



University  
of Windsor

*Thinking Forward...*  
*Taking Action*  
2014/15 Operating Budget

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*THINKING FORWARD... TAKING ACTION*  
2014/15 OPERATING BUDGET

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## **I. 2014/15 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 goals of the strategic plan can be pursued and that resources are allocated strategically, the current year's budget continues to support the principle of pursuing balanced budgets.

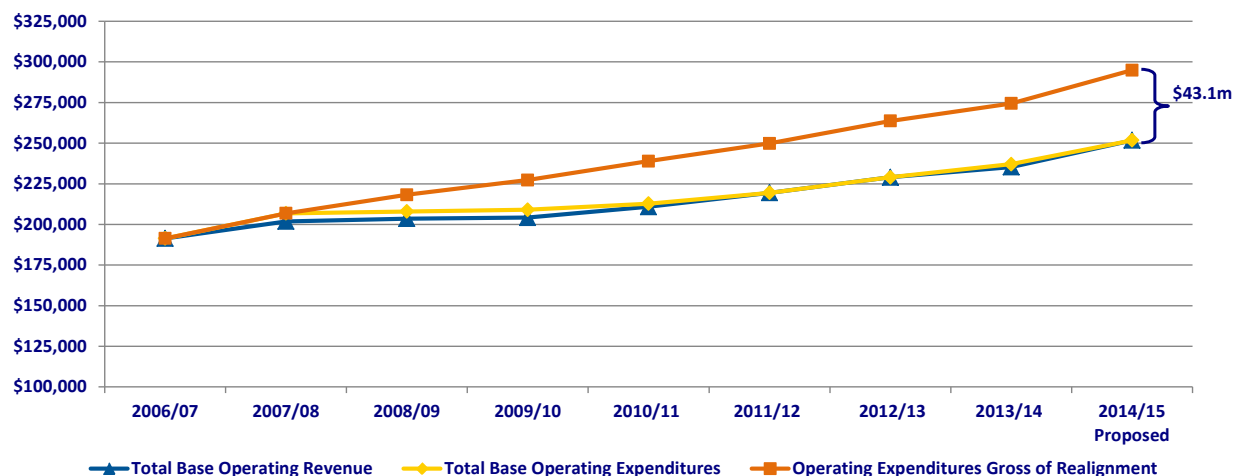
UWindsor has been in a multi-year period of realignments as operating expenditures continue to increase at a rate greater than operating revenue. This structural challenge has been the primary discussion surrounding the operating budget.

The Board approved a \$1.79M deficit budget for 2013/14. This deficit was a result of a late Ministry announcement of a change in the tuition cap. Planning towards the 2014/15 operating budget commenced in Summer 2013 with the first step being the development of key assumptions around enrolment, government grants, tuition fee framework, and costs. When considering these operating assumptions, the required pension commitments and the recovery of the 2013/14 base deficit mentioned above, the total realignment required to maintain a balanced budget for 2014/15 was estimated at \$4.8M.

As outlined in the President's update #19 (August 28, 2013), the realignment targets for 2014/15 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 # 20 (December 11 ,2013), determined that while overall enrolment was up by 400 students, the growth was almost entirely made up of international course-based Masters students which operate on a cost-recovery basis. Despite great efforts in student recruitment, the number of domestic incoming students for the Fall 2013 was less than the earlier projection. Enrolment of PhD domestic students was also below the target. The net effect of this change in enrolment resulted in the reduction of tuition and government grant revenue by an additional \$2M for 2014/15. The projected deficit now stood at \$6.8M. As noted in update #19, a temporary one year reduction in the Strategic Priority Fund of \$1M brought the realignment requirement down to \$5.8M, or 3.8% of the unrestricted portion of the Operating Budget.

## I. 2014/15 OPERATING BUDGET (CONT'D)

The following graph illustrates UWindsor's base budget (\$000s) during the multi-year strategy and the total cumulative amount of \$43.1M 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 \$43.1M.

For three years (2008-11) the annual realignments were not able to fully address the revenue-expenditure gap, and the 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. In 2013/14, as noted earlier, a \$1.79M deficit budget was approved, to be recovered in the 2014/15 budget realignment plan. This deficit was funded in year, so there will be no carry-forward deficit for 2014/15. This commitment to avoiding any cumulative deficit has underpinned the continuation of a favourable credit rating for UWindsor.

As will be detailed later in this proposal, strategic investments in the student experience are included as well as support for the strategic priorities of the institution to best position us for financial stability. Faculties and departments, who have already worked through six consecutive years of budget realignment, have submitted their 2014/15 budget realignment plans.

## II. STRATEGIC MANDATE AGREEMENT

The past year has been an especially unique time for the postsecondary sector in Ontario. The impacts on the U Windsor are not only budgetary. They are also about the way in which each university engages with our provincial government.

In addition to changes that immediately impact our operating budget, the province has launched a process that seeks to create differentiation of Ontario's university system. This framework defines six points of differentiation:

1. Jobs, Innovation and Economic Development
2. Teaching and Learning
3. Student Population
4. Research and Graduate Education
5. Program Offerings
6. Institutional Collaboration to Support Student Mobility

There are two additional criteria in the differentiation framework regarding institutional sustainability; strategic enrolment and financial sustainability.

Associated with each of these criteria is a set of metrics that the province will begin to apply. Many of these metrics are ones that universities have already been measuring and reporting on in various ways through their annual reports and the more technical Multi-Year Accountability Agreements that are submitted to the Ministry of Training, Colleges and Universities each year.

A year ago, every university and college in Ontario was asked to produce a draft Strategic Mandate Agreement (SMA). Ours was prepared after consultation with the Deans of all Faculties, with Senate and the Board, and by broad solicitation of feedback from the campus as the document went through different drafts. The final SMA has now been approved by the province, and is available on the President's web page for the entire campus to reference.

With respect to the request for program areas of strength and strategic growth focus, each institution has been asked to identify up to ten areas of program strength that currently exist, and to identify three to five program areas that they plan to build upon to further enhance the institution's strengths. In effect, universities were asked to dovetail the final SMA submission with the differentiation framework. The provost engaged with the deans on the matter of future projections for programs and enrolment.

