



Thinking Forward...
Taking Action
2012/13 Operating Budget

THINKING FORWARD... TAKING ACTION
2012/13 OPERATING BUDGET

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I. 2012/13 OPERATING BUDGET

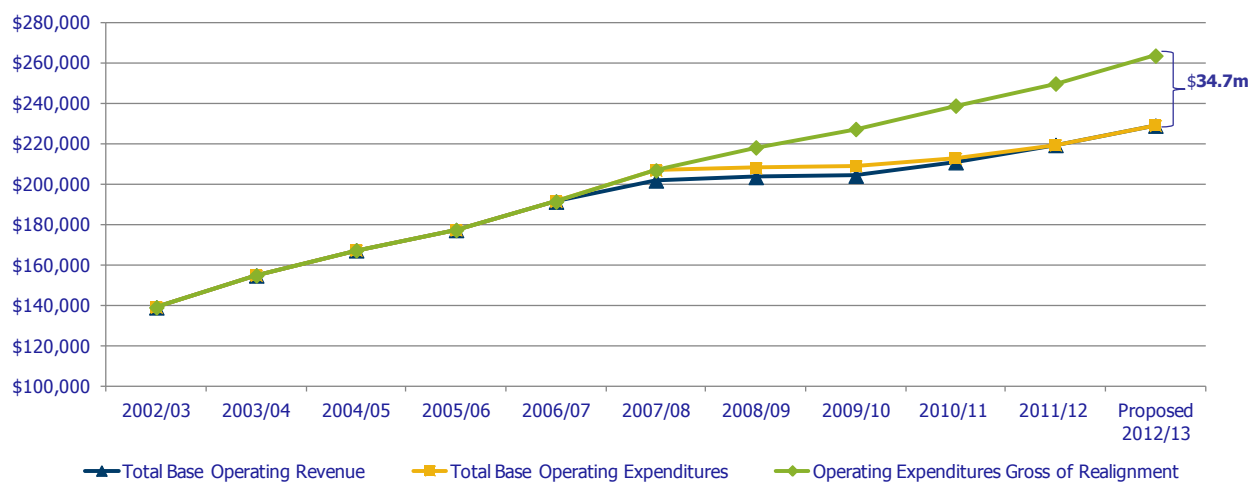
When the University of Windsor launched its strategic plan, *Thinking Forward... Taking Action*, in May of 2010, it identified goals and objectives that would guide the institution to the achievement of its mission of enabling people to make a better world through education, scholarship, research and engagement. The operating budget is the primary tool in the management of the University and in enabling it to fulfill its mission and achieve its academic goals.

The University has been diligent in the planning and implementation of balancing of its operating budget. The University continues with a balanced budget strategy. This has necessitated an annual realignment of expenditures, as revenues are not rising at a rate that fully covers annual increases in costs.

As outlined in the President's communication of August 18, 2011, realignment targets for 2012/13 were determined in two steps, the first being a projected across-the-board realignment percentage with adjustments for pension contribution increases. The second step, announced in December 2011, finalized the realignment target based on actual Fall 2011 enrolments, and incorporated an adjustment determined from the results of Activity Based Budgeting (ABB).

When considering operations and pension commitments, the total realignment for 2012/13 totals \$4.2m. This budget proposal fully addresses the required realignment to achieve a balanced budget.

The following graph illustrates the University's base budget (\$000s) during the multi-year strategy and the total cumulative amount of \$34.7m that has been realigned to meet the goal of a balanced budget:



I. 2012/13 OPERATING BUDGET (CONT'D)

The graph emphasizes the structural challenge when comparing the total base operating revenue and the base operating expenditures, gross of realignment. If the University had not commenced its multi-year fiscal realignment strategy, the gap between revenue and expenditures would now be \$34.7m.

A compounding cumulative deficit of this magnitude would significantly impact the financial viability of the institution in the short and long term. The commitment to avoiding any cumulative deficit has underpinned the continuation of a favourable credit rating for the University.

The 2012/13 Operating Budget, in Appendix A of this document, is forecast to be balanced. The achievement of a balanced budget continues to be challenging in a period of growing enrolment and a lack of incremental government support, and with it comes the challenge of ensuring quality academic, student and administrative services. The structural challenge of expenditures increasing at a rate greater than revenue has not been fully resolved. The ultimate resolution of this structural challenge is dependent on growth of enrolment-driven revenues (government grant and tuition revenue), in addition to ensuring that cost increases do not outpace revenue growth. As evidenced in the Strategic Plan, with its focus on the undergraduate and graduate experience, the University recognizes that the student is the foundation of the institution and the provision of an exceptional experience, in and out of the classroom, is its primary focus.

As will be detailed later in this proposal, strategic investments in the student experience will support the strategic priorities of the institution, and best position us for financial stability.

II. STUDENTS AT THE UNIVERSITY OF WINDSOR

Core to the mission and strategic priority of the institution is the student experience, both at the undergraduate and graduate level. Providing an environment that promotes an exceptional student experience is paramount. The quality of instruction, the positive interactions with faculty and staff, and supportive student services will all lead to a student body that will have pride in their institution during their time on campus and for the many years to follow.

Effective enrolment management is required to ensure that enrolment levels provide for the required fiscal support to sustain the institution. At the same time, the University must take care not to overly compromise our competitive advantage of providing one of the best faculty/staff ratios in the province.

A key activity in the development of the 2012/13 budget was the introduction of a “Strategic Enrolment Management” (SEM) process for the institution. An effective enrolment management plan includes the development and accountability of enrolment targets. While enrolment targets need to be realistic, they also need to provide a stretch goal that serves to move all to that more competitive level. The first step in the SEM process included the development of targets for 101 enrolment, those students coming to university directly from high school. The process included consultations with each Dean that provided historical data on enrolment trends, discussion of new academic programs, and information on demographics. Each Dean established a goal for 101’s in their Faculty. This goal would be supported through the development of recruitment strategies to achieve these goals. For budget purposes, the enrolment target considered a realistic achievement of the goal. In addition to 101’s, enrolment targets were set for graduate students.

The University needs to ensure that there is a clear strategic direction for the growth of enrolment under the various categories of students. For Fall 2013, the next phase of SEM will include enrolment targets for 105’s (transfer students) and international targets. As will be noted in the discussion that follows on government grants, SEM must address the level of eligible and ineligible students which impacts the government grant.

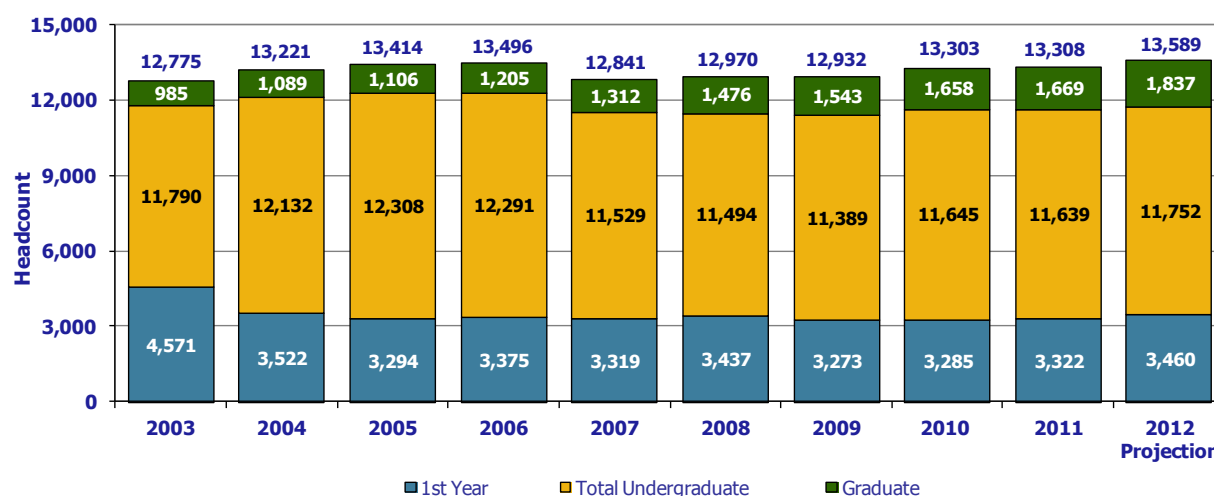
Strategic enrolment management for the institution is key to its financial stability. Providing an exceptional student experience through the delivery of quality academic programs, strong student services, and a welcoming environment is needed. As part of the 2012/13 Strategic Priority Fund, significant investments have been approved that will enhance the student experience. To ensure a strong financial foundation, which will allow for quality academic, research, and service programs, enrolment needs to be at the forefront of the planning.

