



University
of Windsor

OPERATING BUDGET

2020 - 2021

**STANDING TOGETHER,
WINDSOR PROUD**



Office of the President

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To the University of Windsor Campus Community,

Budgets are always eagerly anticipated documents. They are very much a reflection of the recent past and a much-needed look into the future. While every budget has its unique qualities and circumstances, perhaps the 2020/21 University of Windsor Operating Budget comes at a more difficult and uncertain time than any in our institution's history.

The COVID-19 pandemic has changed, and continues to change, our campus in ways we still cannot fully appreciate. As the 2020/21 Operating Budget is released, we are in a mode of providing essential services only, most of our faculty and staff are working remotely, and exams are not being conducted in a traditional face-to-face setting, but through different models of delivery.

Our campus is virtually deserted as we do all that's possible to put the health and safety of every member of our community - students, faculty and staff - first. Their well-being continues to be at the forefront of all the decisions we are making.

But what you can still feel during these exceedingly difficult days is the spirit that is ingrained in each and every member of our campus community. That spirit will sustain us as we go forward, and this year's Operating Budget is designed to do everything it can to help in this process.

First, the 2020/21 budget is balanced. To accomplish this difficult task took an immense effort on the part of a group leaders from various areas of the University, but who came together under a shared set of principles.

Over the next while, we know our students will need support more than ever, and the Operating Budget continues investments in student supports as well as an increased commitment to scholarships and bursaries.

The 2020/21 Operating Budget also sets out to capture the challenges we see to both our international and domestic student intakes and our enrolments. As a result, we've reduced our originally contemplated tuition budget by 10 per cent to reflect the realities of COVID-19, and have established an \$8 million enrolment contingency fund to hedge against losses beyond those contemplated.

When we do emerge from the challenge we are facing, every area of the campus will have a hand in balancing the budget. It will be accomplished through a mix of cost management strategies, a streamlining of strategic initiatives, and the use of a portion of unencumbered reserves.

For the first time, this year's Operating Budget document responsibly includes three different lenses to better find the path we need to take:

- The budget has been contemplated in a pre COVID-19 world.
- There is an adjusted budget model to reflect our best guess at the realities of COVID-19's impact.
- As well, there is a detailed sensitivity analysis disclosing where we are exposed to risk, and how we would propose addressing those risks.

While we are all focused on the COVID-19 challenge, it is also important to remember what an incredibly successful year the University has experienced as the 2019/20 academic year ends. This is only possible through the work and efforts of our exceptional students, faculty, staff and alumni.

One thing is certain as we emerge from the COVID-19 crisis - what we do best will become even more important.

Our University is a major economic engine in Windsor-Essex, and it's a role that we must devote even more energy to. We have made a difference, and we will continue to do so.

- We will continue to address challenges related to the Great Lakes and to our national borders.
- We will help ensure safe, vibrant and healthy communities, and we will promote sustainable manufacturing.
- We will continue to build on our commitment to overall excellence, as well as ground-breaking academic research at our incredible institution.

We are in an incredible position to move forward, and our Operating Budget is part of preparing for the post COVID-19 world. But everyone in our campus community will need to come together to help make 2020/21 a success. I have no doubt that will happen.

Let us continue to celebrate our strengths and we will overcome the challenge we face. That is very much the reason we continue to say we are Windsor Proud.

Dr. Robert Gordon
President and Vice-Chancellor

Standing Together, Windsor Proud: The 2020/21 Operating Budget

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PART ONE: ORIGINAL 2020/21 BUDGET PROPOSAL

I. THE ENROLMENT CENTRED BUDGET MODEL (ECM)

1. MANAGING ENROLMENT: THE OBJECTIVES OF THE ECM MODEL

Student enrolment continues to drive almost all operating revenue for the University of Windsor and remains the primary focus of the Enrolment Centred Management (ECM) budget model. Faculties continue to concentrate their efforts on achieving their enrolment management strategies as base budgets are directly impacted by enrolment levels under ECM.

UWindsor has developed and approved a Strategic Enrolment Management (SEM) plan that is guiding enrolment activities. The SEM is complementary to the ECM in achieving the institution's strategic plan and the metrics included in SMA3.

The Enrolment Centered Management (ECM) budget model was first introduced in 2016/17 with the intent of better aligning Faculty resources with their respective enrolment activities. ECM was designed to achieve institutional priorities by adhering to the following set of guiding principles:

1. **Strategic Mission** – Resource allocations should align and support the core academic and research mission and institutional priorities.
2. **Responsibility** – Ensure the alignment of authority for financial management decisions and the responsibility for those decisions.
3. **Sustainability** – Aim to foster a comprehensive university and incentivize behavior in support of long-term financial sustainability of the institution.
4. **Transparency** – Provide a clear delineation of revenue and expenses by unit in order to support and rationalize decisions.

ECM includes a revenue allocation methodology where the direct costs associated with teaching and learning in Faculties are aligned to their enrolment-driven tuition revenue. Government operating grants, investment income and other revenues are directed towards funding institutional infrastructure, services that support teaching and learning, and strategic investment funds.

For 2020/21, Faculties will continue the established pattern of repositioning 15% of their net position (revenue less expenditures) based on their projected prior year (2019/20) tuition fee results. Therefore, Faculties continue to be “held harmless” (i.e. not impacted positively or negatively) for 85% of their net position.

2. EFFECT OF THE DOMESTIC TUITION RATE REDUCTION UNDER ECM

On January 17, 2019, the Ministry of College's and Universities (MCU) announced that all domestic tuition rates would be decreased 10% for the 2019/20 fiscal year and will remain frozen for the 2020/21 year. Because the ECM budget model calculations are based on prior year tuition fee achievements, the effect of this tuition fee cut was not realized in the ECM budget allocation model until the 2020/21 budget year.