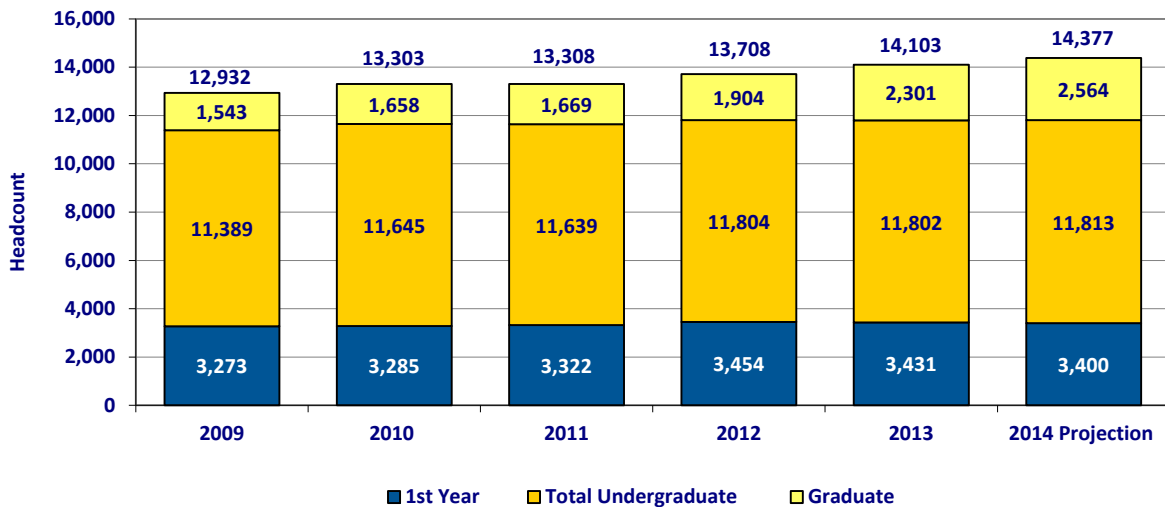
At this time, the direct effect our SMA will have on our operating budget is unclear. The government will be aligning its priorities with each institution's SMA in order to ensure financial stability for the system, but has not yet addressed changes to the funding model.

### III. STUDENTS AT THE UNIVERSITY OF WINDSOR

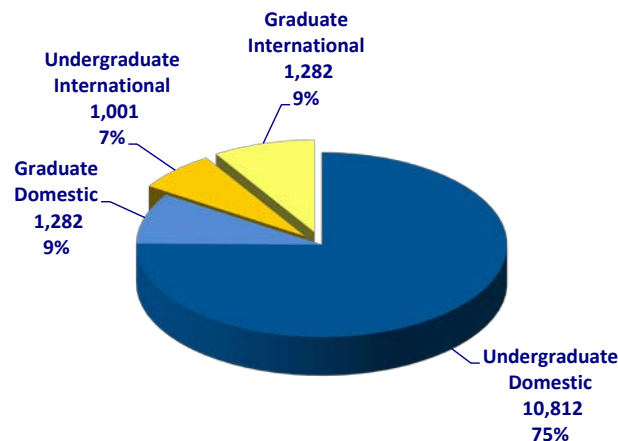
#### 1. ENROLMENT: THE FOUNDATION FOR ALL ACTIVITY ON CAMPUS

For Fall 2014, UWindsor is projecting enrolment of approximately 274 additional full-time undergraduate and graduate students over Fall 2013. 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 2014 is 14,377. The following graph provides a summary of Fall full-time enrolment headcount, including both a five-year history and projected enrolments for Fall 2014:



The following graph illustrates the Fall 2014 projection of full-time undergraduate and graduate enrolment headcount by visa status:



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

In addition to projected Fall 2014 full-time enrolment of 14,377, part-time undergraduate and graduate student projections total 2,175 and 92 respectively. The total part-time enrolment represents 488 full time equivalent students, the same level as 2013.

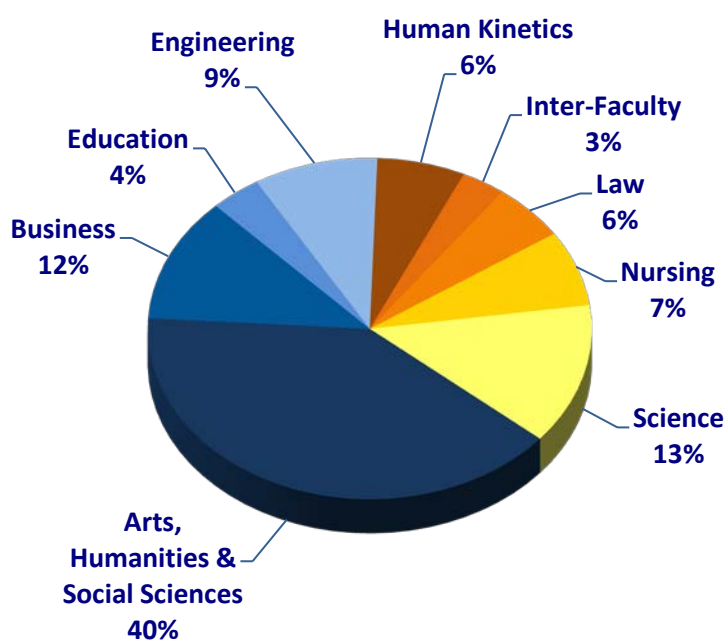
#### ***(i) Undergraduate Students***

Total full-time undergraduate enrolment is projected to be 11,813 students in Fall 2014. This represents an increase of 11 students over Fall 2013. Undergraduate enrolment provides 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 2014, 101 (direct Ontario secondary school) applications to Ontario universities have decreased by 0.8%. In comparison, the applications to the UWindsor have decreased by 6.6%, with first choice applications down 10.2% compared to a decrease in the system average of 3.5%. For 105 (Canadian other than direct Ontario secondary school) applications, the system is up 9.7% compared to UWindsor's increase of 12.3%. Education applications are up 3.0% in the province compared to UWindsor's decrease of 4.3%. The most dramatic decrease for 101 applications is seen in the Faculty of Arts, Humanities and Social Sciences (FAHSS) where applications are down 13.8%, a trend seen at most universities across Ontario.

The following graph illustrates the distribution of Fall 2013 full-time undergraduate enrolment:

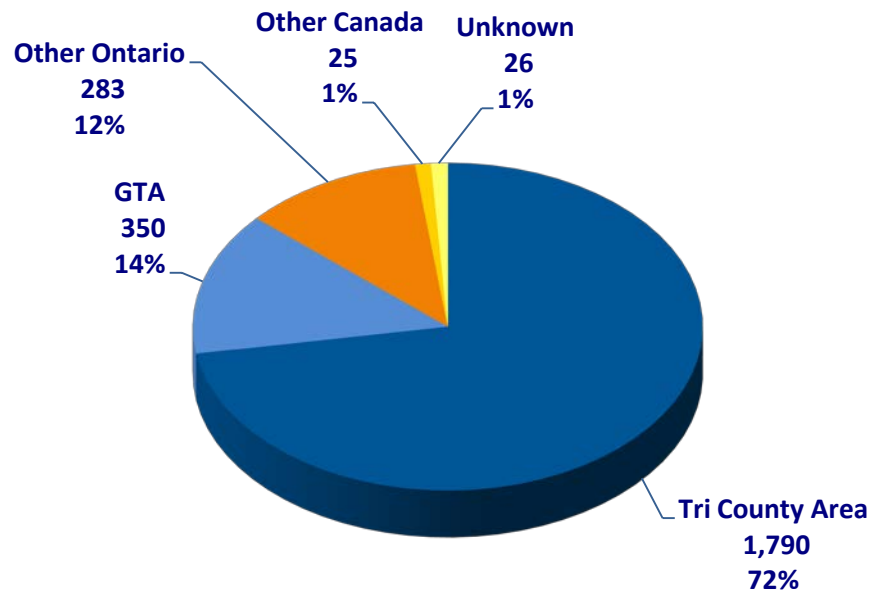
**Fall 2013 Full-Time Undergraduate Enrolment Headcount  
(11,802)**



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

The strategic direction for the institution is for continued strategic and moderate growth of undergraduate student numbers, while recognizing that the growth should not compromise quality of the learning experience. This growth will be achieved in a number of ways. The development of new academic programs that meet the evolving needs of students must be continual. Improvement in the recruitment efforts has also taken on a heightened effort across campus. New marketing campaigns, recruitment approaches, and increased visibility for the institution are focused on raising awareness of the strengths of the University of Windsor and the advantages of studying here. In addition, a greater focus on the overall student experience including career preparation will be important for strengthening retention rates.

