



University
of Windsor

Thinking Forward...
Taking Action
2013/14 Operating Budget

THINKING FORWARD... TAKING ACTION
2013/14 OPERATING BUDGET

I.	2013/14 Operating Budget	1
II.	Students at the University of Windsor	3
	1. ENROLMENT: THE FOUNDATION FOR ALL ACTIVITY ON CAMPUS	4
	2. OPERATING REVENUE	10
	3. STRATEGIC INVESTMENTS IN SUPPORT OF THE STUDENT EXPERIENCE	15
III.	Research at the University of Windsor.....	16
	1. FEDERAL INDIRECT COSTS GRANT.....	16
	2. INVESTMENTS IN SUPPORT OF RESEARCH & ECONOMIC DEVELOPMENT.....	17
IV.	Faculty & Staff at the University of Windsor	18
	1. FACULTY & STAFF	18
	2. SALARY COSTS.....	18
	3. PENSIONS COSTS	20
V.	Capital Transformation Plan	22
VI.	2013/14 Operating Budget – In Summary	23
	1. 2013/14 BUDGET REALIGNMENT	23
	2. STRATEGIC PRIORITY FUND ALLOCATIONS.....	24
	3. PROPOSED 2013/14 OPERATING BUDGET.....	25
VII.	Looking Forward to 2014/15 and beyond	26
Appendix A:	2013/14 Operating Budget.....	27
Appendix B:	2013/14 Provincial Grants.....	28

I. 2013/14 OPERATING BUDGET

To ensure the long term stability of the institution, the University (UWindsor) has been diligent in the planning and implementation of balancing its operating budget. To ensure that the strategic plan can be met and that resources are allocated strategically, the current year's budget continues to support the principle of pursuing balanced budgets.

The Board approved a balanced budget for 2012/13. Planning towards the 2013/14 operating budget commenced in Summer 2012 with the first step being the development of key assumptions around enrolment, government grants, tuition fee framework, and costs. When considering these operating assumptions and required pension commitments, the total realignment to maintain a balanced budget for 2013/14 was set at \$2.7m at that time.

As outlined in the President's update # 16 (September 11, 2012), these realignment targets for 2013/14 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 the President's update # 17 (November 29, 2012), finalized the realignment target based on actual Fall 2012 enrolments, and incorporated an adjustment determined from the results of Activity Based Budgeting (ABB). The campus started planning for the achievement of these realignments.

The University has been in a multi-year period of realignments as operating expenditures continue to increase at a rate greater than operating revenue. This structural challenge has been the primary discussion surrounding the operating budget. The following graph illustrates the University's base budget (\$000s) during the multi-year strategy and the total cumulative amount of \$37.3m that has been realigned to date:



The graph emphasizes the structural challenge when comparing the total base operating revenue and the base operating expenditures, gross of realignment. If UWindsor had not commenced its multi-year fiscal realignment strategy, the gap between revenue and expenditures would now be \$37.3m greater.

I. 2013/14 OPERATING BUDGET (CONT'D)

For three years (2008-11) the annual realignments were not able to fully address the revenue-expenditure gap, and resulting in-year budget shortfalls had to be addressed on a one-time basis and carried forward. By 2011/12 these shortfalls had been eliminated, and annual realignments were sufficient to balance the budget with no further carry-forward deficit. This commitment to avoiding any cumulative deficit has underpinned the continuation of a favourable credit rating for the University.

On Thursday, March 28, 2013, the Ontario government announced that it was lowering the maximum allowable increase for tuition to 3% from the previous maximum allowable of 5%. The Ministry's tuition framework since the double cohort has allowed for an overall tuition fee increase of no more than 5%, and the initial planning assumptions for the 2013/14 Operating Budget of UWindsor had continued to use this framework to prepare budget realignment targets. This announcement, however, along with changes to government funding based on international student enrolments, widened the gap between anticipated revenues and expenditures, and even after realignments has created a base budget shortfall of \$1.8m for 2013/14.

Due to the late timing of the tuition framework announcement and the commitment to strengthen academic and service delivery, further last minute increases to the realignment targets that had been finalized in the November 29, 2012 President's update were not feasible. This base budget shortfall will be met on a one-time basis in the 2013/14 budget year, with a goal to eliminating it in the 2014/15 operating budget.

As will be detailed later in this proposal, strategic investments in the student experience are included to support the strategic priorities of the institution, and best position us for financial stability. Faculties and departments, who have already worked through five consecutive years of budget realignment, have submitted their 2013/14 budget realignment plans.

II. STUDENTS AT THE UNIVERSITY OF WINDSOR

In his Town Hall meeting of January 12, 2013, *“Building on the Common Ground,”* Dr. Wildeman stated, “I believe it is the University’s duty to provide a supportive environment and spaces within which every person, regardless of who they are, can feel that those foundations are enabled so that their own human spirit can thrive.” Core to the University’s mission is the student experience, and promoting a positive environment is essential in attaining this goal.

For 2013/14, for the first time, the Strategic Priority Fund addressed the fact that academic positions have been lost due to four years of budget realignment. Nine academic appointments were funded from the SPF, with positions going to the faculties of Arts & Social Science, Business, Engineering, Human Kinetics, Interfaculty Programs, Nursing and Science. This is in addition to 35 (22 new and 13 replacement) positions that have been created since July 1, 2012. Out of the 35, 19 were limited-term positions, 13 were tenure-track, and 3 were tenured. These positions are distributed across the faculties, usually in AAUs with room in their budget for new positions (from revenue-generating initiatives or savings created through faculty retirements or resignations).

In addition to maintaining favourable faculty/student ratios, the Strategic Enrolment Management (SEM) process continues to develop Year 1 enrolment targets, specifically 101 enrolment (those students coming to university directly from high school). The targets were set through a consultation with each Dean. These meetings considered historical enrolment trends and demographics, new academic programs, and other issues that affect enrolment. Recruitment strategies were put in place to achieve these goals.

Separate meetings with each Dean occurred in order to develop Graduate Targets. These discussions incorporated funding issues for graduate students such as assistantships, and the targets were set with due consideration of the balance between ineligible and eligible students which impact the government grant.