Also, since the ECM model funds Faculties solely based on tuition fees, the reduction of the tuition rate had a dramatic negative effect on the net position for every Faculty unit.

Figure 1 below provides the projected 2019/20 net position for each Faculty with the associated budget adjustment required during the 2020/21 fiscal year.

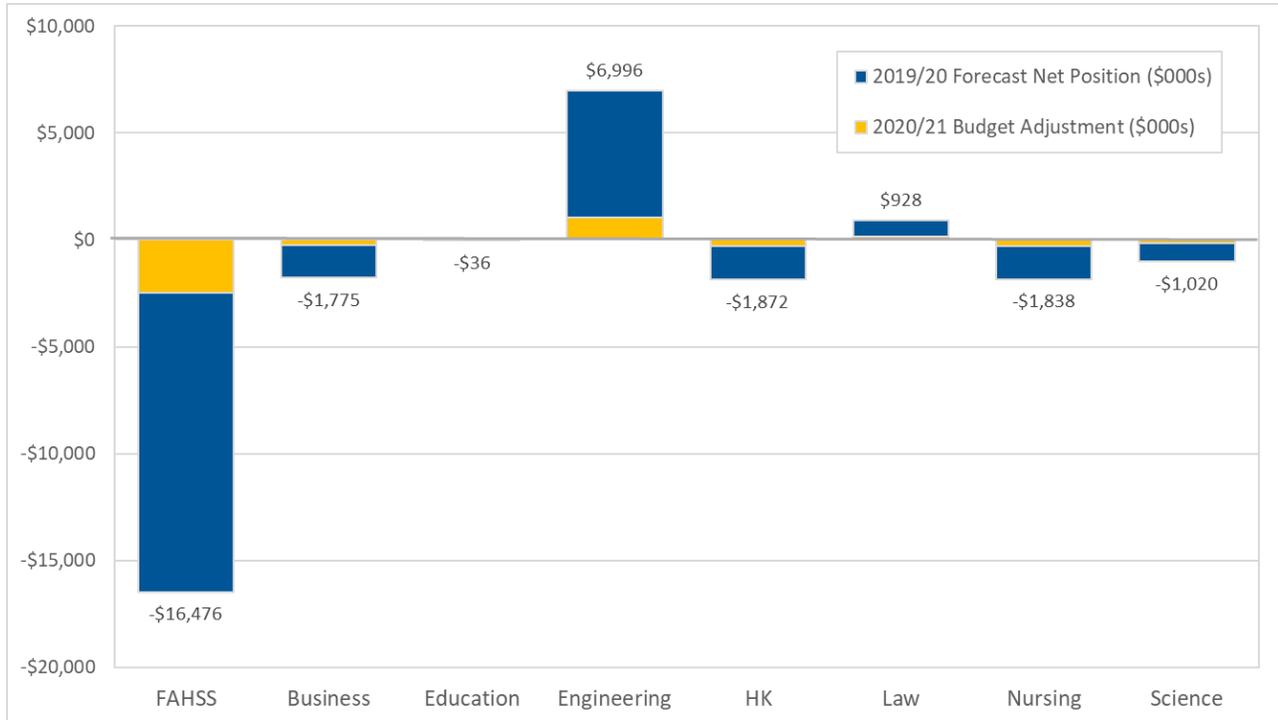


Figure 1: Faculty ECM Net Positions and Budget Adjustments

3. BUDGET MODEL REVIEW AND CHANGES

The 2020/21 fiscal year will mark UWindsor’s 5th year of operations under ECM. A comprehensive and fully consultative review of the ECM budget model has begun. We intend to implement a redesigned budget model for the 2021/22 fiscal year.

II. 2020/21 OPERATING REVENUE

Pre-COVID-19 Operating revenue for 2020/21 is budgeted at \$305.7M, an increase of \$13M (4.7%) over last year.

1. ENROLMENT PROJECTIONS

Enrolment is classified into four main components: 1) undergraduate domestic; 2) undergraduate international; 3) graduate domestic; and 4) graduate international.

There has been a shift over the past several years towards graduate international students and away from undergraduate domestic students as a percentage of the total student population at UWindsor. This shift can be attributed to the continuing growth in international student enrolment in course-based Master's programs in Engineering, Science and Business in particular.

UWindsor's total full-time enrolment was projected at 15,781 in Fall 2020 pre-COVID-19. The totals for undergraduate and graduate students were 10,848 and 4,933, respectively. This total enrolment represents a 6.8% increase over Fall 2019 levels.

i) Undergraduate Students

First-year enrolment is a critical driver of total undergraduate student enrolment. An increase in first-year enrolment has long-lasting effects, as these students continue their studies through the remainder of their 3- or 4-year undergraduate programs.

First-year enrolment has a number of components, including 101s (students entering university directly from high school), 105s (college transfers and out of province Canadian students), international students, students entering Law School, and returning students (those who are continuing at the year 1 level).

In Fall 2020 the predicted pre-COVID-19 number for full-time first-year students at UWindsor was expected to increase to 3,000. This would have marked four continuous years of first-year enrolment growth and return enrolment to Fall 2016 levels.

ii) Graduate Students

Total full-time graduate student enrolment headcount was projected to reach 4,933 in Fall 2020 pre-COVID-19. This number, which included 4,585 Masters and 348 PhD students, would have marked another record year in terms of graduate student counts for UWindsor.