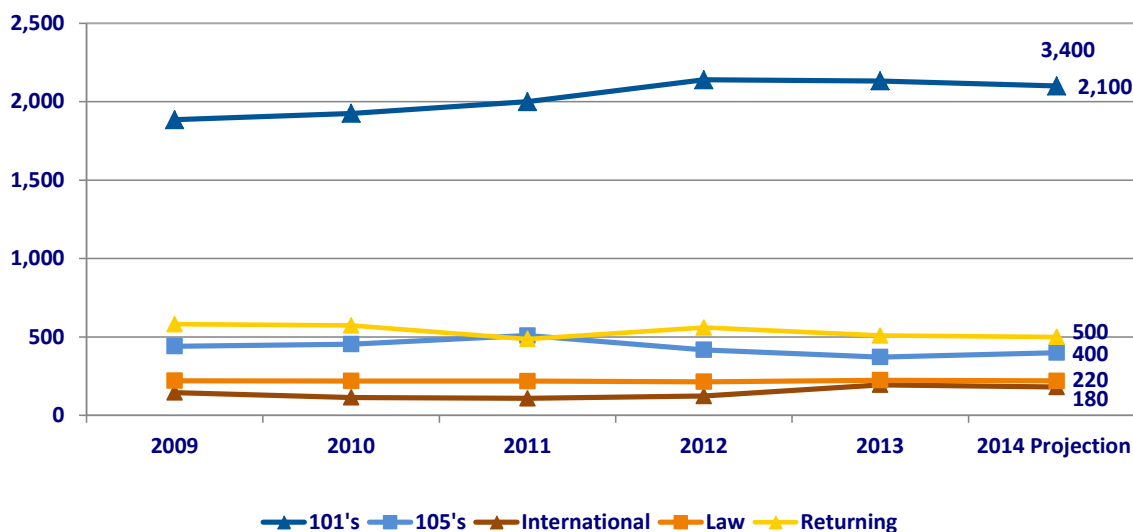
The following graph illustrates the origin of new first year domestic students in Fall 2013 (not including Law or returning first year students):





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

Total first year enrolment for Fall 2014 is budgeted at 3,400. The following graph illustrates the various components of first year enrolment.



At this time, confirmations for Fall 2014 suggest that budgeted enrolments will be met for first year. Efforts will be continuing throughout the spring and summer months to obtain as many confirmations of enrolment as possible. In addition to the implementation of Strategic Enrolment Management (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***

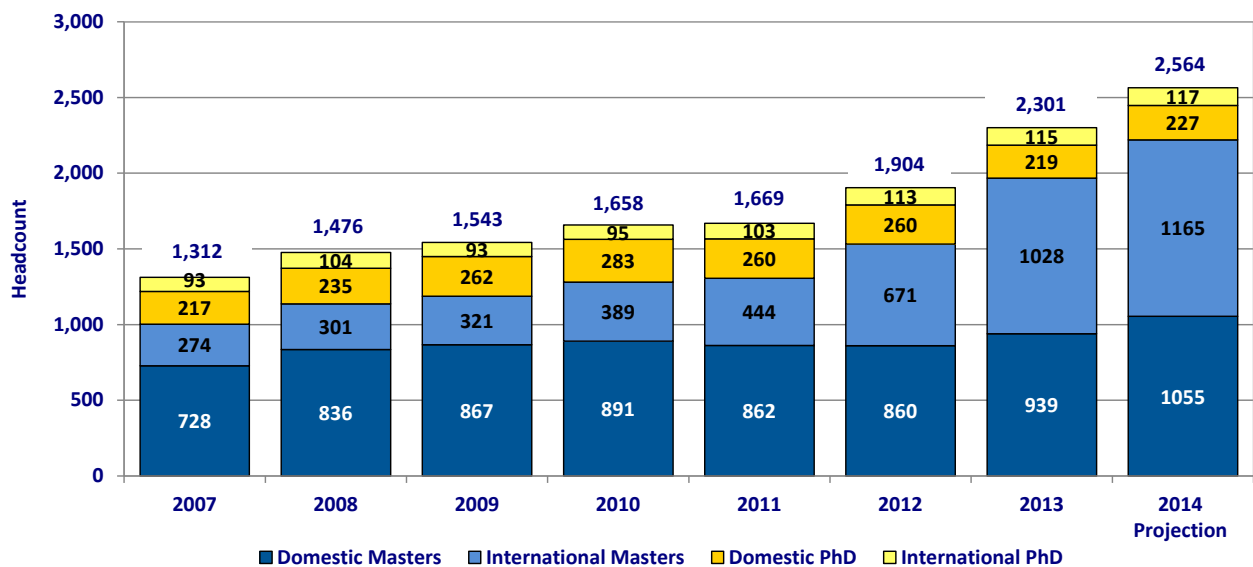
Total full-time graduate enrolment is projected to be 2,564 students in Fall 2014 (Masters–2,220; PhD-344). UWindsor has experienced significant growth of graduate students since 2006. With the Provincial financial incentive to support the growth of domestic graduate students, growth of this group has been an area of focus.

The government has committed funding for Graduate growth to an approved target. During the Strategic Mandate Agreement negotiations, UWindsor was provided with additional Masters' spaces and a reduction of PhD spaces which are accounted for in the 2014/15 budget. The expectation is all but 44 Masters and 7 Phd 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.

### III. 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 (Master of Engineering) and Business (Master of Management). Similar programs are in place in Education (Master of Education) and Science (Master of Medical Biotechnology). Science will also be launching the Master of Applied Computing program in Fall 2014. The projected increase for Institutional Overheads as seen in Appendix A (page 26) is reflective of the growth in these programs.

The following chart illustrates the growth of graduate students since Fall 2007, the first year following the double cohort class. Projected full-time graduate enrolment for Fall 2014 is 2,564.



