



APPENDIX F: PROPOSED OPERATING EXPENDITURES FOR 2009/10 - BY TYPE

2009/10 Proposed



2008/09 Approved