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

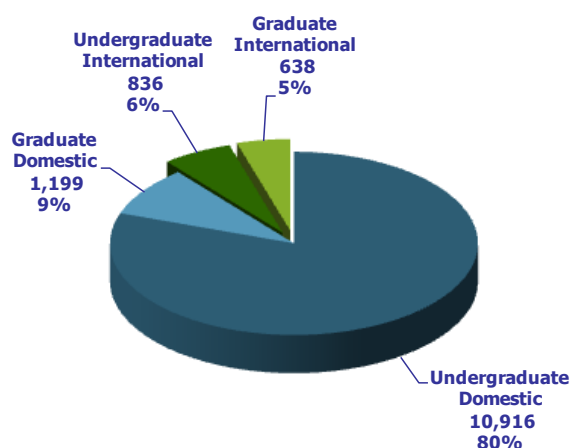
1. ENROLMENT: THE FOUNDATION FOR ALL ACTIVITY ON CAMPUS

For Fall 2012, the University is projecting to have approximately 280 additional full time undergraduate and graduate students over Fall 2011. This growth has been a result of the development of new academic programs, improvements in recruitment, retention, and the student experience.

The projected total full-time undergraduate and graduate enrolment for Fall 2012 is 13,589. The following graph provides a summary of Fall full-time enrolment headcount, including both a nine-year history and projected enrolments for Fall 2012:



The following graph illustrates the Fall 2012 projection of full-time undergraduate and graduate enrolment headcount by visa status:



In addition to projected Fall 2012 full-time enrolment of 13,589, part-time undergraduate and graduate student projections total 2,436 and 121 respectively.

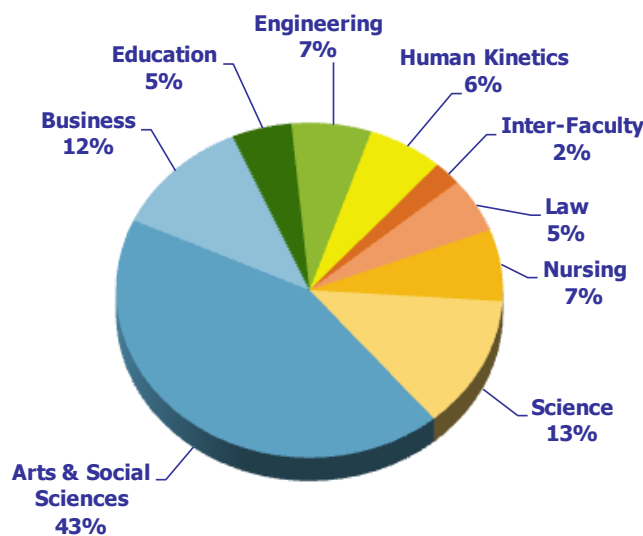
II. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

(i) UNDERGRADUATE STUDENTS

Total full-time undergraduate enrolment is projected to be 11,752 students in Fall 2012. This represents an increase of 113 students over Fall 2011. Undergraduate enrolment is the financial foundation of the institution, and consistent, sustainable growth of these numbers will ensure a strong base for academic and fiscal realities.

The following graph illustrates the distribution of Fall 2011 full-time undergraduate enrolment:

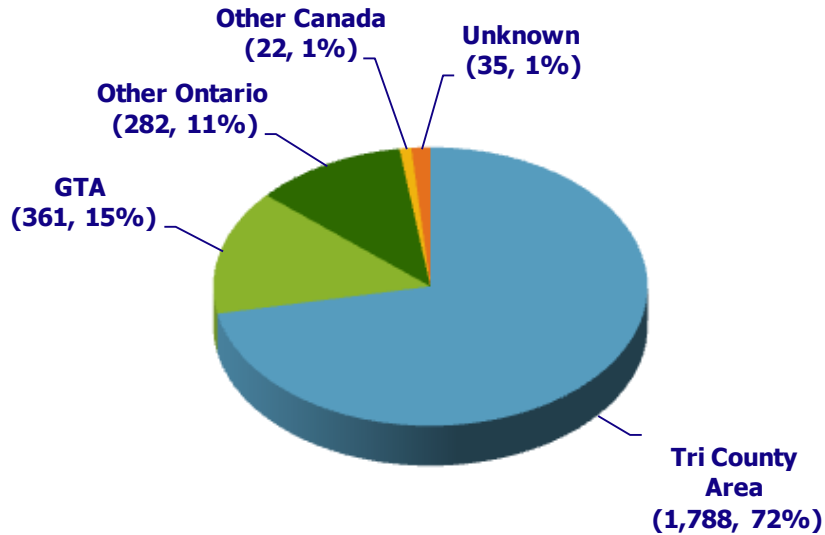
**Fall 2011 Full-Time Undergraduate Enrolment Headcount
(11,639)**



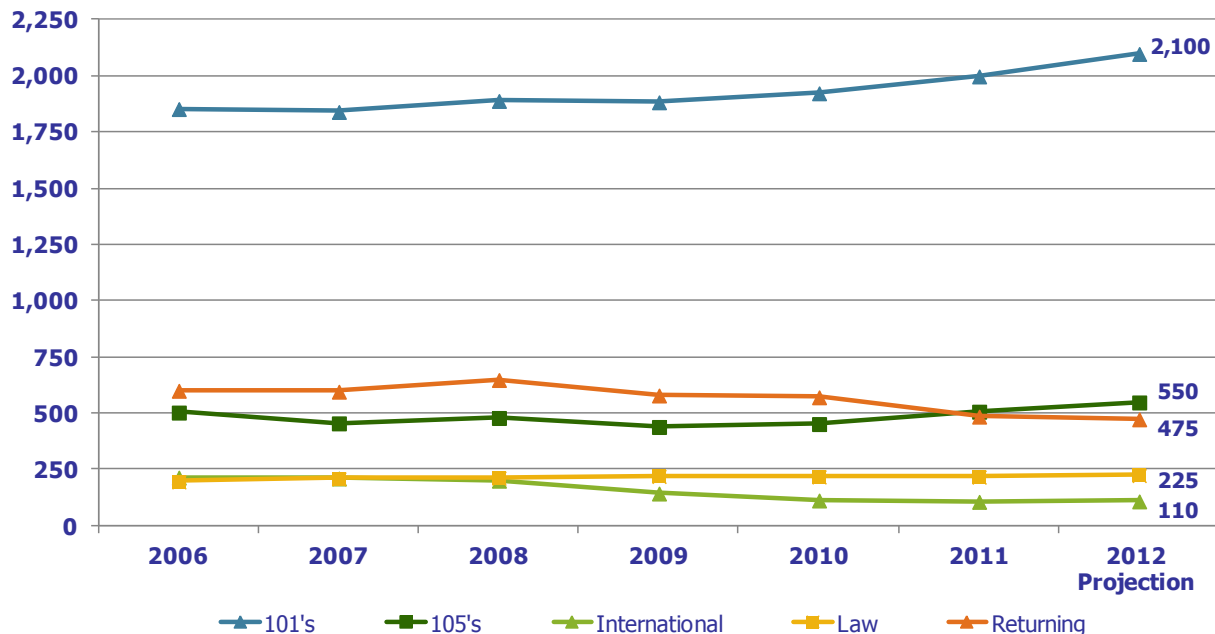
The strategic direction for the institution is continued strategic growth of undergraduate student numbers, as long as it can be done without loss of quality. This growth will be achieved in a number of ways. The development of new academic programs that meet the evolving needs of students must be continual. Improvement in the recruitment efforts has also taken on a heightened effort across campus. New marketing campaigns, recruitment approaches, and increased visibility for the institution should result in higher interest and demand for the University. In addition, a greater focus on the overall student experience will be important for strengthening retention rates.