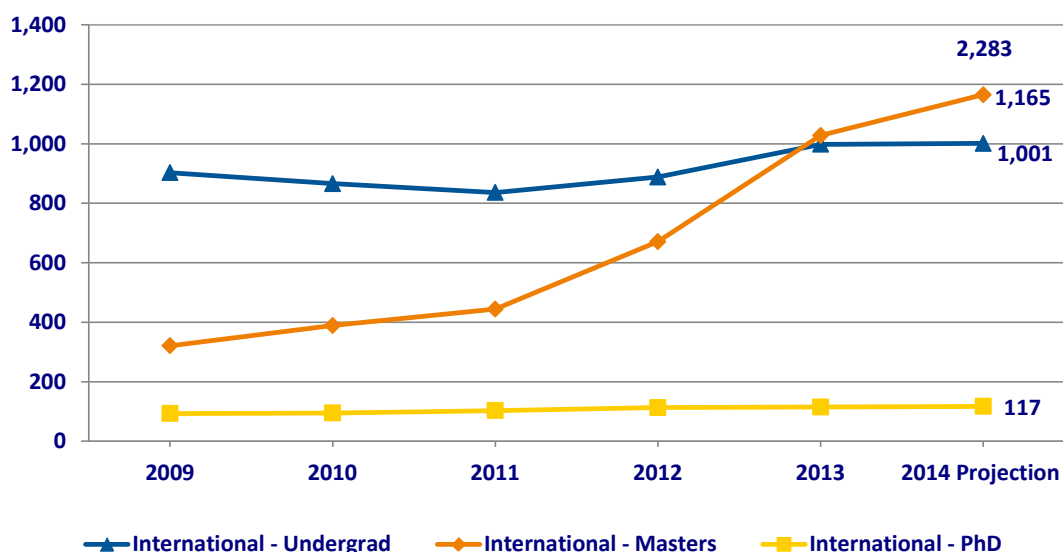
### III. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)

#### ***(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 2012/13 annual report on internationalization was presented to Senate in April 2014 and can be found on the Internationalization website [www.uwindsor.ca/internationalization](http://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 1,033 full-time students since Fall 2003 and as of Fall 2013 it represented 8% of full-time undergraduate enrolment and 50% of full-time graduate enrolment. Overall, international enrolment represented 15% of total Fall Full-Time 2013 enrolment. For 2014/15, international tuition fee revenue is projected to represent approximately 34% of total tuition fee revenue.

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

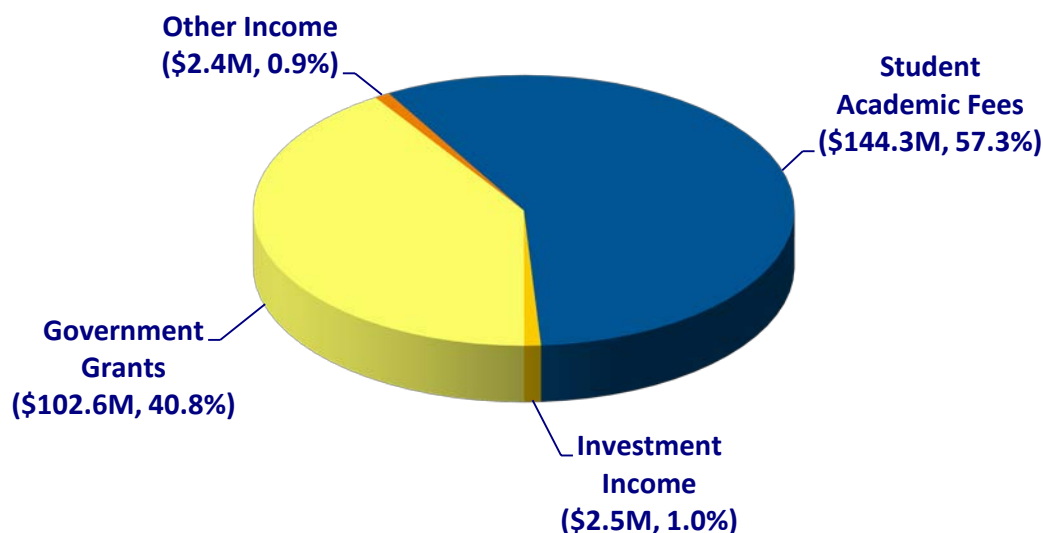


While the level of international graduate students has increased over the last few years, the institution is aware of the competition and the risks associated with international undergraduate enrolment. A new international recruitment strategy has been developed that is designed to grow enrolment and mitigate some of the risks around international recruitment. UWindsor has in the past year engaged the services of 137 recruitment agencies, with representation in 68 countries, who work to recruit international students abroad.

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

#### 2. OPERATING REVENUE

The 2014/15 Operating Revenue for the institution totals \$251.8M, an increase of \$16.5M (7%) over 2013/14. It 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 2014/15, 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 1<sup>st</sup> and 2<sup>nd</sup> year students
  - 4% for 3<sup>rd</sup> and 4<sup>th</sup> year students (continuing)
  - For Fall 2014, upper years at 5%
- For undergraduate programs not included above:
  - 3% for all years (1<sup>st</sup> year and continuing)

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

The Board of Governors approved the 2014/15 tuition fees at its April 22, 2014 meeting which is compliant with the above Ministry framework. As part of the Ministry's tuition fee framework, institutions are required to allocate 10% of the incremental revenue generated by the tuition fee increase, plus or minus any changes in enrolment, to support student financial aid. The 2013/14 operating budget includes an additional \$300,000 in support of this financial aid.

Total student academic fees are projected at \$144.3M for 2014/15, an increase of \$17.6M (13.9%) over 2013/14. Increases to tuition revenue due to increased enrolment and tuition fees are estimated at \$6.0M. Professional course-based Masters' programs are expected to generate an additional \$11.4M, other self-supporting programs an additional \$0.7M, and a decrease of \$0.5M is projected for incidental fees.

In addition to tuition fees, other compulsory ancillary fees and cost recovery fees were approved by the Board of Governors in April 2014.

#### **(ii) ANCILLARY FEES**

Residence and Meal Plan fees were approved by the Board of Governors in April 2014.

Parking Services is an ancillary service and thus, self-sustaining. The proposed rates for faculty, staff and students, effective July 1, 2014, 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 2014/15 is \$661.98, except in the Remote Lot. This rate is \$538.19. The proposed pre-tax parking fee rates for students are as follows for the surface parking pass: 8-month pass - \$302.19 and 12-month pass - \$362.16. The 8-month student parking pass for the Parking structure is \$441.32.

#### **(iii) PROVINCIAL GOVERNMENT GRANTS**

Provincial Government Grants total \$99.4M for 2014/15, a decrease of \$1.25M from 2013/14. Provincial grants represent 39.5% of the institution's revenue. This has declined from 42.8% of the institution's revenue in 2013/14. The decrease in provincial grants is a result of the 2012 Ontario budget announcement of multi-year reductions for universities. The Efficiency Reduction target that was announced was to be implemented over a two-year period and the International Student Recovery is to be phased in over a four-year period. Both reduction plans were implemented in 2013/14 and estimates for 2014/15 are included in the Operating budget.