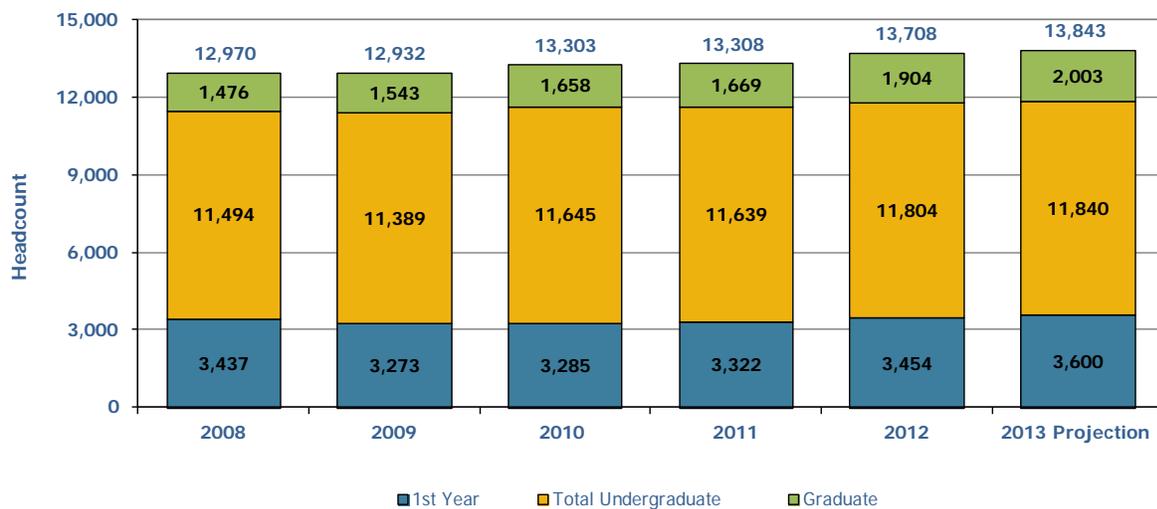
Strategic enrolment management for the institution is critical to its financial stability. Providing an exceptional student experience through the delivery of quality academic programs, strong student services, and a welcoming environment is essential. The University needs to ensure that there is a clear strategic direction for the growth of enrolment under the various categories of students. As will be noted in the discussion that follows on government grants, SEM must take into consideration the level of eligible (i.e. those students that the government will fund) and ineligible students which impacts the government grant under the provincial funding formulas.

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

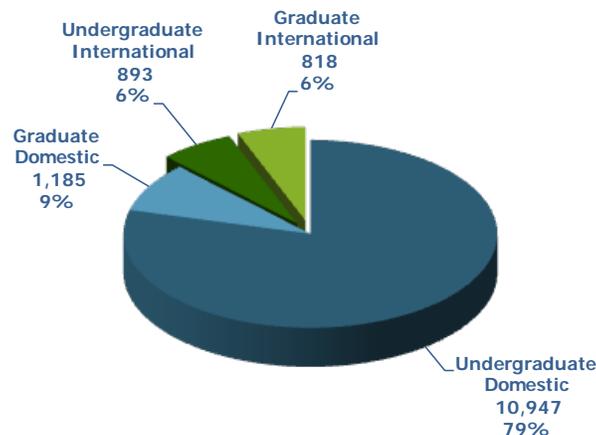
1. ENROLMENT: THE FOUNDATION FOR ALL ACTIVITY ON CAMPUS

For Fall 2013, UWindor is projecting to have approximately 135 additional full-time undergraduate and graduate students over Fall 2012. This growth has been a result of the development of new academic programs, and ever-greater efforts in recruitment, retention, and the student experience.

The projected total full-time undergraduate and graduate enrolment for Fall 2013 is 13,843. The following graph provides a summary of Fall full-time enrolment headcount, including both a five-year history and projected enrolments for Fall 2013:



The following graph illustrates the Fall 2013 projection of full-time undergraduate and graduate enrolment headcount by visa status:



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

In addition to projected Fall 2013 full-time enrolment of 13,843, part-time undergraduate and graduate student projections total 2,190 and 94 respectively. The total part-time enrolment represents 489 full time equivalent students, a decrease of 22 full time equivalents from 2012.

(i) UNDERGRADUATE STUDENTS

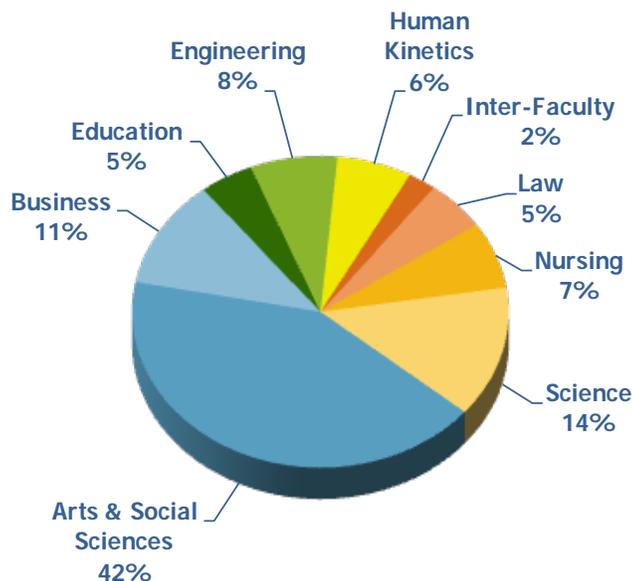
Total full-time undergraduate enrolment is projected to be 11,840 students in Fall 2013. This represents an increase of 36 students over Fall 2012. Undergraduate enrolment is the financial foundation of the institution, and consistent, sustainable growth of these numbers will ensure a strong base for academic and fiscal realities.

As of April 2013, 101 applications to Ontario universities have increased by 4.1%. In comparison, the applications to the UWindsor have increased by 6.9%, with first choice applications up 5.3% compared to the system average of 2%. For 105 applications, the system is up 4.6% compared to the University's increase of 7.3%.

This is positive news for UWindsor and is attributed to the enhanced recruitment and marketing efforts that are being made not only locally and provincially, but internationally.

The following graph illustrates the distribution of Fall 2012 full-time undergraduate enrolment:

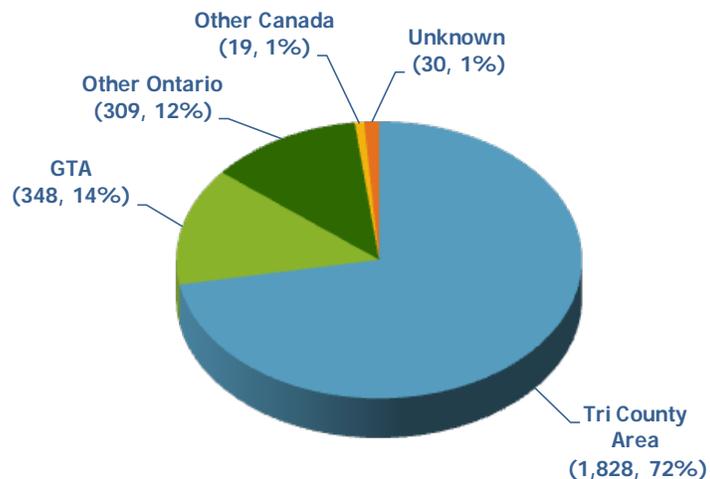
Fall 2012 Full-Time Undergraduate Enrolment Headcount
(11,804)



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

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 UWindsor. In addition, a greater focus on the overall student experience will be important for strengthening retention rates.