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

The following graph illustrates the origin of new first year domestic students in Fall 2011:



This graph shows a trend of the University's first year enrolment by category of student. *Total first year enrolment for Fall 2012 is budgeted at 3,460.*



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

The heightened focus on the recruitment of 101 students in the system has resulted in an increase in this category of students. The final results for Fall 2011 illustrates this success (Fall 2011 budget–1,920; Fall 2011 actual–2,000). A further increase has been budgeted for Fall 2012 as noted above with 101's budgeted at 2,100. In addition to an increase in the applications from Ontario secondary school students (101's), there is a 14% increase in 105's student applications which represent students transferring in from another post-secondary school, *i.e.*, college, or who have taken time off following graduation from high school. This increase in 105's is expected to grow with the anticipated increase of transfer students supported by credit transfer initiatives funded by the Ministry. The credit transfer initiative is a priority for the Provincial Government as announced in their Spring 2010 *Open Ontario Budget*. The University of Windsor is a key player in this area as witnessed in the level of funding received by the Ministry during 2011/12. Enrolment in this category is targeted as an area of growth going forward.

With all enrolment forecasts, the approach taken nevertheless continues to be cautious, and efforts will be continuing throughout the spring and summer months to confirm as many enrolments as possible. In addition to the implementation of SEM, enrolment management reporting tools have been enhanced to enable better monitoring of applications through the cycle allowing for proactive measures to be taken to achieve and/or surpass the budgeted enrolment.

(ii) Graduate Students

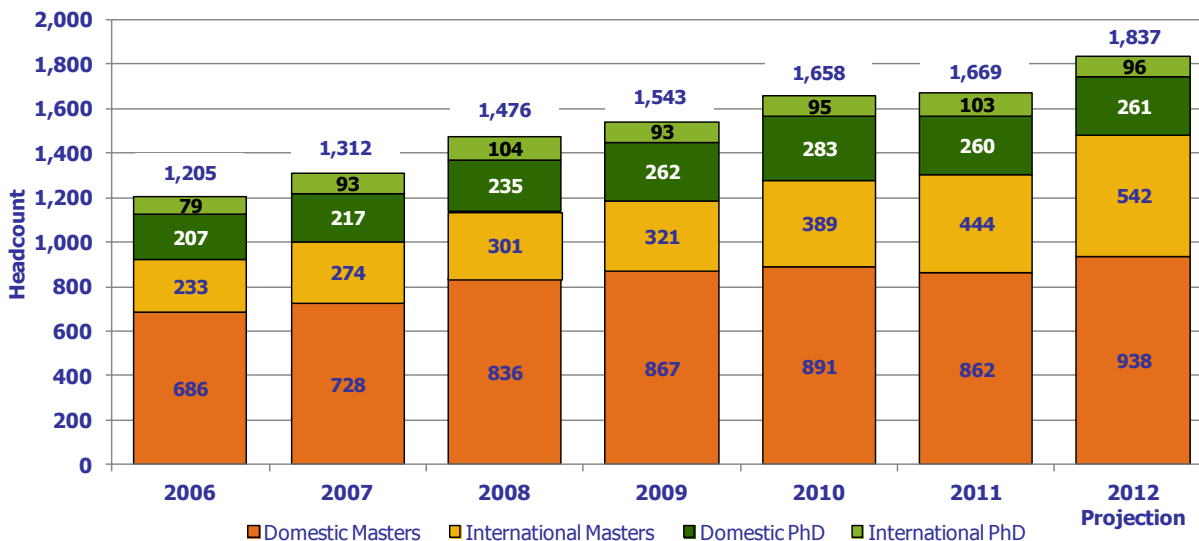
Total full-time graduate enrolment is projected to be 1,837 students in Fall 2012 (Masters–1,480; PhD-357). The University has experienced significant growth of graduate students since 2006. With the Provincial financial incentive to support the growth of domestic graduate students, growth of this group has been an area of focus.

The University received a commitment from the Provincial government to fund 191 Masters' students and 29 PhD students. The University has surpassed its PhD allotment and is moving towards achieving its full allotment of Master spaces in Fall 2012. These spaces will be fully funded by the Ministry through the Graduate Expansion grant. New and/or enhanced graduate programs offered both on and off campus have contributed to the success in the growth of domestic graduate students. The Masters of Social Work program has been a key factor in the University realizing this growth.

In addition to the growth of domestic graduate students, the University has experienced significant growth of its international graduate students since 2006. This growth has been primarily achieved by the successful development and delivery of course-based Masters programs in Engineering (Masters of Engineering) and Business (Masters of Management).

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

The following chart illustrates the growth of graduate students since Fall 2006. *Projected full-time graduate enrolment for Fall 2012 is 1,837.*



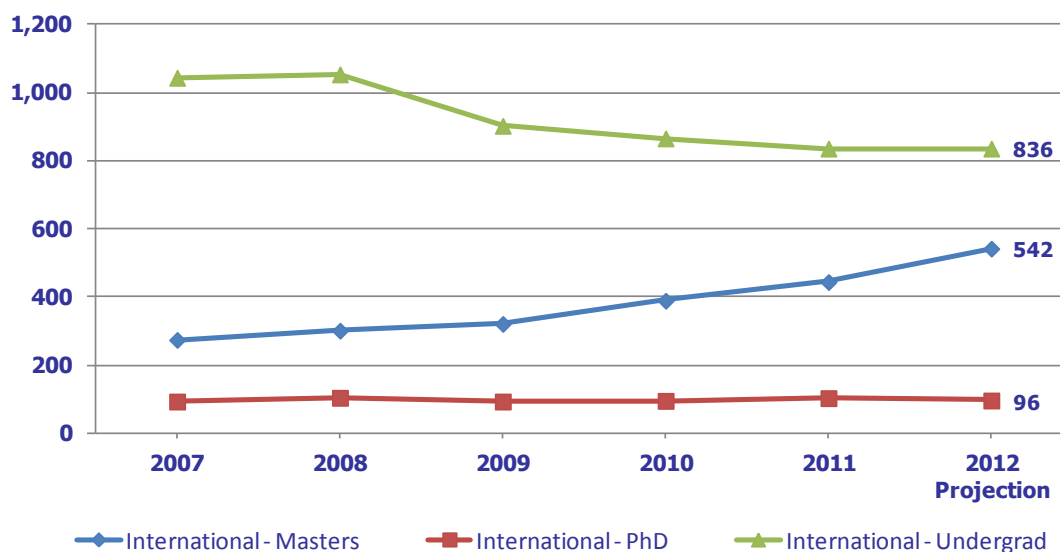
(iii) International Students

International engagement is a key priority for the institution as articulated in the Strategic Plan. In support of the Plan, the Vice Provost, International & Students is currently developing a plan for internationalization for the campus. This plan addresses internationalization at the University in its broader sense, including recruitment, engagement, exchange opportunities, etc. An International Advisory Committee, with cross-campus representation, will develop action plans to ensure the strategic plan is achieved in a timely manner.

The University has been very successful in its level of international enrolment over the past decade. International full time enrolment has increased by over 477 full-time students since Fall 2002 and as of Fall 2011 represented 7% of full-time undergraduate enrolment and 33% of full-time graduate enrolment. Overall, international enrolment represented 10.4% of total Fall 2011 enrolment. International tuition fee revenue represents approximately 25% of tuition fee revenues for the institution.

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

The following graph illustrates the trend of full-time international enrolment over the last 5 years.