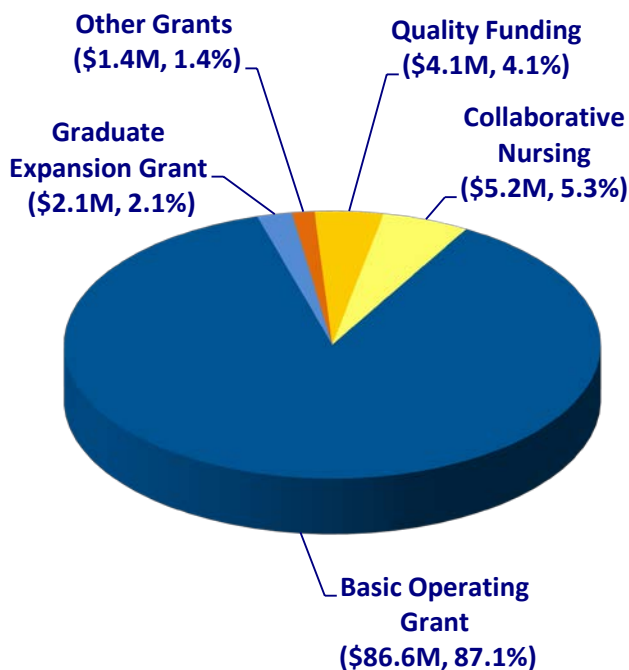
In the 2012 Ontario Budget the government announced Efficiency reductions to colleges and universities in the amount of \$40M in 2013/14 and \$81M annually beginning in 2014/15.

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

Windsor's efficiency reduction in 2013/14 was \$866,000 and a reduction of a similar amount is expected for 2014/15. In addition, the Province also announced an International Student Recovery, a reduction in funding in the amount of \$750 for each international undergraduate and Master's student enrolled at the institution (PhD's were excluded). The reduction is being phased and for 2014/15, the reduction of \$750 includes students in the first and second year of a program of study as well as all Master's students. The reduction will increase annually until all years of undergraduate study are included. The central budget's projected reduction in the Operating grant is estimated at \$724,000 for 2014/15, an increase in the reduction of \$388,000. All self-supporting programs (i.e., MEng, Masters of Management) are responsible for bearing the cost of this operating grant reduction.

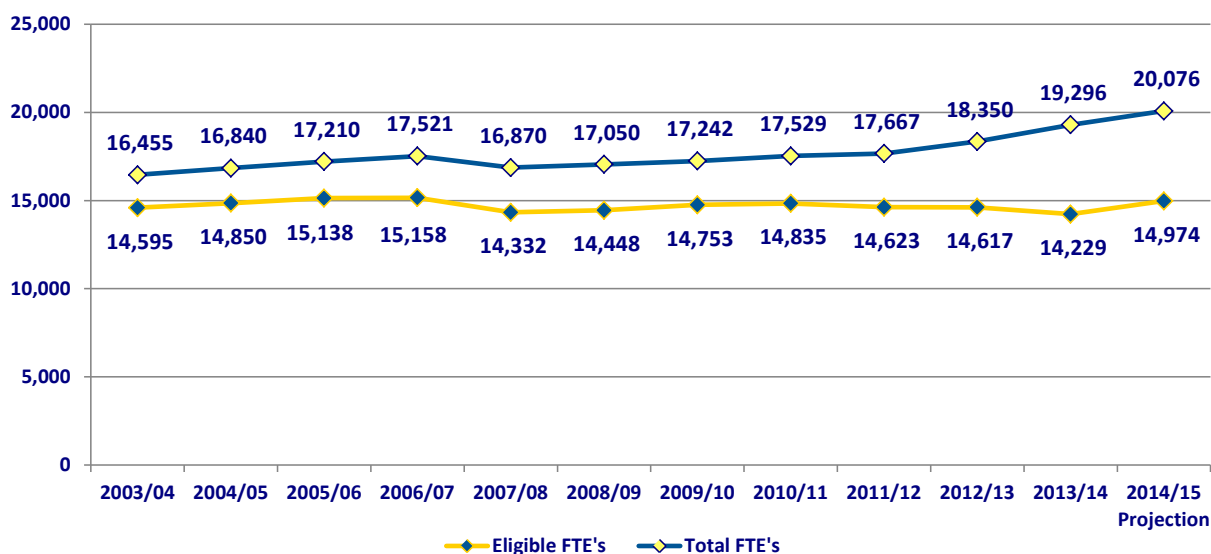
Provincial government grants are directly related to levels of enrolment, either through actual eligible enrolments or an institution's share of the overall provincial system. UWindsor's portion of the provincial system was 3.3% for 2013/14. For 2013/14, the Ministry has confirmed that UWindsor's domestic undergraduate enrolment growth allows for participation in the undergraduate growth funding envelope. If we continue to maintain or grow the enrolment in 2014/15, we may be eligible for one-time monies in support of this growth.

The following is a summary of the 2014/15 Provincial Government Grants totalling \$99.4M in support of operations:



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

The following chart illustrates the history of UWindsor's total and eligible full-time equivalents since the double cohort. Total full-time equivalents are projected to grow by 19% over 2007/08 with eligible full-time equivalents expected to grow at a lesser rate of 4.5%. Enrolment growth in international graduate programs is one of the main reasons for the difference between total FTE's and eligible FTE's.



The Graduate Expansion grant funds growth for eligible Masters and PhD students up to an approved target. This grant is projected at \$2.085M, a decrease of \$285,000 over 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 increase of \$300,000 in this grant is due to an increase in the enrolment in this program.

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). The Ministry provides this funding to universities as a "grant in lieu of municipal taxes". Beginning in 2013/14, the Ministry discontinued the per-student grant amount for international undergraduate and Masters' students; however, UWindsor is still responsible for the payment to the City for these students. This change had a negative effect of \$88,000 for 2013/14, and an additional \$73,000 is estimated to negatively affect the budget for 2014/15.

Other changes include the increase of \$75,000 in the Performance grant and a decrease of \$10,000 in the Research Overhead grant.

### III. 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. Included in this budget for the SPF is \$998,000 made up of \$498,000 earmarked for prior year commitments and \$500,000 for new allocations. In addition, there will be \$755,000 of one-time carry forward funding from 2013/14, representing the salary savings accumulated from SPF faculty allocations that are scheduled to be hired by July 1, 2014.