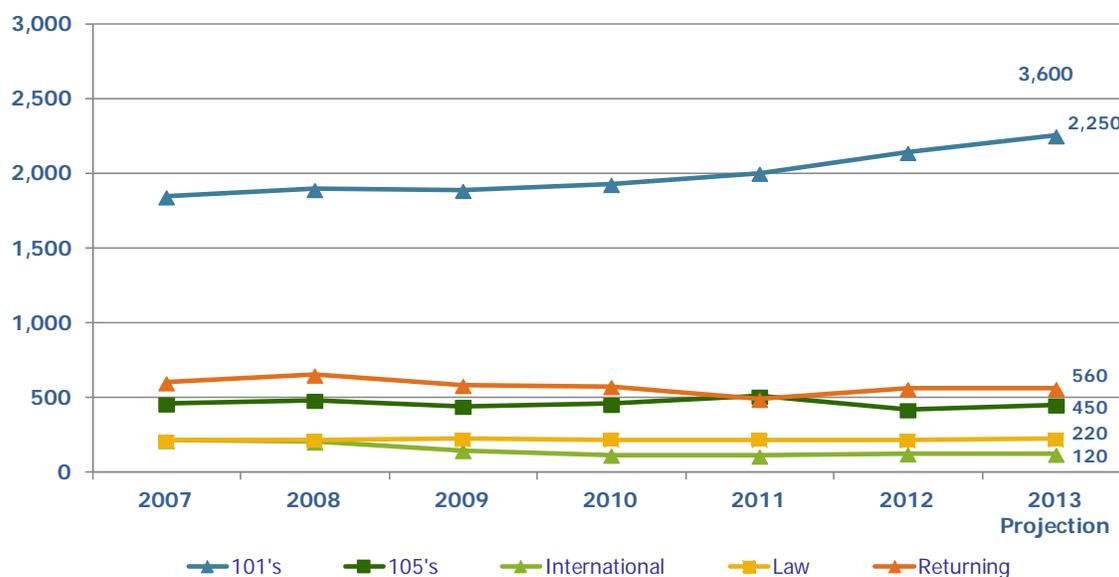
The following graph illustrates the origin of new first year domestic students in Fall 2012 (not including Law or returning first year students):



Total first year enrolment for Fall 2013 is budgeted at 3,600. This is an increase of 163 students, or 4.7% over the total first year intake in Fall 2008.

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

The following graph illustrates the various components of first year enrolment.



At this time, confirmations for Fall 2013 suggest that budgeted enrolments will be met for first year. 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

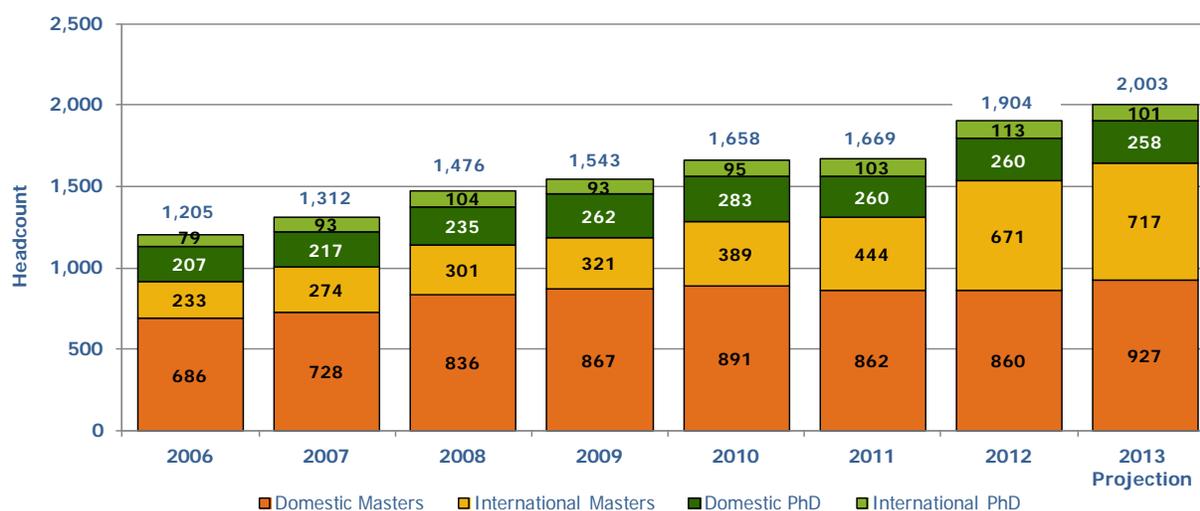
Total full-time graduate enrolment is projected to be 2,003 students in Fall 2013 (Masters–1,644; PhD-359). UWindsor has experienced significant growth of graduate students since 2006. With the Provincial financial incentive to support the growth of domestic graduate students, growth of this group has been an area of focus.

The government has committed funding for Graduate growth to an approved target. UWindsor currently has 76 Masters and 12 PhD spaces left to be filled. Included in the 2013/14 budget, the expectation is that 70 of those available spaces will be filled. These spaces will be fully funded by the Ministry through the Graduate Expansion grant. New and/or enhanced graduate programs offered both on and off campus have contributed to the success in the growth of domestic graduate students. The Masters of Social Work program has been a key factor in realizing this growth.

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

In addition to the growth of domestic graduate students, UWindsor 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). Similar programs will be launched in Fall 2013 including the Masters of Medical Biotechnology and the Masters of Education.