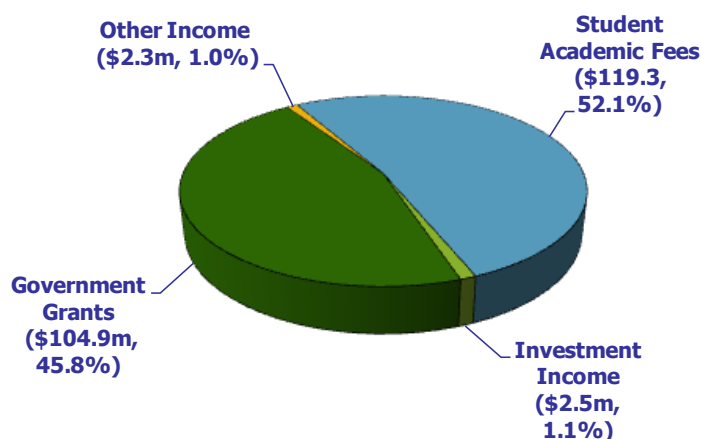
While the level of international graduate students has increased over the last few years, the institution is challenged with the competition and risks it faces with respect to international undergraduate students. In order to counteract these pressures, the University has developed a number of course-based Master's programs, some in conjunction with English language training, in order to offer international students the opportunity to earn a specialized degree. The Master of Engineering and Master of Management programs continue to be very successful in attracting international students to campus. New programs under development include Master of Medical Biotechnology, Master of Education, Master of Actuarial Science, and new specialized fields in the Masters of Management Program, e.g., Human Resources Management.

As part of the preparation of an internationalization strategy, the Vice-Provost, Students & International completed a full review of our international recruitment strategy. Recommendations developed from this review include a new recruitment model for international undergraduate students which will result in a more focused student recruitment program, one in which the University has greater direct involvement with selected recruitment specialists in the field. Planning is underway for the transition to this new recruitment model. The University is taking proactive steps to enhancing international activities by dedicating expertise and focus to the internationalization agenda for our campus. Some of the recent changes include the secondment of Dr. Diana Kao from the Odette School of Business to support plans to increase international enrolment coming from inter-institutional academic agreements.

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

2. OPERATING REVENUE

The 2012/13 Operating Revenue for the institution totals \$229.0m comprised of the following four categories of revenue, an increase of \$9.6m over 2011/12:



(i) STUDENT ACADEMIC & OTHER FEES

In March 2012, the Ministry announced that the tuition framework that had been in place for the past five years for domestic tuition would be extended for one year.

For 2012/13, the following framework applies for domestic undergraduate and graduate fees:

- 4.5% for most first year undergraduate domestic programs
- 8% for first year domestic graduate and selected professional undergraduate programs (Engineering, Business, Law & Computer Science)
- 4% for second, third, and fourth year domestic students (continuing) in all programs
- No more than 5% overall increase per year (Domestic Undergraduate and Graduate)
- International tuition remains unregulated

At the April 27th, 2012 Board meeting, the Board approved the increases allowed by the Ministry for domestic undergraduate students. While the maximum allowable increase for graduate students is 8%, the increase was held to 4.5% to keep our fees more competitive. An increase of 4% was approved for all continuing domestic undergraduate and graduate students. As part of the Ministry's tuition fee framework, institutions are required to allocate 10% of the incremental revenue generated by the tuition fee increase to support student financial aid. The 2012/13 operating budget includes an additional \$500,000 in support of financial aid.

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

Total student academic fees are projected at \$119.3m for 2012/13, an increase of \$9.9m over 2011/12. Increases to tuition revenue due to increased enrolment and incidental fees amount to \$5.2m. The balance of \$4.7m is a result of increases to tuition rates for 2012/13. Undergraduate domestic students account for 71% of the increase from the new tuition rates, or \$3.4m, with undergraduate international students accounting for 13% of the increase, or \$610,000. Domestic Graduate students are expected to generate \$330,000, or 7% of the increase, with the remaining 9%, or \$410,000, being generated from international graduate tuition fee increases.

International Tuition

International tuition fees are not regulated by the Ministry as institutions do not receive government grants for international enrolment. These students are considered ineligible for government grant purposes. The competition for international students is increasing as institutions in many countries try to gain access to this market. Other factors impacting international recruitment include the Canadian currency and constraints from our soon-to-expire existing recruitment agreements with external agencies.

A comprehensive international tuition fee review was conducted. This review, which included the competitiveness of global markets, enrolment targets in light of the 2009/10 and 2010/11 experience, the University's relative position with fees across the province, financial aid offered to international students, and specific issues for certain academic programs, assisted in formulating the tuition fee proposal for international students.

The University has taken a strategic direction in the establishment of international tuition fees for 2012/13 which should assist in achieving, or exceeding, the projected international enrolment for Fall 2012 of 110 first-year international full-time students. The total international undergraduate enrolment for Fall 2012 is projected at 836 students. Varying increases were proposed for first year undergraduate international tuition, with a 4% increase for continuing students.

Ancillary Fees

In addition to tuition fees, other compulsory ancillary fees and cost recovery fees were also approved by the Board of Governors in April 2012. The Residence and Meal Plan fees for 2012/13 were approved along with a strategic direction for Food & Catering Services.

Parking Services is also an ancillary service and self-supporting. Increases are proposed for all categories of parking permits. The proposed increase for all permit fees for 2012/13 is 5%. The proposed 2012/13 annual parking fees, pre-tax, for faculty and staff are as follows: Remote Lots - \$444.96, an increase of \$21.36; Core Lots - \$547.08, an increase of \$26.04; and Premium Lots - \$569.16, an increase of \$27.12.

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

The parking fee rates, pre-tax, for students are as follows: 8 month pass - \$274.16, an increase of \$13.12 and 12 month pass - \$328.32, an increase of \$15.48.

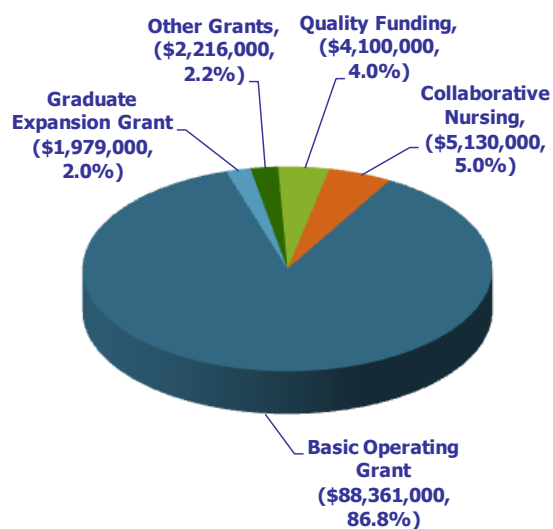
The proposed rates for faculty, staff and students continue to be below the median rate for parking at other Ontario universities. The above proposed rates will be effective July 1, 2012.

During 2012/13, in preparation for the opening of the new Parking structure, a comprehensive review will be conducted of the entire Parking program for the campus. The review will include an inventory of all spaces, parking patterns, needs' assessment of faculty, staff and students, and a new pricing model. In addition, processes and procedures for the entire parking program will be reviewed with the goal of providing the most effective and efficient parking operation for all stakeholders.

(ii) Provincial Government Grants

Provincial Government Grants total \$101.8m for 2012/13, a *decrease of \$1.2m* from 2011/12. Provincial grants now represent 44.4% of the institution's revenue, down from 46.9% last year. As discussed in prior years, there are a number of structural issues that the University is facing that impact its financial position. Our inability to capture incremental government grants has had a negative impact on operations. Provincial government grants are directly related to levels of enrolment, either through actual eligible enrolments or an institution's share of the overall provincial system.