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 approved for 2014/15 include:

- \$45,000 – Design of curriculum and courses for a Master of Engineering Technology degree, Canada's first Master's degree program satisfying the needs of college and technology program graduates;
- \$47,250 – Establishment of a Humanities/Engineering interdisciplinary teaching cohort to develop effective writing and oral communication skills that will be delivered to all first year Engineering students;
- \$100,000 – an Ancillary Academic Staff position in Interfaculty Programs for Forensic Science, where enrolment has grown from 81 to 150 majors in the last four years;
- \$50,000 – Certification program in Pedagogy for Online Learning, which will develop skills for online teaching in both the K-12 education system, adult education and post-secondary environments;
- \$25,000 – Tools for experiential learning in Physiology and Neuroscience to provide state of the art equipment for the Health Sciences, serving over 450 students, enhancing their undergraduate biology experience;
- \$39,584 – Support for the academic writing needs of all students;
- \$48,000 – Graduate student travel support to allow conference/exhibition participation to promote socialization and training in their professional circles;
- \$33,643 – The Poverty and Social Policy Externship Pilot Program will enhance experiential and externship programs for students in the Faculty of Law in collaboration with the City of Windsor, County of Essex and the United Way Windsor-Essex;
- \$22,891 – UWindsor Science Academy, a one-week intensive science academic program engaging Windsor and Essex County secondary school students in the UWindsor undergraduate science experience.
- \$38,054 – Institutionalizing the Bystander Initiative, a UWindsor investment in sexual assault prevention education, tripling the number of highly trained peer educators on campus.



### **III. STUDENTS AT THE UNIVERSITY OF WINDSOR (CONT'D)**

A year ago, the Province announced a program that encouraged universities to develop innovation/accelerator centres that provide students the venue to engage in entrepreneurial activities. The Entrepreneurship Practice & Innovation Centre (EPICentre) has now been adapted as the student entrepreneurship hub for the whole campus. Through EPICentre, we are now positioned to be a participant in the province's Campus Linked Accelerator Program. The Province sees this direction as a key future need for students, both undergraduate and graduate. Providing appropriate space for this activity to continue and grow has led to a re-envisioning of a portion of the Innovation Centre. A hub of innovation will develop as students, faculty, and industry come together in a space to collaborate and share ideas. This vision for the Innovation Centre is a key component of the University of Windsor's approved Strategic Mandate Agreement. Investments in support of student entrepreneurship are being made at many universities across Ontario and Canada.

### **IV. RESEARCH AT THE UNIVERSITY OF WINDSOR**

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

The total research revenue for the institution approximates \$25.0M annually. Revenues and expenditures in support of research are accounted for outside of the operating budget of the institution. Included in the operating revenue is the Federal Indirect Cost Grant received in support of overhead expenditures incurred by the institution (see below). Faculties and Administration incur operating costs in support of research within their respective budgets.

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

#### **1. FEDERAL INDIRECT COST GRANT**

The Federal government supports research through annual grants that offset a portion of the University budget used in support of research overhead costs. The formula applied for the allocation of grant monies under this program is based on the three-year average funding each institution has received from any of the Tri-Council granting agencies (NSERC, SSHRC, and CIHR) in the years 2011/12, 2012/13 and 2013/14.

## **IV. RESEARCH AT THE UNIVERSITY OF WINDSOR (CONT'D)**

The total Federal Indirect Costs Program budget was \$332M for 2013/14. UWindsor's share of this was confirmed at \$3.24M. The projection for UWindsor's share in 2014/15 is \$3.27M, a slight increase of \$28,000.

### **2. INVESTMENTS IN SUPPORT OF RESEARCH & ECONOMIC DEVELOPMENT**

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

As noted below in the Capital Transformation Plan, section VI (page 22), the Innovation Centre is being developed along with the new Centre for Engineering Innovation, renovations to the Odette School of Business and other initiatives that will facilitate innovation and collaboration. The Office of Research and Innovation Services will be housed in the Innovation Centre, helping to position our research and creative activity at the heart of this cluster.

## **V. FACULTY & STAFF AT THE UNIVERSITY OF WINDSOR**

### **1. FACULTY & STAFF**

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

### **2. SALARY COSTS**

The largest investment in the UWindsor operating budget is faculty, staff and student salary, wage and benefit costs including pension. These costs in 2014/15 total over \$191M, and represent 76% of the total operating budget of the University.

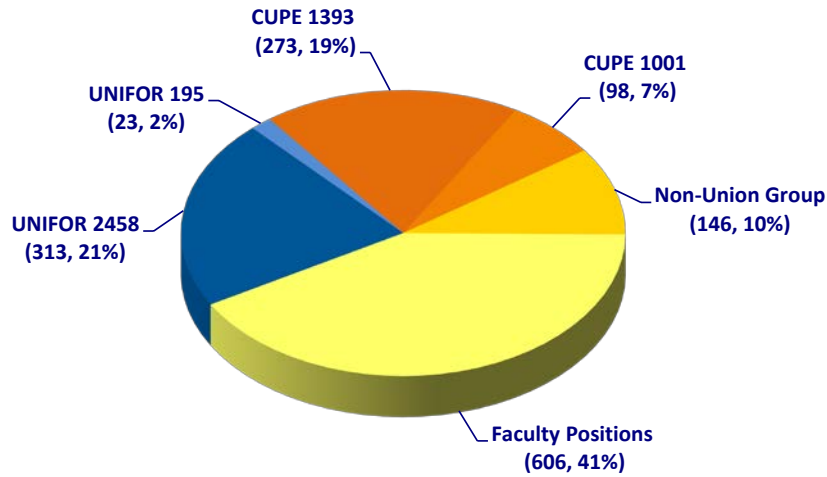
The University operates with 8 bargaining units and a non-union group. The following bargaining groups are organized at the University:

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

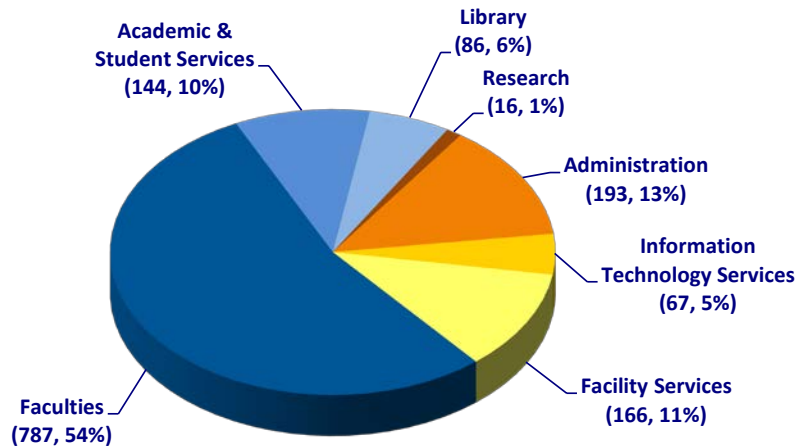
The Faculty Association agreement is in effect until June 30, 2014. The 2014/15 budget and its embedded realignment of \$5.8M includes certain assumptions regarding the costs associated with the Faculty settlement.