The following chart illustrates the growth of graduate students since Fall 2006. *Projected full-time graduate enrolment for Fall 2013 is 2,003.*



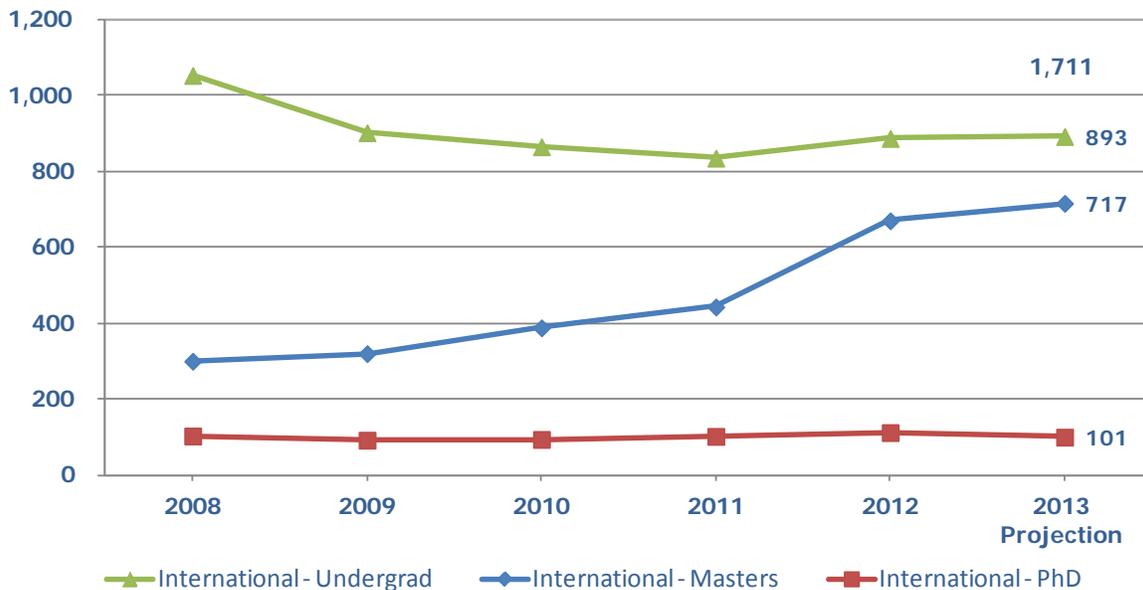
(iii) International Students

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 working with the Advisory Committee on Internationalization to develop a strategic plan for internationalization for the campus. This plan addresses internationalization at UWindsor in its broader sense, including recruitment, engagement, exchange opportunities, etc. The 2011/12 annual report on internationalization was presented to Senate in February 2013. The report can be found on the Internationalization website www.uwindsor.ca/internationalization.

UWindsor has been very successful in the growth of international enrolment over the past decade. International full time enrolment has increased by 564 full-time students since Fall 2003 and as of Fall 2012 represented 8% of full-time undergraduate enrolment and 41% of full-time graduate enrolment. Overall, international enrolment represented 12% of total Fall Full-Time 2012 enrolment. International tuition fee revenue represents approximately 25% of tuition fee revenue 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 five years.

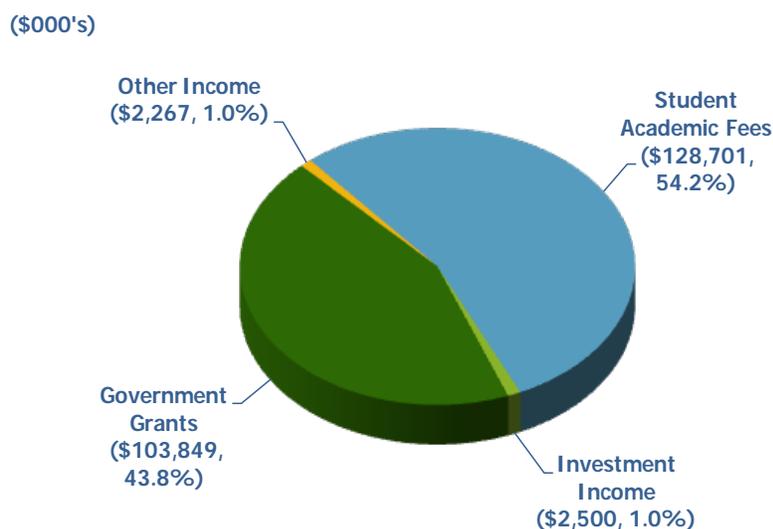


While the level of international graduate students has increased over the last few years, the institution is challenged with the competition and risks it faces with respect to international undergraduate students. A new international recruitment strategy has been developed that will address the risks and mitigation strategies around international recruitment. A number of recruitment agencies will be engaged by UWindsor as opposed to the current model of a single provider. This new approach to international recruitment should prove to increase the number of international undergraduate students.

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

2. OPERATING REVENUE

The 2013/14 Operating Revenue for the institution totals \$237.3m, an increase of \$8.3m (3.6%) over 2012/13, is comprised of the following four categories of revenue:



(i) STUDENT ACADEMIC & OTHER FEES

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

For 2013/14, the following framework applies for domestic undergraduate and graduate fees:

- Maximum of 3% overall annually (2% (CPI) + 1%)
- Full Cost Recovery and Self-Funded programs are exempt
- International tuition remains unregulated
- Graduate programs and professional undergraduate programs (namely Engineering, Business, Law, Computer Science)
 - 5% for 1st year students
 - 4% for 2nd, 3rd and 4th year students (continuing)
 - For Fall 2014, upper years at 5%
- For undergraduate programs not included above:
 - 3% for all years (1st year and continuing)

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

The Board of Governors approved the 2013/14 tuition fees at their April 30, 2013 meeting which is in compliance with the above Ministry framework. As part of the Ministry's tuition fee framework, institutions are required to allocate 10% of the incremental revenue generated by the tuition fee increase to support student financial aid. The 2013/14 operating budget includes an additional \$400,000 in support of this financial aid.

During the development of the 2013/14 operating budget, the assumption was made that the tuition fee framework in place for 2012/13 would continue. This tuition fee framework of 5% overall formed the basis for the projected revenues. The announcement of the above framework on March 28, 2013, which provides for a 3% maximum increase, has resulted in a short-term base deficit for 2013/14 as further realignment could not be achieved in such a short period of time.

Total student academic fees are projected at \$128.7m for 2013/14, an increase of \$9.4m (7.9%) over 2012/13. Increases to tuition revenue due to increased enrolment and tuition fees, amount to \$6.3m. CEPE and MEng programs are expected to generate an additional \$2.0m, with the balance of \$1.1m a result of an increase in incidental fees.

International Tuition

The University has taken a strategic direction in the establishment of international tuition fees for 2013/14 which should assist in achieving, or exceeding, the projected international enrolment for Fall 2013 of 120 first year international full-time students. The total full time international undergraduate enrolment for Fall 2013 is projected at 893 students. Varying tuition fee increases were approved 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 2013. The Residence and Meal Plan fees for 2013/14 were approved along with a strategic direction for Food & Catering Services.