The UWindsor domestic graduate student enrolment projection remains flat to Fall 2019 at 1,510 and has not fluctuated dramatically in recent years. Growth in international graduate student enrolment was projected at 3,423, an increase from 1,441 just five years ago. This growth has been driven largely by increased foreign enrolment in course-based Masters programs in Engineering (Master of Engineering), the Odette School of Business (Master of Management), and Science (Master of Medical Biotechnology, Master of Applied Computing, Master of Actuarial Science and Master of Applied Economic Policy).

2. STUDENT ACADEMIC FEES

In January 2019, MCU announced a new two-year tuition fee framework that included a 10% reduction of all domestic student fee rates effective for the 2019/20 academic year and a freeze at the 2019/20 rates for the 2020/21 academic year.

The pre-COVID-19 budgetary plan at UWindsor was to offset the effects of a domestic tuition rate freeze including the following enrolment and rate adjustments:

- Target 3,000 first year undergraduate enrolment headcount for Fall 2020;
- Increases to international tuition fee rates; and
- Targeted increases in enrolment for graduate course-based masters programs.

Tuition Fees

Pre-COVID-19 tuition fee revenue was budgeted at \$200.3M for 2020/21, up \$21.6M (or 12.1%) from 2019/20. The overall increase is mainly recognized from gains in the Graduate International category of tuition revenue.

There has been a steady shift in tuition revenue away from the highly regulated Domestic fees category towards in-demand Graduate International programs with unregulated tuition rates.

3. GOVERNMENT OPERATING GRANTS

In the 2019 Ontario budget, the government announced that the next round of Strategic Mandate Agreements (SMA3) would see a substantial portion of funding tied to performance in 10 metrics. This would be accomplished using existing levels of funding and reallocating from the Core Operating Grant, into the Differentiation fund which has been renamed to the Performance fund.

Initially 25% of funding will be linked to performance, increasing to 60% by 2024/25 at 'steady state' where all metrics have been developed and activated. This will be achieved by moving the appropriate amount of funds from the Core Operating Grant to the Performance grant.

The metrics and the associated funding would be phased in over three years as per Table 1 below:

Table 1: SMA3 Funding Metrics

	2020/21 Year 1	2021/22 Year 2	2022/23 Year 3	2023/24 Year 4	2024/25 Year 5
Metrics Activated	6	9	10	10	10
Funding	25%	35%	45%	55%	60%

The 10 metrics align with the following government priorities:

- Skills and job outcomes (6 metrics)
- Economic and community impacts (4 metrics)

Included with the SMA3 are two reporting metrics for transparency and accountability only: faculty activity and compensation.

Metrics planned to be activated in 2020/21 are:

- Graduate employment
- Graduation rate
- Institutional strength and focus
- Research funding and capacity
- Community/local impact
- Institution-specific economic impact metric

Two of these metrics allowed input by the university for which there were campus-wide consultation. The Ministry will calculate targets and will apply a band of tolerance, both formulaic, around performance so that small annual variations will not affect funding.

The university assigns each metric a weighting, within ministry parameters, which determines the amount of funding associated with such. Any changes in funding will be calculated for the year and applied to the grant paid in the following year.

The Core Operating Grant (COG) will be adjusted to reflect the roll-in of funding for the actual Education enrolment and the actual graduate enrolment achieved up to the targets that were to be funded. Considering the Core Operating grant, differentiation grant, graduate expansion as well as the Teacher Education time limited funding, there is a small difference of \$25K.

The COG is governed by an enrolment corridor in which the University receives a base level of funding by maintaining eligible enrolment within +3% of the corridor midpoint, established in 2016/17. As funding is moved from COG to the Performance fund, the amount per weighted grant unit will decline.

Special Purpose Grants

Special purpose grants are budgeted at the same level as last year. These are grants provided to address government and system-wide priorities, including Municipal Tax Grant, the Clinical Nursing Grant, and Grants for students with disabilities.

The 2020/21 budget for Special Purpose grants totals \$1.755M and includes the following:

- 1) Funding for Students with Disabilities - \$395,000;
- 2) Municipal Tax grant - \$833,000;
- 3) Clinical Nursing grant - \$427,000; and
- 4) Mental Health Services - \$100,000.

Other Grants

In addition to the above grants, UWindsor has budgeted \$5.48M for the Collaborative Nursing Grant. This separate envelope supports a Collaborative Nursing program offered jointly with St. Clair and Lambton

Colleges and is paid through our college partner. This grant is budgeted based on prior year enrolment levels.

The International Student Recovery (ISR) effectively reduces the COG by \$750 for each international undergraduate and Master’s student enrolled at the institution (PhDs are excluded). Pre-COVID-19 ISR was budgeted at \$3.1M for 2020/21, \$345K over last year as UWindsor projected an increase to international student enrolment levels.

Figure 2 below provides a breakdown by category of the Provincial Operating grants budgeted for UWindsor in 2020/21 with details provided in Appendix B.