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

The following graph illustrates the full-time equivalent positions in the 2014/15 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:

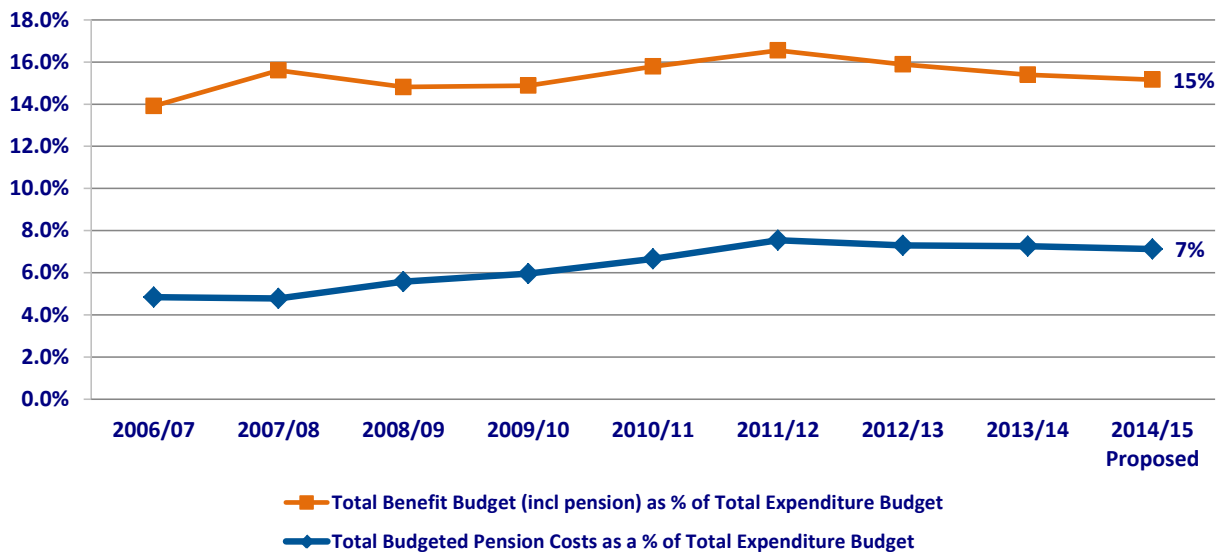


## V. FACULTY & STAFF AT THE UNIVERSITY OF WINDSOR (CONT'D)

### 3. PENSION COSTS

UWindsor has two pension plans to provide post-retirement support to our faculty and staff. The University has a Faculty Pension Plan and an Employees' Plan. 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 mandatory valuation for both plans is July 1, 2014. The 2014/15 base budget includes \$17.9M in support of pension contributions, an increase of \$550,000 (3.2%) over 2013/14. Pension costs in the 2014/15 budget represent 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.



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

### (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.

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

#### Employee Plan:



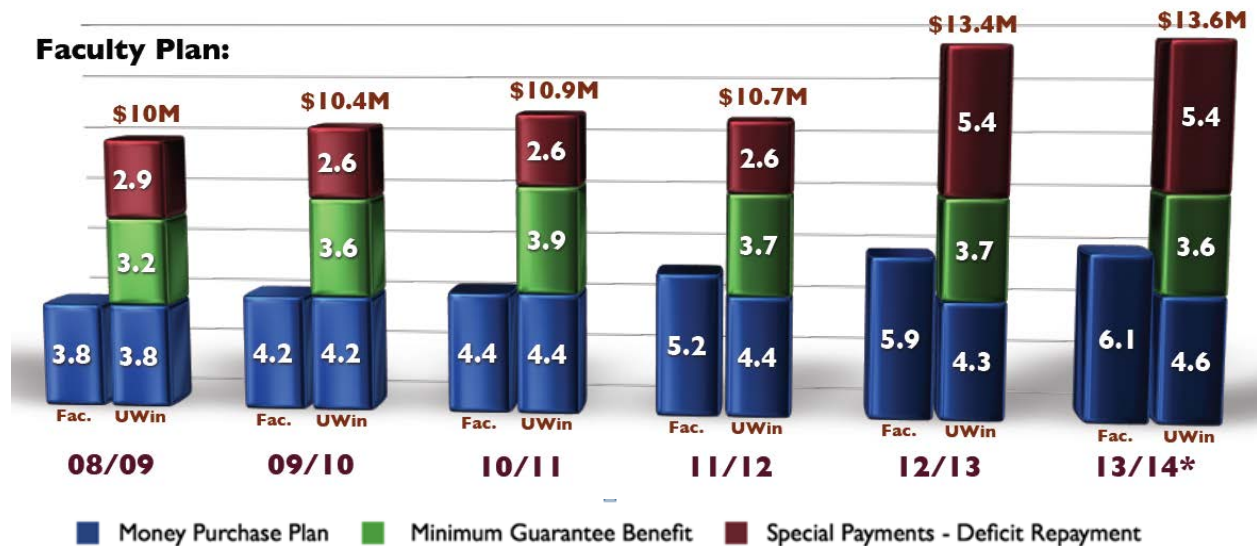
### (ii) THE FACULTY PLAN

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

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.

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

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



### (iii) SUMMARY OF PENSION PLAN COSTS

The cost of the two University pension plans continues to increase and for the 2014/15 operating budget these costs represents 7.1% 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 17.7% of faculty salaries while members contribute 8% of faculty salaries. Due to the significance of these costs to the operating budget, annual monitoring of the financial status of the plans continues.

## **VI. CAPITAL TRANSFORMATION PLAN**

Key to the accomplishment of UWindsor'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 2014
3. Odette School of Business Renovation – Complete
4. Welcome Centre – Spring 2015
5. Downtown Campus - Spring 2015 – Fall 2016
6. Campus Master Plan – Multi-year strategy
7. Campus Beautification / Deferred Maintenance – Board approval of \$14M Deferred Maintenance Strategy Phase II – April 2013
8. Assumption Building and Student Services consolidation – Summer/Fall 2014

All costs associated with facilities to be completed during 2014/15 have been included in the operating budget.



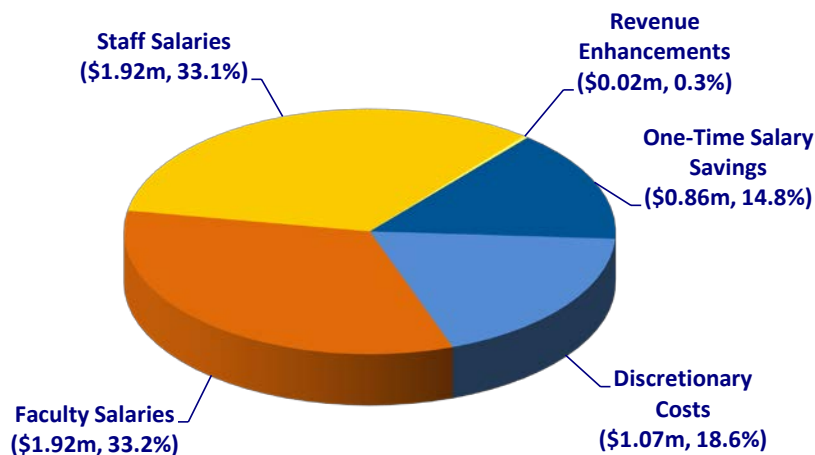
## VII. 2014/15 OPERATING BUDGET – IN SUMMARY

### 1. 2014/15 BUDGET REALIGNMENT

Early in the planning cycle for the 2014/15 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 \$5.8M. All areas participated in the realignment and budget managers developed realignment strategies to address their respective targets.