Parking Services is an ancillary service and thus, self-sustaining. During this year, with the anticipated opening of the new Parking Garage structure, a comprehensive review was conducted of the entire Parking program for the campus. The review included an inventory of all parking spaces, parking patterns, needs' assessment of faculty, staff and students, and a review of the pricing model. In addition, processes and procedures for the entire parking program are being reviewed with the goal of providing the most effective and efficient parking operation for all stakeholders.

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

During the year, the decision to close certain surface parking lots was made to accommodate the scheduled closure of Sunset Avenue, to enhance safety of pedestrian movement, and for the creation of green spaces in accordance with the Campus Transformation Plan. In conjunction with this, all surface parking lots will have their name changed to better reflect their location, thus assist in way-finding on campus. A new, simplified and equitable pricing model is being introduced for staff and faculty in that all spaces will be set at the same price except for one parking lot considered to be remotely located that will have a reduced rate.

The proposed rates for faculty, staff and students, effective July 1, 2013, continue to be below the median rate for parking at other Ontario universities. The proposed pre-tax annual rate for all staff/faculty parking permit fees for 2013/14 is \$601.80, except in the Remote Lot which will have a rate of \$489.26. The proposed pre-tax parking fee rates for students are as follows: 8 month pass - \$287.80 and 12 month pass - \$344.91. A new permit for students will also be offered this year in the Parking Garage as an 8 month parking permit that will guarantee a student a space in the garage. This rate has been set at \$401.20.

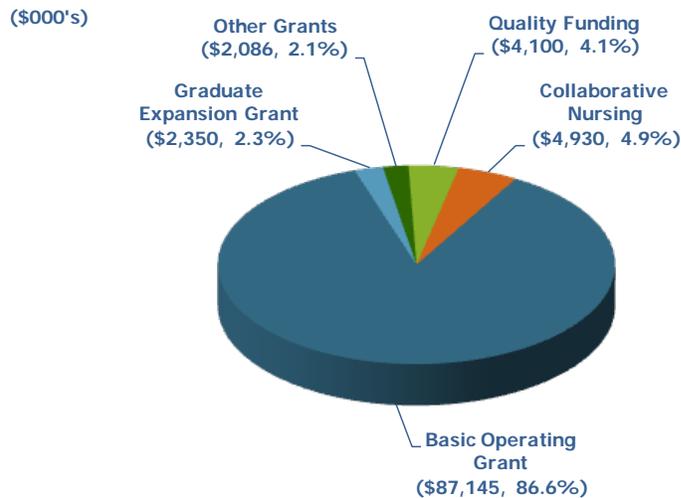
(ii) Provincial Government Grants

Provincial Government Grants total \$100.6m for 2013/14, a *decrease of \$1.175m* from 2012/13. Provincial grants represent 42.4% of the institution's revenue. There are a number of structural issues that UWindsor faces that impact its financial position. Our inability to capture incremental government grants available for undergraduate enrolment growth in recent years has had a negative impact on operations, although the growth in enrolment that is now occurring has positioned us to where we should again be eligible for enrolment-based incremental funding. Discussions with the Ministry regarding UWindsor's participation in undergraduate growth funding continue.

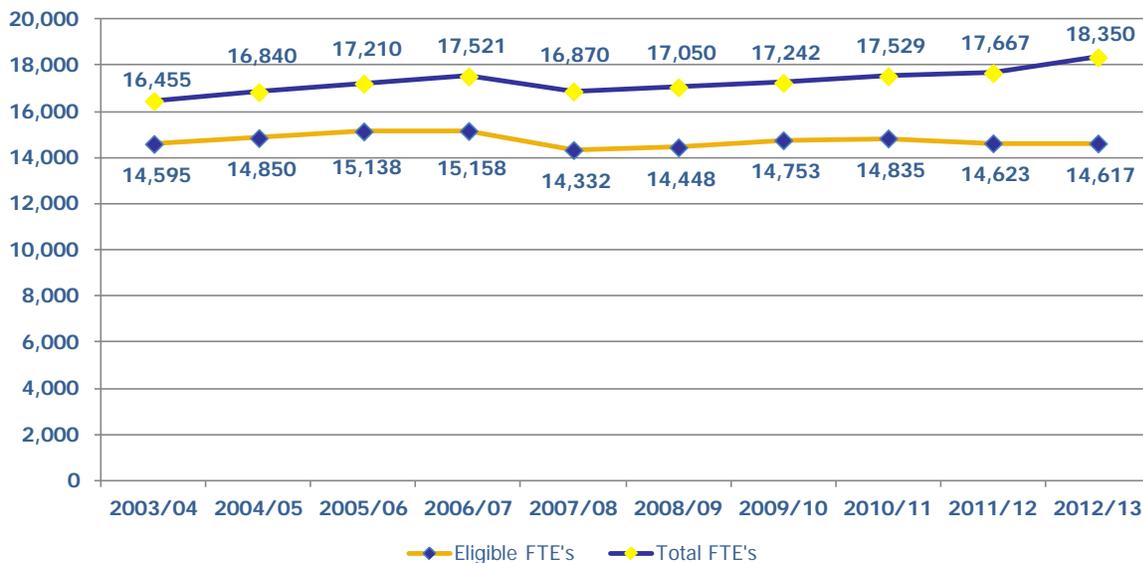
Provincial government grants are directly related to levels of enrolment, either through actual eligible enrolments or an institution's share of the overall provincial system. The reduction in Provincial government grants adds further pressure in light of the tuition fee framework announced.

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

Following is a summary of the 2013/14 Provincial Government Grants totalling \$100.6m in support of operations:



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 8.8% 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.



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

In the 2012 Ontario Budget the government announced that operating grants to colleges and universities will be reduced by \$40m in 2013/14 and \$81m annually beginning in 2014/15. Ontario universities' share of this Efficiency Target Reduction is \$28.6m.

The Ministry has estimated that UWindsor's total share of the Efficiency Reduction will be \$900,000 for 2013/14 in the following grants:

1. Basic Operating Grant - \$869,000
2. Undergraduate Accessibility Grant - \$11,000
3. Graduate Expansion Grant- \$20,000

The Graduate Expansion grant funds growth in eligible Masters and PhD enrolments up to an approved target. The increase is based on our domestic graduate enrolment budget within our allotment. This grant is projected at \$2.35m, an increase of \$371,000 over 2012/13.