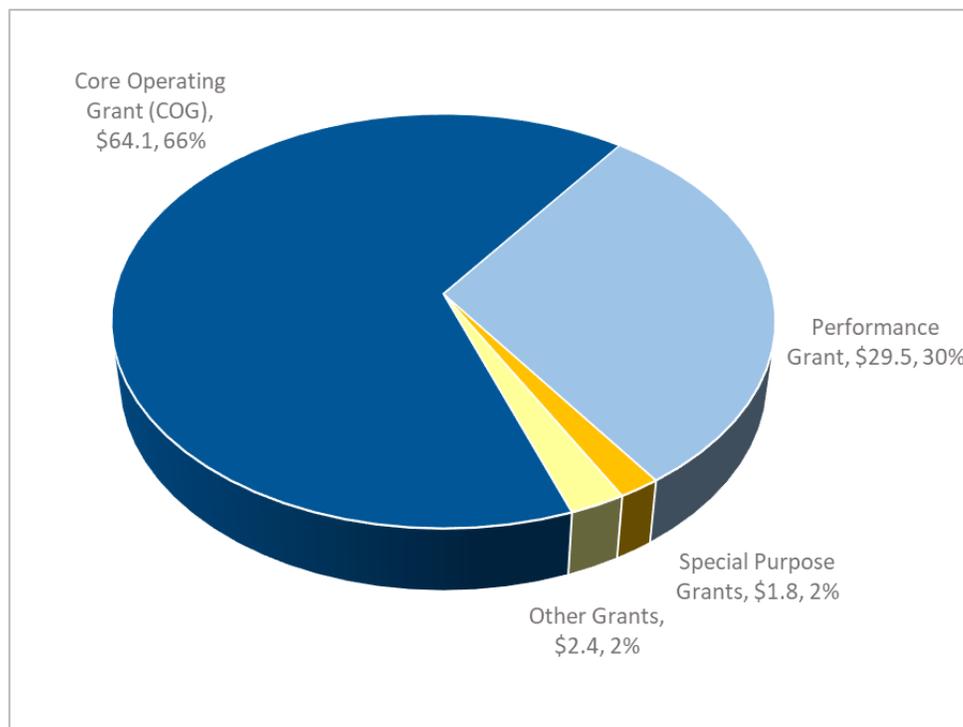


Figure 2: 2020/21 Provincial Operating Grants (in \$M)

On April 8, 2020, MCU communicated their intention of defer the deadline for signing SMA3 agreements, originally set for March 31, 2020, to allow institutions to focus resources on addressing the COVID-19 outbreak. Administration sees this as a delay of the SMA3 and its related metrics, quite possibly until 2021/22.

4. OTHER SOURCES OF OPERATING REVENUE

Other sources of operating revenue include Investment Income on working capital, Student Application Fees, and other Miscellaneous Revenue items. These revenues are budgeted flat to last year at \$5M.

III. 2020/21 OPERATING EXPENDITURES

The 2020/21 operating budget continues UWindsor's history of fiscal responsibility in presenting a balanced budget with operating expenditures (including University Investment Funds) flat to operating revenue at \$305.7M, up \$13.7M (4.7%) from 2019/20.

Under the ECM budget model calculation, all operating units – Faculty and non-Faculty – are responsible for their full cost of operations, including all cost increases resulting from negotiated wage and benefit changes. Net tuition revenue funds the Faculty units in support of their “Direct Costs of Academic Delivery” while government grant revenue, a portion of international student tuition, and other institutional and departmental revenues support non-Faculty units to cover “Infrastructure and Shared Service Costs”.

The largest single component of the institutional budget, comprising approximately 77% of all budgeted expenditures, is the cost of salaries, wages and benefits for faculty and staff.

1. FACULTY & STAFF SALARIES, WAGES & BENEFITS

UWindsor operates with eight bargaining units and a non-union group, including:

- 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; and
- 8) CUPE Local 4580 – Graduate and Teaching Assistants.

The benefit cost to the institution, which amount to approximately 25.8% of budgeted salaries and wages, can be classified into three main areas:

- i) Legislated Benefits
- ii) Negotiated Benefits
- iii) Pension Contributions

Of these three areas, contributions to the University's two pension plans – 1) the Employees' Plan, and 2) the Faculty Plan – which provide post-retirement support to faculty and staff, are budgeted at approximately 13.0% of salaries and wages. Legislated benefit contributions are budgeted at 6.3% and negotiated benefit contributions at 6.5% of budgeted salaries and wages.

Due to the significant pension plan contribution costs, planning for these required contributions is ongoing. The Financial Services Regulatory Authority of Ontario requires actuarial valuations to be completed at least every three year. The actuarial valuations completed for each pension plan dictate

contribution levels required by the members of the Plans and UWindsor. Mandatory valuations were completed as of July 1, 2017 for the Faculty Plan and January 1, 2018 for the Employees' Plan.

The *Employees' Plan* is fully cost-shared between UWindsor and the Plan members. As of the January 1, 2018 valuation, the Employees' Plan showed a going concern surplus of 110%, and a solvency deficit of 97%. Ontario Pension Legislation does not require special payments to fund solvency deficits unless they are below 85%, thus the Employees' Plan does not make any special payments at this time. The contributions to the Plan are shared evenly between the members and the University, with each group contributing a blended rate of 7.1%. This represents an annual expense for the operating budget of \$3.6M.

The *Faculty Plan* is a hybrid plan comprised of two components: 1) a Money Purchase Plan component (MPP); and 2) the Minimum Guaranteed Benefit (MGB). Contributions to the MPP component for the Faculty Plan is currently 9% of pensionable earnings for plan members and 6% for UWindsor, subject to Income Tax Act annual contribution limits. UWindsor is solely responsible for funding the MGB liability, which represents the amount paid to ensure pensions are at a defined benefit level prescribed in the Plan.

As of the July 1, 2017 valuation the Faculty Plan showed a going concern deficit of 91%, and a solvency surplus of 108%. The special payment required by the University to fund the going concern deficit during 2020/21 will be \$6.4M. In addition to the special payment, the July 1, 2017 valuation requires annual contributions from the plan sponsor at a blended 12.6% rate, representing an annual expense for the operating budget of approximately \$11M. Members of the plan contribute 9.0% annually.

2. DIRECT COSTS OF ACADEMIC DELIVERY

Salaries, wages and benefits for faculty and staff working within Faculty units comprise approximately 91% of the direct cost of academic delivery. The 2020/21 operating budget also includes \$11M in graduate and undergraduate teaching assistantship budget and a further \$2.5M for other expenses.