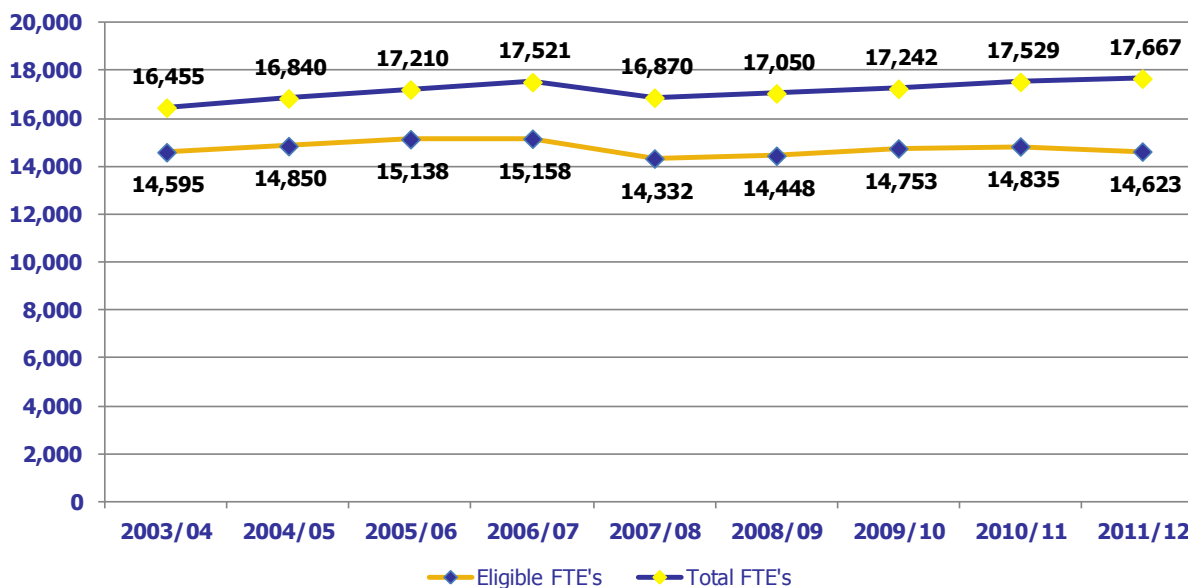
Following is a summary of the 2012/13 Provincial Government Grants totalling \$101.8m in support of operations:



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

The following chart illustrates the history of the University's total and eligible full-time equivalents since the double cohort. Total full-time equivalents have grown by 4.7% since Fall 2007 with eligible full-time equivalents growing at a lesser rate of 2.0%. Enrolment growth in international graduate programs is one of the main reasons for the difference in increasing percentages.

History of the University's total and eligible full-time equivalents since the double cohort:



The corridor mechanism under which we receive our basic operating grant has not been fully re-established during the enrolment growth period. The corridor details, including the changes required due to growth funding and reduction in Faculty of Education grant, are still being worked out with the Ministry. Nevertheless, our estimate is that we will need to increase eligible full-time students by approximately 200 to reach the corridor floor in order to be eligible for undergraduate growth funding. This growth of 200 can occur in any area except Nursing and Education as their growth is covered by different rules. Discussions are ongoing with the Ministry regarding the University's participation in undergraduate growth funding.

The negative impact of not accessing undergraduate growth money has a compounding effect as certain provincial grants are distributed to universities based on their share of the system. As institutions in the GTA grow, the non-GTA share of the system continues to decrease. For example, the Quality Grant that approximates \$4.1m is a grant distributed based on system share. The 2011/12 budget for this grant was decreased by \$772,000 as the University's share of the provincial system decreased in 2010/11 to 3.4% from 3.9% in 2007/08.

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

Another grant directly affected by enrolment is the Nursing Collaborative Grant. This special Nursing envelope, based on enrolment, funds the Collaborative Nursing programs with St. Clair and Lambton College. The decrease of \$200,000 in this grant is due to a reduction in enrolment in this program.

As noted above, the government has been funding domestic graduate growth up to an approved allotted number of spaces (191 for Masters, 29 for PhD). In 2011/12, a decline in eligible Masters' students negatively affected the grant. Up until very recently, it was not known if any unused allocation would continue into 2012/13. As a result of this uncertainty, the graduate expansion grant has remained at the level received in 2011/12 resulting in a decline of this grant. If we experience growth in our eligible Masters students, we may be eligible for additional funding. Due to the uncertainty at this time, no additional grant has been budgeted. All allotted PhD spaces have been funded.

As part of the Spring 2010 Provincial Budget, the Ministry announced that beginning in 2011/12, the envelope grant in support of provincial Education spaces would be reduced over two years. The phase out of this grant began with a \$5m reduction in 2011/12, growing to \$7.5m in 2012/13 and onward. A cap has been placed on our Education enrolments. For the University, this has meant that the Ministry has instructed that we need to reduce 60 Education spaces from our 2009/10 actual enrolments, and while we await the final funding confirmation, the operating grant has been reduced over the two years by a total of \$520,000.

3. STRATEGIC INVESTMENTS IN SUPPORT OF THE STUDENT EXPERIENCE

Strategic Priority Fund investments have been made in support of the priority of enhancing the student experience and increasing enrolment through recruitment and retention. Investments in this area are critical in addressing the long-term financial stability of the institution.

Strategic Priority Fund base and/or one-time investments of approximately \$1.2m have been proposed in the following areas:

1. Development of new academic programs and/or curriculum enhancement
2. Investment in On-line Learning Infrastructure Services to improve student retention
3. Improvements to the campus and recruitment activities

The structure of many of these investments is to provide Faculties with one-time funding to seed initiatives that will have positive revenue implications.

III. RESEARCH AT THE UNIVERSITY OF WINDSOR

Another key priority for the institution is the creation of a research-intensive university where innovation and creativity thrive. Competition for external funding, encouragement of internal and external collaboration, and liaisons with industry all form part of a research-intensive university.

The total research revenue for the institution approximates \$27m annually (2010/11 results). Revenues and expenditures in support of research are accounted for outside of the operating budget of the institution. Included in the operating revenue is the Federal Indirect Cost Grant received in support of overhead expenditures incurred by the institution (see below). Faculties and Administration incur operating costs in support of research within their respective budgets.

On February 10, 2012, Senate approved a Strategic Research Plan (SRP) for the institution. The SRP was prepared under the direction of the Vice-President Research, in conjunction with Members of the Strategic Research Planning Committee (SRPC). Internal and external stakeholders were consulted throughout the process. A copy of the SRP can be found at <http://www.uwindsor.ca/vp-research/university-of-windsor-strategic-research-plan-2012>.

1. FEDERAL INDIRECT COST GRANT

The Federal government supports research through annual grants that offset a portion of the University budget used in support of research overhead costs. The formula applied for the allocation of grant monies under this program is based on the three-year average funding each institution has received from any of the three federal granting agencies (NSERC, SSHRC, and CIHR) in the years 2009/10, 2010/11 and 2011/12.

The total Federal Indirect Costs Program budget will be \$322.4m million in fiscal year 2011/12. Windsor's share of this funding for 2011/12 has been confirmed at \$3.17m, a slight increase over the budgeted amount of \$3.16m. The projection for 2012/13 is \$3.11m.

2. FEDERAL BUDGET – ECONOMIC ACTION PLAN 2012

On March 29, 2012, the federal government tabled its 2012 Budget. *Economic Action Plan 2012* focuses on the drivers of growth and job creation—innovation, investment, education, skills and communities.

Several measures affecting research funding at universities were announced. There were many research initiatives announced including, but not limited to:

1. \$500m over five years in support of the Canada Foundation for Innovation (CFI)
2. \$60m for Genome Canada
3. \$40m over two years to support CANARIE's operation
4. \$10m over two years to the Canadian Institute for Advanced Research

III. RESEARCH AT THE UNIVERSITY OF WINDSOR (CONT'D)

5. \$12m per year to make the Business-Led Networks of Centres of Excellence program permanent.

All of these funding initiatives will support universities and the economic development of the country. The University continues to increase its research focus and diversify research funding sources. Federal support of research programs are one of the foundations for increasing the research intensity at the University.