The Province also announced the International Student Recovery, a reduction in funding in the amount of \$750 for each international undergraduate and Masters student enrolled at the institution (PhD's were excluded). The reduction will be phased in over time, so for 2013/14, the reduction of \$750 is for students in the first year of a program of study. The reduction will increase annually until all years of study are included in the reduction. The central budget's projected reduction in the operating grant is estimated at \$336,000 for 2013/14. All self-funded programs (*i.e.*, MEng, Masters of Management) are responsible for the cost of this reduction in their respective budgets.

The Municipal Act requires universities to pay to the City of Windsor an amount of \$75 per full time student enrolled (both domestic and international.). MTCU provides this funding to universities as a "Grant in lieu of municipal taxes". Beginning in 2013/14, the Ministry will discontinue the per student amount for undergraduate and Masters international students; however, UWindsor is still responsible for the payment to the City for these students. This change will have a negative effect of \$88,000 for 2013/14.

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.

Other changes include the reduction in the Performance grant (\$100,000) and an increase in the Research Overhead grant (\$58,000).

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

3. STRATEGIC INVESTMENTS IN SUPPORT OF THE STUDENT EXPERIENCE

Strategic Priority Fund (SPF) 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. The budget for new SPF initiatives totals \$1.5m for 2013/14.

In 2013/14, for the first time, SPF investments have included academic appointments. A total of nine positions were allocated in the Faculties of Arts & Social Science, Business, Engineering, Human Kinetics, Interfaculty Programs, Nursing and Science. The total cost of these base positions is \$1.05m.

In addition to the above faculty appointments, approximately \$400,000 was allocated in support of new SPF initiatives. The structure of many of these investments is to provide Faculties with one-time funding to seed initiatives that will have positive revenue implications. New initiatives to be funded in 2013/14 include:

1. Development of new academic programs and/or curriculum enhancement
2. Investment in state-of-the-art equipment and software
3. Enhancing the quality of student learning
4. Improvements to the campus

Investments in 2013/14 to support prior SPF approvals total \$1.2m. The budget for SPF initiatives in the 2013/14 budget totals \$2.7m.

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 \$23.6m annually (2011/12 results). Preliminary results for 2012/13 estimate total research revenue of \$23.2m. 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.

A \$500,000 Research Stimulus Fund (RSF) is being established in the 2013/14 budget, under the purview of the office of the Vice President, Research, Dr. Michael Siu. The RSF will be used to help support research initiatives that build on our strengths, that position us favourably for tri-council and other research funding, and that create opportunities for graduate and undergraduate student engagement in research and scholarly endeavors. The engagement of students in research and scholarship will be important. The value of the RSF will be determined annually through the budgeting process, and through the assessment of the impact of investments made under the fund.

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 2010/11, 2011/12 and 2012/13.

The total Federal Indirect Costs Program budget was \$332m million for 2012/13. UWindsor's share of this was confirmed at \$3.21m, a slight increase over the budgeted amount of \$3.11m. The projection for UWindsor's share in 2013/14 is \$3.24m, an increase of \$130,000.

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

2. 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 will enable collaboration and innovation to happen. This type of cooperation among key organizations, industry, government and academia, will enable the Windsor-Essex Region to be a global leader in the knowledge-based economy.

As noted below in the Capital Transformation Plan section (page 22), UWindsor 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 could not be achieved without the dedication 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 in 2013/14 total over \$184m and represent 78% of the total operating budget of the University.

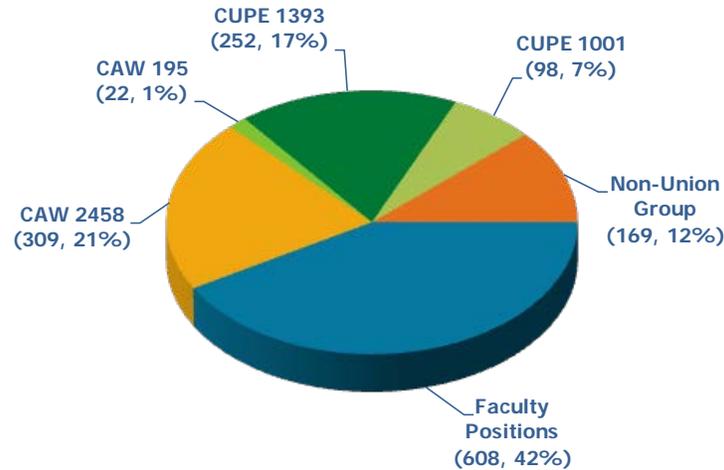
The University operates with 8 bargaining units and a non-union group. The following bargaining groups are organized at the University:

1. 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*

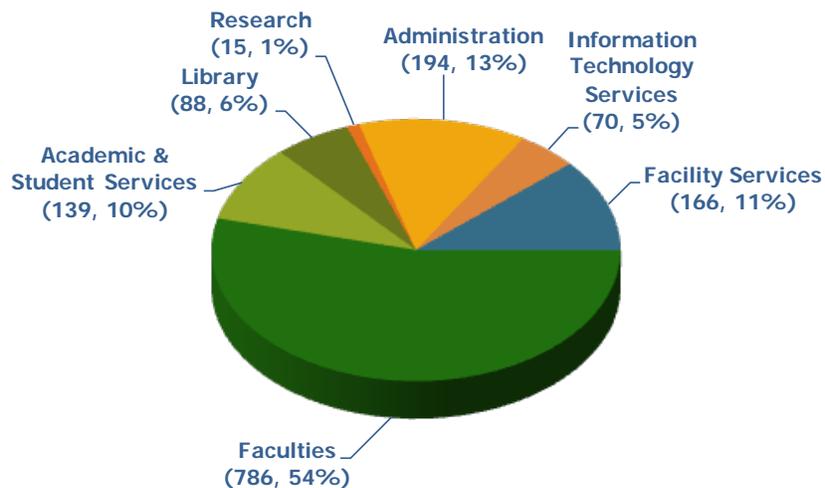
The collective agreements of all of the above staff groups expire during calendar year 2013. The Faculty Association agreement is in effect until June 30, 2014. The 2013/14 budget includes certain assumptions regarding the settlement of the staff collective agreements and all costs associated with the Faculty settlement.