Under the ECM budget model each Faculty receives increases/decreases to its base expenditure budgets equivalent to 15% of their respective net position (actual revenue generated less base expenditure budgets) based on their prior year activity. Faculties are being "held harmless" for 85% of their current net position.

Faculties receiving incremental base budget can allocate these budgets to best meet the needs of their Faculty. Funds could be invested in faculty to support new program development, staff to enhance student services, or other expenditure budgets that align with the respective Faculty's strategic direction.

Faculties with base reductions will be required to find savings within their base budgets or identify revenue growth opportunities to bridge this gap in the short term.

Operating funds allocated to direct academic and research activities in the 2020/21 pre-COVID-19 budget totaled \$160.2M.

3. INFRASTRUCTURE AND SHARED SERVICES COSTS

Costs of delivering key services in support of academic and research activities of the institution were budgeted at \$135.0M in the 2020/21 pre-COVID-19 budget and can be divided into two broad categories: 1) costs directly linked to supporting the student experience; and 2) costs indirectly linked that provide the infrastructure from which services can be provided.

4. STRATEGIC INVESTMENT FUNDS

Key to a successful budget is its ability to allocate resources in support of strategic initiatives of the institution. The practice of including strategic funds over the last number of years has provided funding primarily to Faculties in meeting their academic and research strategic goals. Table 2 below provides details of the University Strategic Investment Funds that had been planned for the 2020/21 fiscal year:

Table 2: 2020/21 Strategic Investment Funds (in \$000s)

Strategic Investment Fund	2020/21 Base Budget
University Fund	\$3,003
SMA Fund – Mental Health & Sexual Assault Prevention	1,500
Research Activity & Stimulus Funds	800
Student Experience Funds	2,200
UWinsite Fund	1,681
Deferred Maintenance Fund	1,335
Total Strategic Investment Funds	\$10,519

5. ANCILLARY SERVICES

UWindsor operates services in support of the core academic mission that function as entities outside of the operating budget. These Ancillary Services, including Residence Services, Food & Conference Services, Campus Bookstore, Parking Services and the UWinCARD office, are required to cover their respective costs, including capital renewal and other overhead contributions through their own revenue streams.

The COVID-19 pandemic is expected to have a material impact on all ancillary services during 2020/21. However, any financial losses incurred by ancillary service areas are kept separate and do not factor into the UWindsor operating budget. Currently, ancillary areas are only budgeted for modest contributions towards the University operating budget. The ancillary areas will look to address any 2020/21 COVID-19 losses with multi-year payback plans.

i) Residence Services

Residence Services (RS) manages four residences on campus with a capacity to accommodate approximately 925 students. RS fosters an environment of personal growth, which supports students'

efforts to become academically and socially responsible individuals and engaged in both the campus and broader communities. A variety of room style offerings are available, ranging from traditional dormitories to suite-style accommodations. RS' primary role continues to be to provide transition support for first-year students, although it continues to retain and attract upper-year students.

RS did not achieve its occupancy target for 2019/20 and is forecasting a deficit of between \$250,000 to \$300,000 at year end, representing almost 5% of the total RS budget. RS will be identifying several mitigation measures for 2020/21 to achieve a balanced budget. The residence occupancy target for 2020-21 is 850 students, however planning is underway to right-size variable expenses to the extent possible should the target not be met.

ii) Food Services

Food Services (FS) provides essential services supporting students, faculty, staff, and visitors to campus through its residence dining program, retail and catering operations. RS and FS continue to work together on a long-term sustainability strategy. During Winter 2020 focus groups were conducted with international students to get feedback on how we can improve their campus experience and promote the option of living on campus. As a result of the feedback received, FS will be expanding hours of services in selected areas of campus for Fall 2020 and will expand our off-campus restaurant program to include with new restaurants specializing in Indian food.

iii) Parking Services

Parking Services (PS) funds its operating expenses and capital enhancements from parking permit and fine revenues. PS operates on the guiding principals of being equitable for all campus patrons, with rates that are in line with the median cost of the Ontario Universities. PS is proposing a 2% increase in fees for all parking permits for 2020/21, including staff and students.

The pre-tax annual rate for a faculty/staff permit will be \$871.07, an annual increase of \$17.08, with the Hunting Rate fee of \$708.57, an annual increase of \$13.89. The proposed pre-tax parking rates for students will be as follows: an 8-month surface lot pass of \$381.15, an increase of \$7.47; a 12-month pass of \$455.82, an increase of \$8.94 and an 8-month Parking Garage pass of \$580.42, an increase of \$11.38.

PART TWO: COVID-19 ADJUSTED 2020/21 BUDGET PROPOSAL

IV. COVID-19 ADJUSTMENTS

1. ADDRESSING THE FINANCIAL IMPLICATIONS OF COVID-19

The Coronavirus pandemic (COVID-19) will have severe negative effects on the original operating budget planned for the University of Windsor in 2020/21 (the “original budget”). The Provost’s Budget Committee convened a Budget Working Group (BWG), a cross-functional leadership team, to review the original budget with the intention of identifying and recommending adjustments, both to revenues and expenditures, to accommodate for our new realities under COVID-19.

Perhaps most importantly, the group reflected on the fact that the pandemic was changing the world on a minute by minute basis, and uncertainty was at the crux of the decisions they were attempting to make. More than ever, it is important that our budget assumptions be conservative, and we have contingency funds available in-year as a risk mitigation strategy. To that end, we determined a **\$8M enrolment contingency reserve** would be included in the 2020/21 revised budget.

In the first phase of review, the BWG revised enrolment projections considering the realities of COVID-19. Working directly with the Deans and other experts on student recruitment and retention, the group defined a revised enrolment scenario for the 2020/21 academic year, which is reflected in this COVID-19 budget scenario. The scenario contemplates a **loss of \$21.4M in tuition fees from the Original Budget**.