3. INVESTMENTS IN SUPPORT OF RESEARCH & ECONOMIC DEVELOPMENT

The Windsor-Essex economy is facing an unprecedented period for transformation and redefinition. The University is making significant investments to see this transformation become reality. A unique address is being established on campus that will bring together the physical facilities, the people, the programs and the networks that enable collaboration and innovation to happen. This type of cooperation among key organizations, industry, government and academia, will enable the Windsor-Essex Region to be a global leader in the knowledge-based economy.

As noted below in the Capital Transformation Plan section (page 21), the University is developing an Innovation Cluster that will include the Centre for Engineering Innovation, a new Innovation Centre, and renovations to the Odette School of Business that will enable collaboration with industry. This Innovation Cluster will integrate the key stakeholders in support of economic development of the region by enhancing employment prospects, the creation and retention of local wealth, as well as enriching the social environment.

IV. FACULTY & STAFF AT THE UNIVERSITY OF WINDSOR

1. FACULTY & STAFF

The success of the University's strategic plan rests with its people. Each individual in the University community contributes in their own way. The campus community is diverse in that it represents individuals with wide ranging contributions who collectively ensure the successful achievement of the institution's priorities. The University's mission of enabling people to make a better world through education, scholarship, research and engagement would not be achieved without the work of faculty and staff.

2. SALARY COSTS

The largest investment in the University operating budget is faculty, staff and student salary, wage and benefit costs. These costs total over \$180m and represent over 78% of the total operating budget.

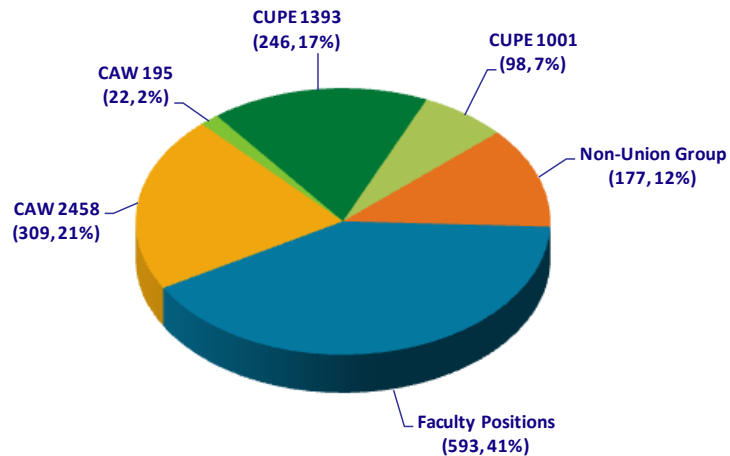
The University operates with 8 bargaining units and a non-union group. The following bargaining groups are organized at the University:

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

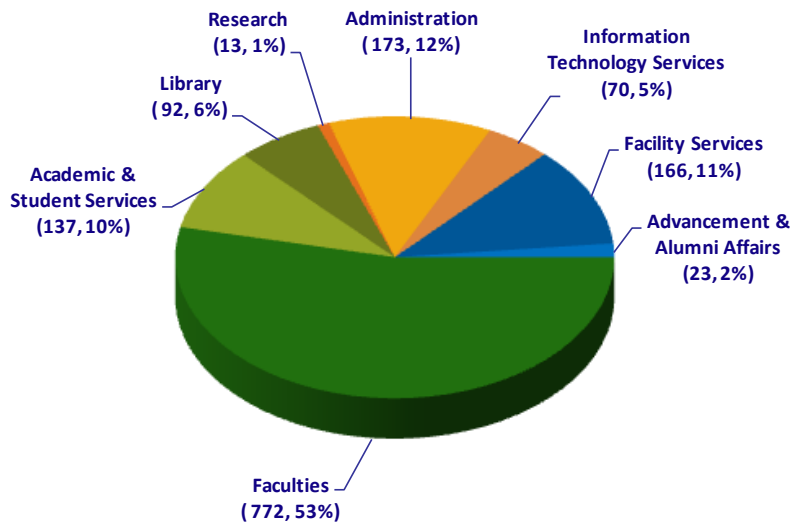
The collective agreements of all of the above staff groups were negotiated in 2011 and expire during the calendar year 2013. The Faculty Association agreement is in effect until June 30, 2014. The settlement of these contracts will provide certainty of Salary and Benefit costs for 2012/13.

IV. FACULTY & STAFF AT THE UNIVERSITY OF WINDSOR (CONT'D)

The following graph illustrates the full-time equivalent positions in the 2012/13 operating budget, in each of the above groups:



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

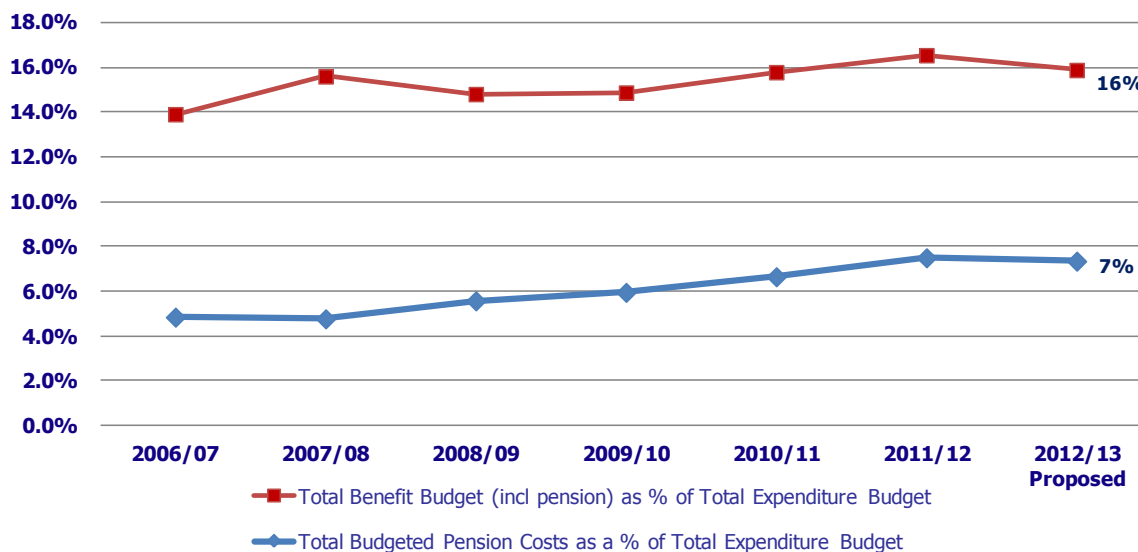


IV. FACULTY & STAFF AT THE UNIVERSITY OF WINDSOR (CONT'D)

3. PENSIONS COSTS

The University has two pension plans to provide post-retirement support to our faculty and staff. The University has a Faculty Pension Plan and an Employees' Plan. Key to the planning for the 2012/13 Operating Budget was the pending mandatory valuation as of July 1, 2011 for both plans. The valuations would dictate contribution levels that represent a significant expense of the annual operating budget. The 2012/13 base budget in support of pension contributions has increased by 80% since 2006/07. Pension costs in 2012/13 now represent 46% of the total benefit budget, up from 35% in 2006/07.

The following graph illustrates the percentage of the operating budget in support of total benefits and of pension costs. As noted in the graph, total benefit costs, which include pension costs, represent 16% of the operating budget.



(i) THE EMPLOYEES' PLAN

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

As of the July 1, 2011 valuation, the Employees' Plan has a going concern deficit of \$961,400 and a solvency deficit of \$2.0m. Special payments will be required to fund these deficits in addition to regular contributions. The total additional payments commencing July 1, 2012 that will be required to address the deficits will be approximately \$454,500 per year, of which \$94,000 is for the going concern deficit and \$360,500 is for the solvency deficit.

IV. FACULTY & STAFF AT THE UNIVERSITY OF WINDSOR (CONT'D)

Based on the valuation, there is no change required to the contribution level (% of wages or salaries) for the employer or the employees. The required level of contributions to fund the Employees' Plan has been included in this budget.