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

The following graph illustrates the full-time equivalent positions in the 2013/14 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:

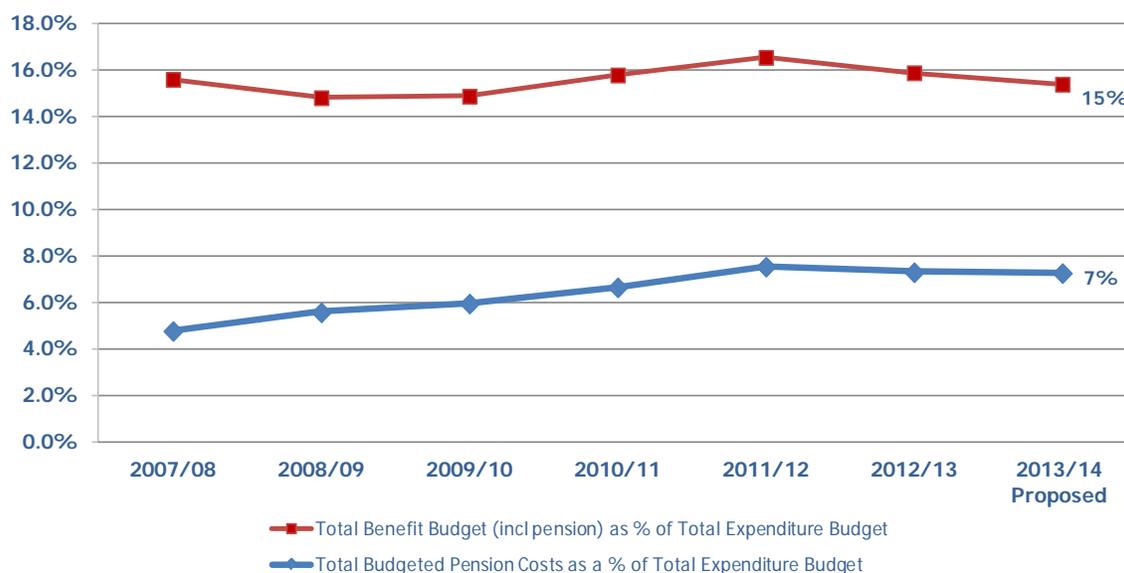


IV. FACULTY & STAFF AT THE UNIVERSITY OF WINDSOR (CONT'D)

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 of operating costs is the required contributions to these two pension plans. The actuarial valuations filed dictate contribution levels that represent a significant expense of the annual operating budget. The next valuation for both plans is July 1, 2014. The 2013/14 base budget includes \$17.4m in support of pension contributions, an increase of \$650,000 (3.9%) over 2012/13. Pension costs in the 2013/14 budget represents 47% 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 pension costs. As noted in the graph, total benefit costs, which include pension contributions, represent 15% 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 are required to fund these deficits in addition to regular contributions. The total additional payments required to address the deficits is \$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)

(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 latest negotiations with the Faculty Association in 2011, 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.

The actuarial valuation filed as of July 1, 2011 resulted in a \$45.4m going concern deficit and no solvency deficit. UWindsor is making annual contributions in the amount of \$5.4m to fund the going concern deficit.

(iii) SUMMARY OF PENSION PLAN COSTS

The cost of the two University pension plans continues to increase and for the 2013/14 operating budget these costs represents 7.4% 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 while members contribute 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 continues.

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 UWindsor 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 has been structured as a two phase approach with Phase I of the CTP outlined as follows:

1. Centre for Engineering Innovation – Complete
2. Innovation Centre/Parking facility – Fall 2013
3. Odette School of Business Renovation – Fall 2013
4. Welcome Centre – Winter 2015
5. Downtown Campus
 - a. Armouries – Fall 2015
 - b. Former Bus Depot – Fall 2015
 - c. Windsor Star – Winter 2015
6. Demolition of Cody Hall, Old Drama Building – Complete
7. Campus Beautification / Deferred Maintenance – Board approval of \$14m Deferred Maintenance Strategy Phase II – April 2013
8. International Student Centre – Complete
9. Medical Building – 3rd Floor – Complete

All costs associated with facilities to be completed during 2013/14 have been included in the operating budget. The Phase I plan is necessitating considerable planning. As part of the overall strategy, external leases for space adjacent to the campus will not be renewed. UWindsor will take advantage of the large sections of Essex Hall that has been vacated by the Faculty of Engineering to provide transitional space for those individuals housed in those leased spaces. As planned, the annual costs associated with previously leased spaces will support the debt cost of the CTP and any required renovations to the transitional space.

Capital Transformation Plan – Financing Strategy

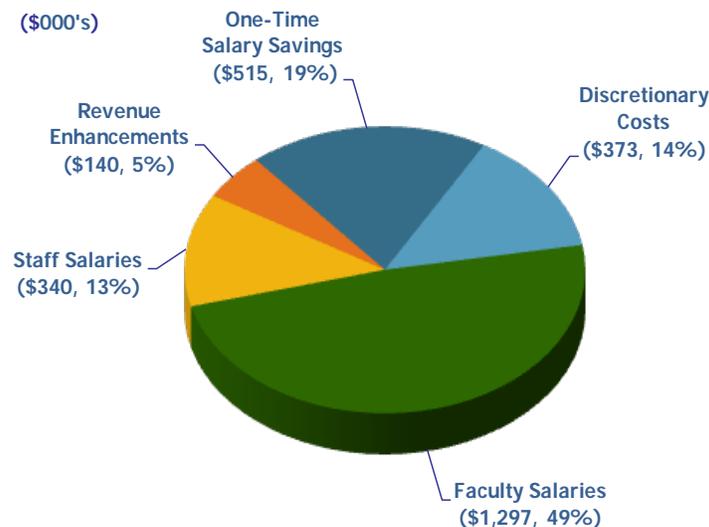
During 2012/13, the Board approved a \$72.1m financing strategy to support the CTP. Of the \$72.1m financing, \$28.7m was used to convert internal loans to long term debt, and \$43.4m will support the capital projects under the CTP. UWindsor secured a long term financing agreement at the end of 2012 which will be drawn on at pre-determined intervals.

VI. 2013/14 OPERATING BUDGET – IN SUMMARY

1. 2013/14 BUDGET REALIGNMENT

Early in the planning cycle for the 2013/14 operating budget, certain assumptions regarding enrolment, government grants, and tuition fees were made. This preliminary planning continued to show that operating expenditures were increasing at a rate greater than the operating revenue. The total budget realignment established to balance the budget which was based on the assumptions was \$2.7m. All areas participated in the realignment and budget managers developed realignment strategies to address their respective targets.

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



Revenue enhancement realignment proposals total \$140,000 and include project support revenue.

Faculty Salaries & Benefit realignment proposals total \$1.3m 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 \$340,000 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.