The second phase was an expenditure review. The objective was to identify one-time budget savings of \$21.4M during 2020/21 while maintaining our enrolment protection contingency fund in the base to protect against further potential lost enrolment in the Intersession/Summer and Fall terms. To this end, the BWG recommended twelve expenditure reduction strategies that were all accepted by the Provost’s Budget Committee and have been incorporated into this revised 2020/21 Operating Budget. Appendix A provides complete details of the 2020/21 adjusted operating budget.

2. REVISED ENROLMENT PROJECTIONS UNDER COVID-19

i) Summary of Tuition Revenue Revisions

We would note that the enrolment projections contemplated in this budget were prepared with information available up to and including April 9, 2020.

The COVID-19 adjusted budget contemplates an overall 11% decrease of tuition revenue. The budget’s assumptions contemplate that the Intersession/Summer Semester will be delivered through alternative methods, without in-person classroom sessions, the Fall Semester having a balance of strategies, including some on-campus based learning, and the Winter Semester returning to a more typical campus experience. Similarly, the 2020/21 budget presumes that cross-border travel for international students continues to be permitted by the Government of Canada, and global restrictions for cross-border travel begin to ease starting in the months of July and August 2020.

Table 3 below provides a summary of the impact of the revised enrolment projections on tuition revenue by semester.

Table 3: Tuition Revenue Projections (in \$000s)

Semester	2020/21 Original Budget	2020/21 Adjusted Budget	Variance (\$)	Variance (%)
Summer 2020	\$37,966	\$30,681	(\$7,285)	(19%)
Fall 2020	82,870	74,862	(8,008)	(10%)
Winter 2021	79,462	73,310	(6,152)	(8%)
Total 2020/21	\$200,298	\$178,853	(\$21,445)	(11%)

When factoring in the \$8M enrolment contingency reserve, the revised 2020/21 budget is prepared for a loss of tuition of up to \$29.4M or 15%.

Figure 3 below provides a historical summary of the UWindsor tuition budget compared with the proposed original and adjusted (COVID-19) budgets for 2020/21.

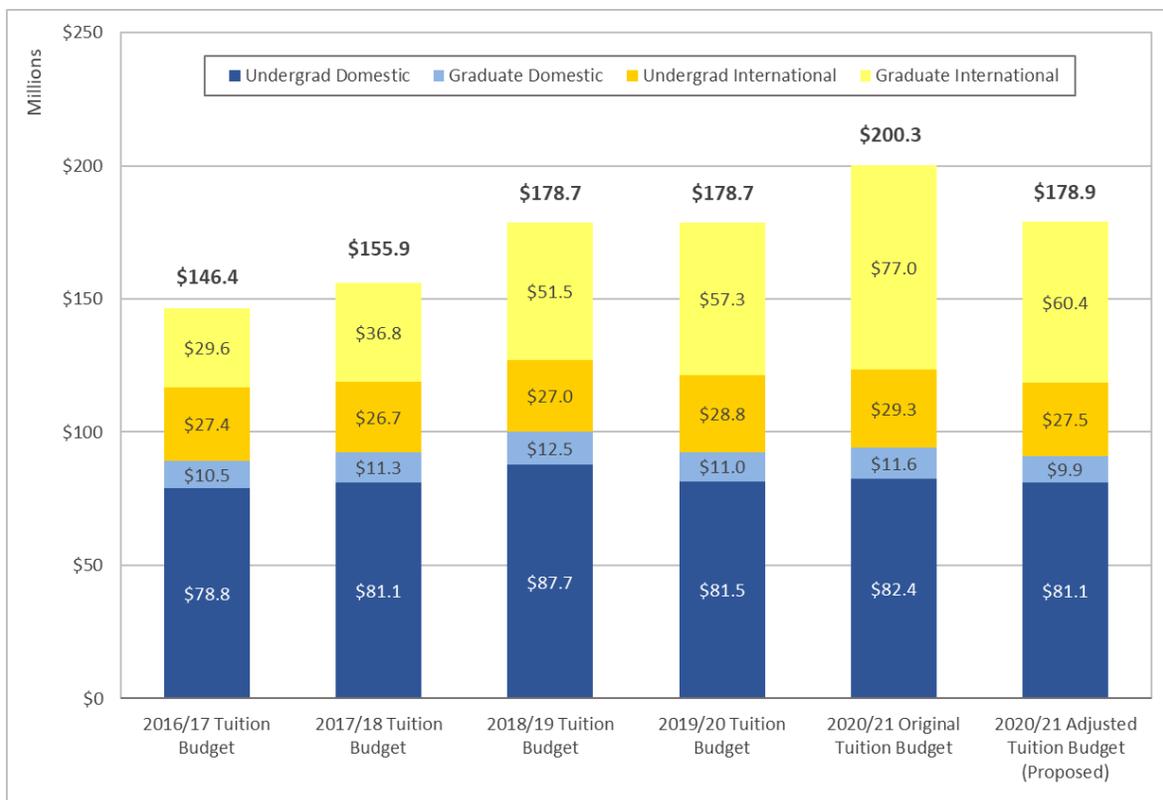


Figure 3: Tuition Budget History with Projections Under COVID-19

ii) Enrolment Adjustments by Semester

Figure 4 below summarizes enrolment headcount projections and adjustments by student classification for each academic semester.