In his January 28, 2014 address, *“Making a Difference When A Difference Matters,”* the President noted, *“While the SMA process and differentiation are challenges of direction setting and branding ourselves, without question the challenge of realignment is our biggest one. We will have to continue to make organizational changes, and continue to strive to ensure we are using our resources in support of our core mission.”* UWindsor will continue to realign its resources to focus on core activities that support its strategic plan and the SMA with the Ontario government.

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



*Revenue enhancement* realignment proposals total \$17,000 and include project support revenue.

*Faculty Salaries & Benefits* realignment proposals total \$1.9M and represent base budget reductions from savings generated through the replacement of retiring/departing senior faculty

## VII. 2014/15 OPERATING BUDGET – IN SUMMARY (CONT'D)

with junior faculty, the elimination or holding of vacant positions, and the funding of faculty positions through self-supporting program budgets.

*Staff Salaries & Benefits* realignment proposals total \$1.9M and represent reduction in positions, full-time positions being converted to part-time positions, non-replacement of retirements and vacancies, and the funding of staff positions through self-supporting program budgets.

*One-time salary savings* realignment proposals total \$860,000 and represent base budget realignment amounts that are tied to future retirements of faculty and staff. These base amounts are funded with one-time monies during the fiscal year. Faculty and administrative areas have been granted flexibility in addressing their base realignments with one-time savings. Cost structures of areas have deemed this flexibility necessary to implement the base realignments.

*Discretionary cost* realignment proposals total \$1.1M 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 wherever possible to address realignment targets.

### 2. PROPOSED 2014/15 OPERATING BUDGET

The proposed 2014/15 operating budget includes total operating revenue of \$251.8M and total operating expenditures of \$251.8M. As per Appendix A, a balanced budget for 2014/15 is proposed.

## VIII. LOOKING FORWARD TO 2015/16 AND BEYOND

The University of Windsor is currently in its sixth straight year of budget realignment and planning for additional budget adjustments for 2014/15. There are many exciting changes underway, but there remains the reality that our costs continue to increase at a pace greater than our revenues. Annual realignments are increasingly difficult to manage, something that all faculty and staff understand. Ontario's *Differentiation Policy Framework for Postsecondary Education* may place additional pressure on revenue growth.

There are some unavoidable imperatives. We must continue to seek greater efficiencies, and strive for realistic compensation costs for all employee groups. We must explore more self-sustaining business models, and pursue opportunities for revenue growth. Also, we must continue to have the capacity to invest in initiatives that will see us focus on having high quality and innovative academic programs, research and scholarship, and student services. Overall, we must focus on the core activities needed for the university.

Given this reality, and the provincial context, there are in broad measure only three options available to us. First, we must continue planning and dialogue that will 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 2015/16 budget, it will be progress on all three of these options that will allow us to continue to make investments in support of our strategic goals.

## APPENDIX A: 2014/15 OPERATING BUDGET

	2014/15 PROPOSED BASE BUDGET (\$000s)	2013/14 APPROVED BASE BUDGET RECLASSIFIED (\$000s)	\$ INCREASE (DECREASE) OVER 2013/14 (\$000s)	% INCREASE (DECREASE) OVER 2013/14
<b>BASE OPERATING REVENUE</b>				
Student Academic Fees	\$ 124,299	\$ 118,043	\$ 6,256	5.3%
Professional Course-Based Masters' Fees	20,020	8,658	11,362	131.2%
<b>Total Student Fees</b>	<b>\$ 144,319</b>	<b>\$ 126,701</b>	<b>\$ 17,618</b>	<b>13.9%</b>
Government Grants - Provincial	99,364	100,611	(1,247)	(1.2%)
Government Grants - Federal	3,266	3,238	28	0.9%
Investment Income	2,500	2,500	-	0.0%
Other	2,331	2,267	64	2.8%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 251,780</b>	<b>\$ 235,317</b>	<b>\$ 16,463</b>	<b>7.0%</b>
<b>BASE OPERATING EXPENDITURES</b>				
Faculties	\$ 132,382	\$ 128,459	\$ 3,923	3.1%
Professional Course-Based Masters	20,020	8,658	11,362	131.2%
Academic & Student Services	15,611	15,458	153	1.0%
Library	11,675	11,917	(242)	(2.0%)
Scholarships	13,263	12,963	300	2.3%
Research	4,996	5,194	(198)	(3.8%)
Administration	20,130	20,066	64	0.3%
Information Technology Services	9,070	9,182	(112)	(1.2%)
Facility Costs	26,191	25,346	845	3.3%
External Debt Costs	5,143	4,520	623	13.8%
Institutional Overheads	(7,699)	(7,363)	(336)	4.6%
Strategic Priority Fund	998	2,707	(1,709)	(63.1%)
<b>TOTAL EXPENDITURES</b>	<b>\$ 251,780</b>	<b>\$ 237,107</b>	<b>\$ 14,673</b>	<b>6.2%</b>
<b>BASE OPERATING SURPLUS/(SHORTFALL)</b>	<b>\$ 0</b>	<b>\$ (1,790)</b>	<b>\$ 1,790</b>	

## APPENDIX B: 2014/15 PROVINCIAL GRANTS

	2014/15 PROPOSED BASE BUDGET (\$000s)	2013/14 APPROVED BASE BUDGET (\$000s)	\$ INCREASE (DECREASE) FROM 2013/14 (\$000s)	% INCREASE (DECREASE) FROM 2013/14
<b>BASIC OPERATING GRANTS</b>				
Basic Operating Grants	\$ 85,871	\$ 87,145	\$ (1,274)	(1.5%)
Accessibility Fund (Graduate)	2,085	2,350	(265)	(11.3%)
<b>TOTAL BASIC OPERATING GRANTS</b>	<b>\$ 87,956</b>	<b>\$ 89,495</b>	<b>\$ (1,539)</b>	<b>(1.7%)</b>
<b>OTHER PROVINCIAL GRANTS</b>				
Quality Improvement Fund	\$ 4,100	\$ 4,100	\$ -	0.0%
Nursing Funding	5,230	4,930	300	6.1%
Performance Fund	495	420	75	17.9%
Research Overhead	290	300	(10)	(3.3%)
Municipal Tax Grant	838	911	(73)	(8.0%)
Aboriginal Grant	75	75	-	0.0%
Disabilities Grant	380	380	-	0.0%
<b>TOTAL OTHER PROVINCIAL GRANTS</b>	<b>\$ 11,408</b>	<b>\$ 11,116</b>	<b>\$ 292</b>	<b>2.6%</b>
<b>TOTAL PROVINCIAL GRANTS</b>	<b>\$ 99,364</b>	<b>\$ 100,611</b>	<b>\$ (1,247)</b>	<b>(1.2%)</b>