(ii) THE FACULTY PLAN

The Faculty Plan is a hybrid plan comprised of two components. The first component is the *money purchase plan*, which had been fully cost-shared between plan members and the University in the past. Following the recent negotiations with the Faculty Association, contributions to the money purchase component of the plan have increased to 8% of faculty salaries for plan members and 6% of faculty salaries for the employer, subject to Income Tax Act annual contribution limits. These contribution levels were effective January 1, 2012. Prior to this date, plan members and the employer were both contributing 6% of faculty salaries. The other component is the *minimum guaranteed benefit*, which represents the amount paid to ensure pensions are at a defined benefit level prescribed in the pension plan. The minimum guarantee benefit is not cost-shared, and the University is solely responsible for funding this component of the Plan. There was no change to the funding of this component in the recent settlement. Due to the significant downturn in market returns resulting in the reduction in the money purchase plan component, supplemental pensions paid under the minimum guaranteed benefit are increasing therefore adding more pressure to the operating budget of the institution.

The actuarial valuation filed as of July 1, 2011 shows that the plan has a \$45.4m going concern deficit and does not have a solvency deficit. The University had been making special annual payments in the amount of \$2.6m to fund the going concern deficit reported as of the July 1, 2008 valuation. As of July 1, 2012, following a one year deferral of the increase in special payments, the University will make annual contributions in the amount of \$5.4m to fund the going concern deficit, representing an annual increase of \$2.8m. The total required contributions for the Faculty Plan have been included in this budget.

(iii) SUMMARY OF PENSION PLAN COSTS

The cost of the two University pension plans continues to increase and for the 2012/13 operating budget these costs represents 7.5% of the University's total operating budget. The Employees' Plan pension costs which are fully cost shared represent up to 9.2% of the direct wages and salaries for both members and the employer. The Faculty Plan pension costs for the employer have risen from about 14.8% to 17.5% of faculty salaries with the members now contributing 8% of faculty salaries. The next mandatory valuation for both plans will be as of July 1, 2014. Due to the significance of these costs to the operating budget, annual monitoring of the financial status of the plans will continue.

V. CAPITAL TRANSFORMATION PLAN

Key to the accomplishment of the University's vision is the availability of modern and efficient infrastructure that will enable students, faculty and staff. To ensure that the University is competitive within the Ontario postsecondary system, continual upgrade of facilities is needed. In April 2012, the Board approved the Capital Transformation Plan (CTP) that will set the direction to enable the campus for the next fifty years with a phased-in approach.

The CTP will be phased in as follows:

Capital Transformation Plan - Phase I: to 2015 Projects

1. Centre for Engineering Innovation – Fall 2012
2. Innovation Centre/Parking facility – Fall 2013
3. Odette School of Business Renovation – Fall 2013
4. Welcome Centre – Fall 2013
5. Downtown Campus – Fall 2014
 - a. Armouries
 - b. Former Bus Depot
 - c. Windsor Star
6. Demolition of Cody Hall, Old Drama Building – Summer 2012
7. Campus Beautification / Deferred Maintenance – ongoing
8. International Student Centre – Spring 2012
9. Medical Building – 3rd Floor – Spring 2012

As imagined, the above projects will represent a significant transformation of the main University campus and the establishment of a Downtown campus for the University. In addition to building new and renovating existing space, there will be ongoing improvements to spaces on campus and deferred maintenance of existing buildings.

Capital Transformation Plan - Phase II: 2015 and beyond

The Phase I plan is necessitating considerable planning and resource utilization. Given the significant transformations and relocations, it will be necessary to take advantage of the vacating of large sections of Essex Hall when the Faculty of Engineering moves to the Centre for Engineering Innovation to free up swing space that can be used to temporarily house areas in transition. The reimagining of Essex Hall to meet the needs of the Faculty of Science and the School of Dramatic Art, as well as several other key projects to address the remaining long-recognized capital needs, will comprise Phase II.

V. CAPITAL TRANSFORMATION PLAN (CONT'D)

Preliminary considerations for projects in Phase II include, but are not limited to:

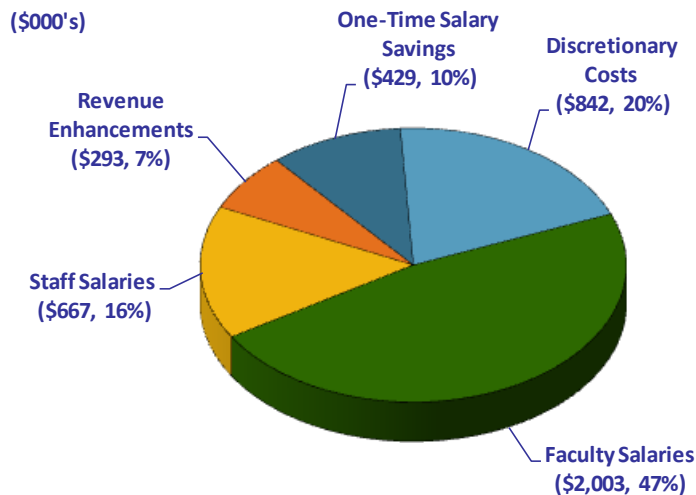
1. Consolidation of Student Service areas
2. Enhancements to St. Denis Centre (South Campus)
3. Enhancing Essex Hall for Science
4. Expansion of Law School
5. Improvements to Leddy Library

Options for a funding strategy for Phase II will be brought forward during 2013/14, with more detailed planning to commence late in 2014/15, or sooner if opportunities present themselves prior to that date.

VI. 2012/13 OPERATING BUDGET – IN SUMMARY

1. 2012/13 BUDGET REALIGNMENTS

As noted earlier in the document, the total budget realignment required to balance the 2012/13 operating budget is \$4.2m. The following chart illustrates the categories of budget realignments that were developed to address the realignment targets:



Revenue enhancement realignment proposals total \$293,000 and include Ancillary contributions and an increase in contributions from entrepreneurial academic programs.

Faculty Salaries & Benefit realignment proposals total \$2.0m and represent base budget reduction from savings generated through the replacement of retiring/departing senior faculty with junior faculty, the elimination or holding of vacant positions, and the funding of faculty positions through revenue generating program budgets.

Staff Salaries & Benefits realignment proposals total \$667,000 and represent reduction in positions, full-time positions being converted to part-time positions, non-replacement of retirements and vacancies, and the funding of staff positions through revenue generating program budgets.

One-time salary savings realignment proposals total \$429,000 and represent base budget realignment amounts that are tied to future retirements of faculty and staff. These base amounts are funded with one-time monies during the fiscal year. Faculty and administrative areas have been granted flexibility in addressing their base realignments with one-time savings. Cost structures of areas have deemed this flexibility necessary to implement the base realignments.

VI. 2012/13 OPERATING BUDGET – IN SUMMARY (CONT'D)

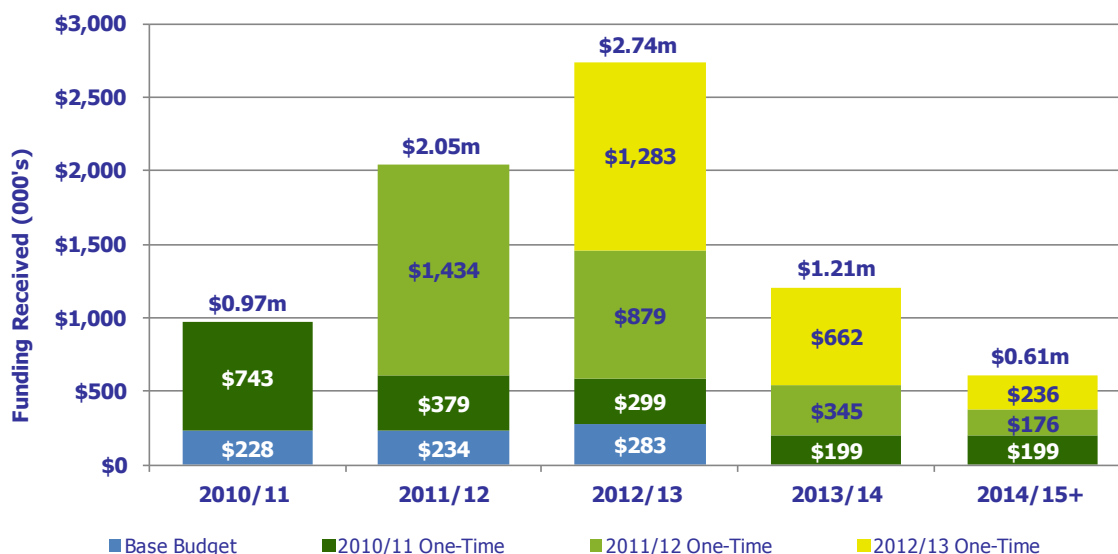
Discretionary cost realignment proposals total \$842,000 and represent salary costs related to sessional spending, overtime, casual wages, supplies, travel, repairs, etc. Levels of discretionary budgets have been reduced through the multiple years of realignment. In an effort to minimize the impact on people, discretionary budgets have been used to address realignment targets.