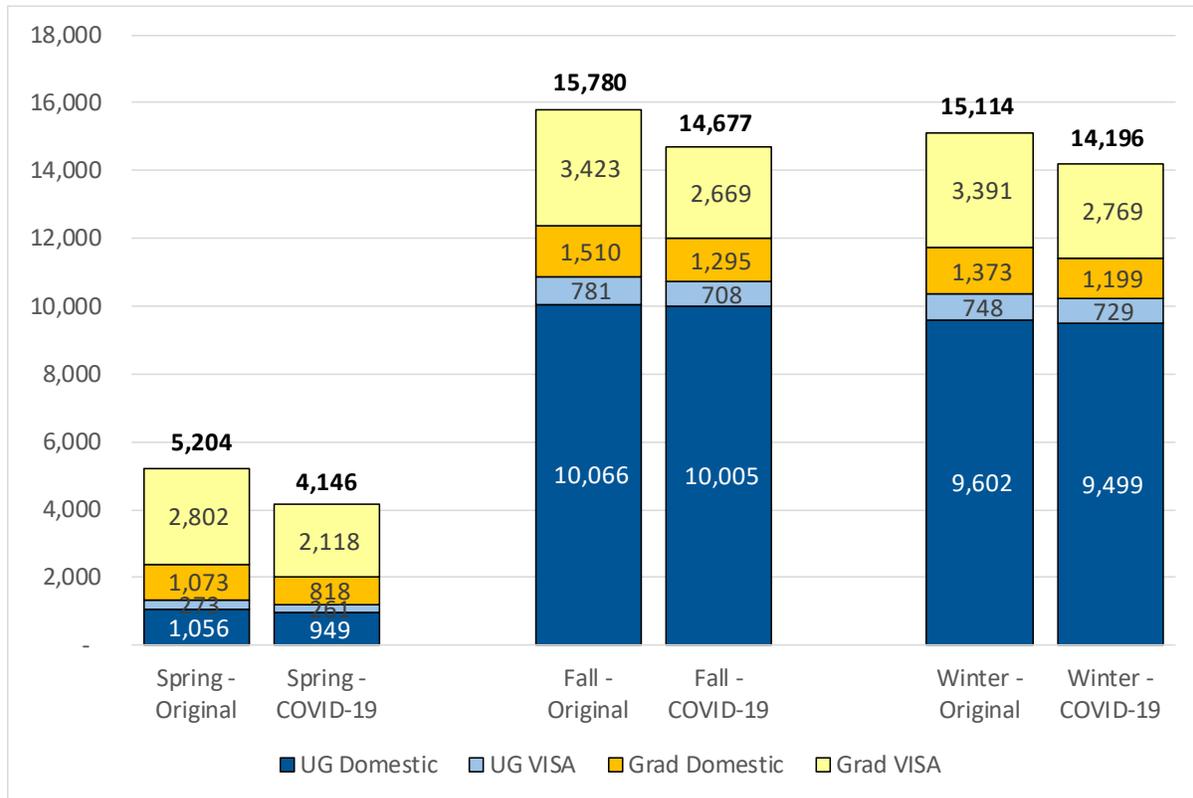


Figure 4: Full-Time Enrolment Adjustments Proposed for COVID-19 Scenario (headcount basis)

Intersession/Summer Semester (Revenue Adjustment - \$7.5M or -20%)

The realities of COVID-19 will change the delivery method used for our Intersession/Summer semester, with faculty and staff planning for alternative delivery methods for the delivery of all courses. Overall, we are anticipating a decrease in enrolment (by headcount) of 20% versus the original budget. As a result, we are planning for a decrease in both domestic and international student enrolment, particularly in lab and other experiential based learning programs.

In the Intersession/Summer semester, most of the students enrolled in classes are returning students; there are very few programs that start during the Summer months. Based on outreach we have done with our international student groups, we have assumed the majority are planning to continue their studies through this Summer Semester.

The Master of Engineering (MEng) program is the sole course-based master’s program with a cohort that was planned to begin in May 2020. These incoming students have been informed that the program will have a delayed (July 2020) start, and while effectively all of these students continue to be committed to arriving in Canada in July, we have scaled back our enrolment projection for this cohort by 60%. Should

we be unable to accommodate this cohort in Summer 2020, we may be able to do so during the Fall and Winter semesters, however we have not budgeted for an increase in the intake in those semesters at this time.

Fall Semester (Revenue Adjustment - \$8.1M or -10%)

The most sensitive assumption of the 2020/21 operating budget requires contemplation of what the state of the COVID-19 pandemic will be in September 2020, and what social and travel restrictions will be in place both locally in Ontario as well as around the world.

Overall, we are planning for a slight decrease in enrolment for Fall 2020, with headcount down by 7% compared to the original plan. The assumption is supported by a strong local domestic base for our undergraduate programs as well as our smaller class sizes. Based on our experience during previous economic downturns in the Windsor-Essex region, we believe that domestic enrolment will be reasonably flat, with the vast majority of domestic students choosing to continue their studies. Finally, UWindsor is a mid-sized institution with smaller class sizes than many other Ontario institutions, and most of our students are commuters. We believe that these factors may appeal to students who are looking to complete their degrees in the current environment.