VI. 2013/14 OPERATING BUDGET – IN SUMMARY (CONT'D)

One-time salary savings realignment proposals total \$515,000 and represent base budget realignment amounts that are tied to future retirements of faculty and staff. These base amounts are funded with one-time monies during the fiscal year. Faculty and administrative areas have been granted flexibility in addressing their base realignments with one-time savings. Cost structures of areas have deemed this flexibility necessary to implement the base realignments.

Discretionary cost realignment proposals total \$373,000 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.

With the late announcement of the Ministry tuition fee framework (March 28, 2013) which represents a tuition fee increase less than projected, the planned realignment is not sufficient to balance the budget for 2013/14. Due to the timing of the announcement, further realignments were not possible. The proposed deficit for 2013/14 will need to be resolved in 2014/15 as part of that budget strategy.

2. STRATEGIC PRIORITY FUND ALLOCATIONS

The Strategic Priority Fund (SPF) was originally established in fiscal 2009/10 for the purpose of aligning the operating budget with 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. 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 for 2013/14 is \$2.7m. As presented earlier (page 15), a strategic decision was made to support the hiring of academic positions. The Provost requested submissions for these academic appointments. The submissions were reviewed based on the criteria established and a total of \$1.05m of the SPF will be used to fund these positions. In addition to the academic appointments, a further \$400,000 is available to support other strategic projects. Details of individual projects are included on www.uwindsor.ca/spf.

VI. 2013/14 OPERATING BUDGET – IN SUMMARY (CONT'D)

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



3. PROPOSED 2013/14 OPERATING BUDGET

The proposed 2013/14 operating budget includes total operating revenue of \$237.3m and total operating expenditures of \$239.1m, including the Strategic Priority Fund. As per Appendix A, a net operating shortfall in the amount of \$1.8m for 2013/14 is proposed.

In March 2010, the Ministry distributed one-time funding to universities to assist them with the financial struggles that many were experiencing. UWindsor supplemented the *Positioning Fund (Fund)*, which had been previously established to assist the University in dealing with budget pressures. While the Fund is one-time in nature, it could support any multi-year strategies that would be required. A multi-year approach to the budget shortfalls, so not to put undue pressure on the academic mission on the University, would necessitate the use of the Fund to ensure that cumulative deficits did not occur. While previous budgets had earmarked this Fund for transitional support, budget shortfalls were managed in-year and the Fund currently has a balance of \$2.4m. This Fund will be earmarked to fund the budget shortfall for 2013/14. All attempts will be made during 2013/14 to manage the shortfall in-year and to preserve the Fund.

VII. LOOKING FORWARD TO 2014/15 AND BEYOND

The University of Windsor is currently in its fifth straight year of budget realignments. There are many exciting changes underway, but there remains the reality that our costs continue to increase at a pace faster than our revenues. 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 the effective use of the resources we have. As we look forward to the 2014/15 budget, it will be progress on all three of these options that will position us to return to a balanced budget and continue to make investments in support of our strategic goals.

APPENDIX A: 2013/14 OPERATING BUDGET

	2013/14 PROPOSED BASE BUDGET	2012/13 APPROVED BASE BUDGET	\$ INCREASE (DECREASE) OVER 2012/13	% INCREASE (DECREASE) OVER 2012/13
	(\$000s)	(\$000s)	(\$000s)	
BASE OPERATING REVENUE				
Student Academic Fees	\$ 128,701	\$ 119,292	\$ 9,409	7.9%
Government Grants - Provincial	100,611	101,786	(1,175)	(1.2%)
Government Grants - Federal	3,238	3,113	125	4.0%
Investment Income	2,500	2,500	-	0.0%
Other	2,267	2,322	(55)	(2.4%)
TOTAL OPERATING REVENUE	\$ 237,317	\$ 229,013	\$ 8,304	3.6%
BASE OPERATING EXPENDITURES				
Faculties	\$ 138,734	\$ 133,013	\$ 5,721	4.3%
Academic & Student Services	14,921	14,454	467	3.2%
Library	11,917	11,952	(35)	(0.3%)
Scholarships	12,970	12,270	700	5.7%
Research	3,515	3,005	510	17.0%
Administration	20,596	20,118	478	2.4%
Information Technology Services	9,182	9,025	157	1.7%
Facilities	25,346	24,001	1,345	5.6%
External Debt Costs	4,580	4,485	95	2.1%
Academic & Ancillary Services Overhead	(5,363)	(5,763)	400	(6.9%)
TOTAL EXPENDITURES BEFORE STRATEGIC PRIORITY FUND	\$ 236,398	\$ 226,560	\$ 9,838	4.3%
Strategic Priority Fund - Project Initiatives	\$ 1,657	\$ 2,388	\$ (731)	(30.6%)
Strategic Priority Fund - Academic Appointments	1,050	65	985	1515.4%
Total Strategic Priority Fund	2,707	2,453	254	10.4%
BASE OPERATING SHORTFALL	\$ (1,788)	\$ 0	\$ (1,788)	
SOURCE OF ONE-TIME FUNDING				
Positioning Fund	\$ 1,788		1,788	
	\$ 0	\$ 0	\$ 0	0.0%

APPENDIX B: 2013/14 PROVINCIAL GRANTS

	2013/14 PROPOSED BASE BUDGET (\$000s)	2012/13 APPROVED BUDGET (RECLASSIFIED) (\$000s)	\$ INCREASE (DECREASE) FROM 2012/13 (\$000s)	% INCREASE (DECREASE) FROM 2012/13
BASIC OPERATING GRANTS				
Basic Operating Grants	\$ 87,145	\$ 88,361	\$ (1,216)	(1.4%)
Accessibility Fund (Graduate)	2,350	1,979	371	18.7%
TOTAL BASIC OPERATING GRANTS	\$ 89,495	\$ 90,340	\$ (845)	(0.9%)
OTHER PROVINCIAL GRANTS				
Quality Improvement Fund	\$ 4,100	\$ 4,100	\$ -	0.0%
Nursing Funding	4,930	5,130	(200)	(3.9%)
Performance Fund	420	520	(100)	(19.2%)
Research Overhead	300	242	58	24.0%
Municipal Tax Grant	911	999	(88)	(8.8%)
Aboriginal Grant	75	75	-	0.0%
Disabilities Grant	380	380	-	0.0%
TOTAL OTHER PROVINCIAL GRANTS	\$ 11,116	\$ 11,446	\$ (330)	(2.9%)
TOTAL PROVINCIAL GRANTS	\$ 100,611	\$ 101,786	\$ (1,175)	(1.2%)