2. STRATEGIC PRIORITY FUND ALLOCATIONS

The Strategic Priority Fund (SPF) was originally established in fiscal 2009/10 for the purpose of reallocating the operating budget to support the strategic priorities of the institution. The SPF is a key tool that will support academic areas in achieving the strategic plan that will provide for the long-term stability of the institution. These funds assist Faculties in the development of programs and/or services that will be sustainable in the long term through revenue generation, *i.e.*, enrolment growth. Details of individual projects proposed are included on www.uwindsor.ca/spf.

One of the key features of the SPF is that initiatives can be supported through an allocation of base monies and/or an allocation of one-time monies (one year only or multi-year support). The SPF base budget of \$2.5m, along with the previous year carry forward of \$200,000, is available to support expenditures of \$2.7m for 2012/13. In 2012/13, new base and one-time initiatives totalling \$1.5m will be funded along with \$1.2m for previous years' commitments. This allocation strategy allows the University to leverage the SPF to its maximum value. As noted, the intent of the fund is primarily to provide seed funding for initiatives that will become self-supporting.

The following graph illustrates the \$ value of SPF initiatives funded in each of the fiscal years noted:



VI. 2012/13 OPERATING BUDGET – IN SUMMARY (CONT'D)

3. PROPOSED 2012/13 OPERATING BUDGET

The proposed 2012/13 operating budget includes total operating revenue of \$229.0m and total operating expenditures of \$229.0m, including the Strategic Priority Fund mentioned above. As per Appendix A, a balanced operating budget for 2012/13 is proposed. A balanced budget strategy continues and the accomplishment of this significant task has been achieved through the efforts of the entire campus working together to ensure the long term viability of the institution.

VII. LOOKING FORWARD TO 2013/14 AND BEYOND

Ontario Budget 2012

A key factor in the development of the University's operating budgets is the Ministry's support of the post-secondary sector. In the speech from the throne on March 27, 2012 the Provincial government (the government) introduced its 2012 Budget entitled *Strong Action for Ontario* laying out a five-year plan for a balanced budget by 2017/18 and setting the priorities of the government. There were a number of significant items affecting universities announced which have been outlined below.

The government has maintained their commitment to fund undergraduate and graduate enrolment growth; however, the projection of expenditures is based on reduced estimates of growth. In particular, of the 6000 spaces for graduate expansion announced in the Spring 2011 budget, only about one-third has been projected to be funded over the next three years with only 600 (10% of the total) projected for the system for 2012/13.

The government also announced an expectation of innovation and productivity to result in savings within the post-secondary sector of \$40m in 2013/14, rising to \$81m in 2014/15. Universities are expected to achieve approximately 70% of the overall target, or \$55.5m in 2014/15. No details have been announced on how the government will achieve these savings.

Currently, the provincial government provides the University with a municipal tax grant equal to the amount that the University is to pay the City of Windsor, calculated on a per student basis. Beginning in 2013/14, the government will no longer provide this grant for international undergraduate and Master's level students, yet our obligation to pay the City will continue. At our current enrolment level, this reduction is estimated to be \$100,000.

The Ministry has identified a reduction in operating grants that will occur based on our actual enrolments of international undergraduate and Master's students at a rate of \$750 per student. This reduction will be phased in commencing with the 2013/14 year. The government will consult with universities on the counting of the international students to be used for this reduction.

VII. LOOKING FORWARD TO 2013/14 AND BEYOND (CONT'D)

The 2012 Budget confirmed that the Ontario tuition grant for students will continue and will be indexed to the annual increases in tuition beginning in 2012/13.

In addition to operating grant issues, the government also extended the pay freeze for Executives for another two years. The government also proposed several initiatives related to pensions including moving to a 50/50 cost sharing of contributions, level of benefits, and the introduction of framework legislation that would pool investment management functions. The government will appoint an advisor to develop the framework in consultation with the university sector.

A working group of Ontario universities is currently working on the interpretation of the 2012 Budget and assessing how institutions and employees will be impacted.

The Spring 2012 government budget clearly will have significant impact on the University's operating budget over the next couple of years. Working closely with the Council of Ontario Universities (COU) in assessing the impact on individual institutions is at the forefront for all institutions. It is very safe to assume that there will be no significant government relief for postsecondary operating grants over the next five years, and it remains uncertain as to what the government will adopt as a new long term tuition fee framework.

There are many exciting changes underway at the University of Windsor, but there remains the reality that our costs continue to increase at a pace faster than our revenues increase. Annual realignments of the type that have been experienced over the past five years are increasingly difficult to manage, something that all faculty and staff understand.

Given this reality, and the provincial context, there are in broad measure only three options available to us. First, we must initiate planning and dialogue that can lead to a flattening of the cost escalation curve. Second, we must strive to maximize revenues through strategic enrolment growth and other revenue-generating activities. Third, we must continually seek to implement new ideas for academic and service program delivery in ways that enhance productivity and effective use of the resources we have.

At a time when the incremental burden of five years of realigning budgets weighs heavy, more than ever it will be through the encouragement of creativity and compromise that we will engage this triangle of options discussed above. We have no choice but to engage them, and to do so openly and in the spirit of continuing to make our University stronger and ever more relevant to the future.

APPENDIX A: 2012/13 OPERATING BUDGET

	2012/13 PROPOSED BASE BUDGET (\$000s)	2011/12 APPROVED BASE BUDGET (\$000s)	\$ INCREASE (DECREASE) OVER 2011/12 (\$000s)	% INCREASE (DECREASE) OVER 2011/12
BASE OPERATING REVENUE				
Student Academic Fees	\$ 119,292	\$ 109,409	\$ 9,883	9.0%
Government Grants - Provincial	101,786	102,978	(1,192)	(1.2%)
Government Grants - Federal	3,113	3,159	(46)	(1.5%)
Investment Income	2,500	1,500	1,000	66.7%
Other	2,322	2,322	-	0.0%
TOTAL OPERATING REVENUE	\$ 229,013	\$ 219,368	\$ 9,645	4.4%
BASE OPERATING EXPENDITURES				
Faculties	\$ 133,877	\$ 127,442	\$ 6,435	5.0%
Academic & Student Services	12,271	12,027	244	2.0%
Library	11,952	11,871	81	0.7%
Scholarships	12,270	11,763	507	4.3%
Administration	22,371	21,612	759	3.5%
Information Technology Services	9,025	8,804	221	2.5%
Facilities	24,339	22,891	1,448	6.3%
Advancement & Alumni Affairs	2,071	2,059	12	0.6%
External Debt Costs	4,147	4,147	-	0.0%
Academic & Ancillary Services Overhead	(5,763)	(5,520)	(243)	4.4%
TOTAL EXPENDITURES BEFORE STRATEGIC PRIORITY FUND	\$ 226,560	\$ 217,096	\$ 9,464	4.4%
Strategic Priority Fund	\$ 2,453	\$ 2,272	\$ 181	8.0%
NET OPERATING POSITION	\$ 0	\$ 0	\$ 0	0.0%