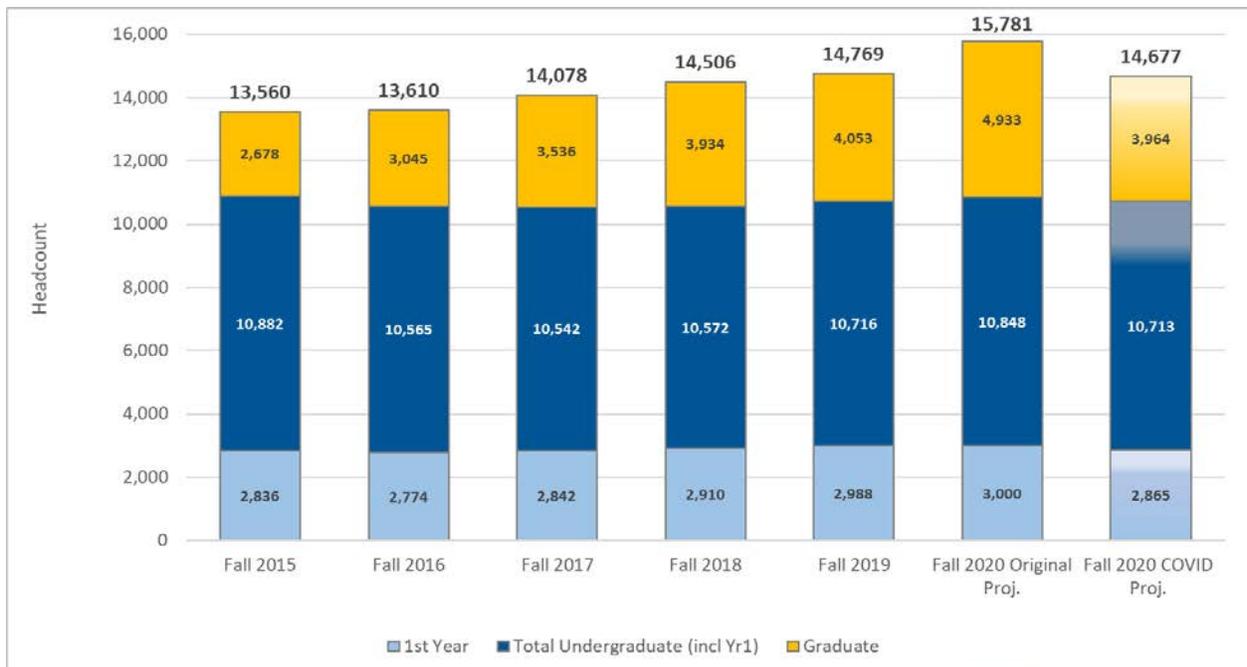


Figure 5: UWindsor Full-time Enrolment Headcount

For year one entries, we are budgeting for a slight decrease in enrolment from 101's and 105's (3%) versus the original budget. We assumed a full composite in Windsor Law's Fall 2020 class due to the continued demand for this program.

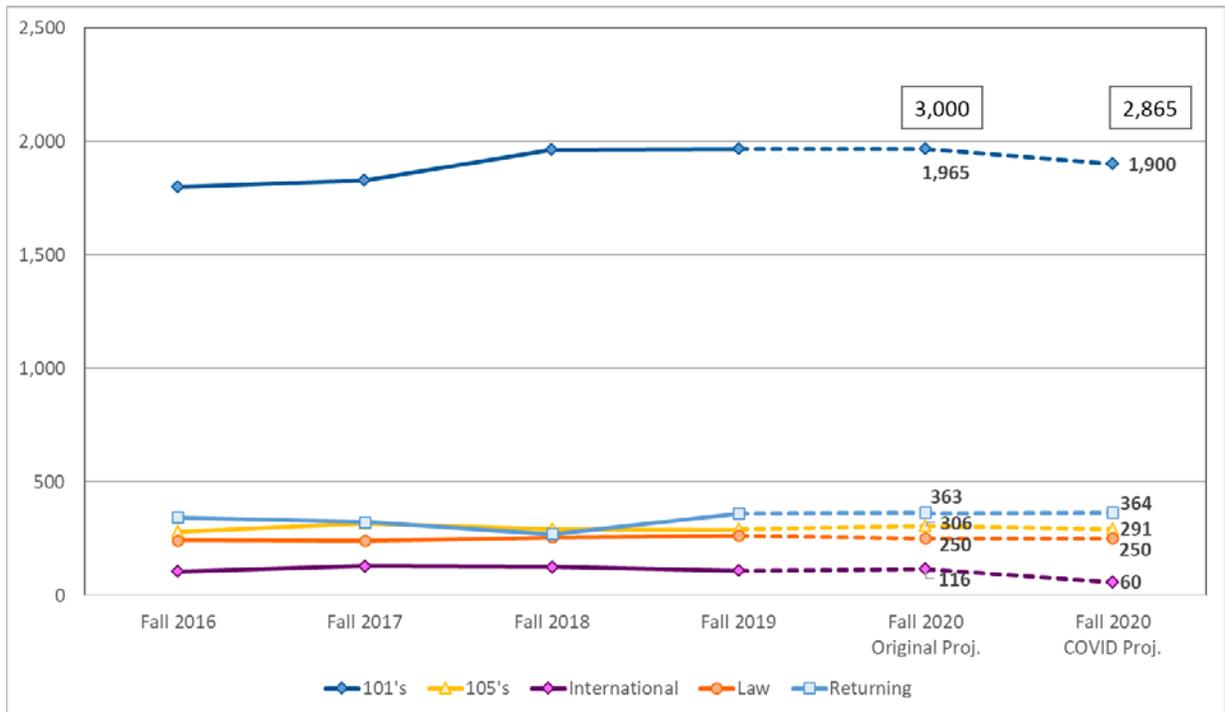


Figure 6: UWindsor adjusted First Year Enrolment Budget

The Fall and Winter budget scenarios both contemplate a softness in the international student market, not as a result of a loss of demand for our programs, rather because we suspect students may be challenged in their ability to arrive in Canada in the coming months.

As a result, we have scaled back our enrolment projections for Fall 2020 incoming international students between 0% and 50%, depending on the program.

Overall, we are expecting international student enrolment at the graduate level to decrease by 20% versus the original plan. The enrolment projections were evaluated on a program by program basis, with data such as country of origin, current geographic location, program demand, as well as feedback from both the incoming students themselves and our network of recruiters around the world.

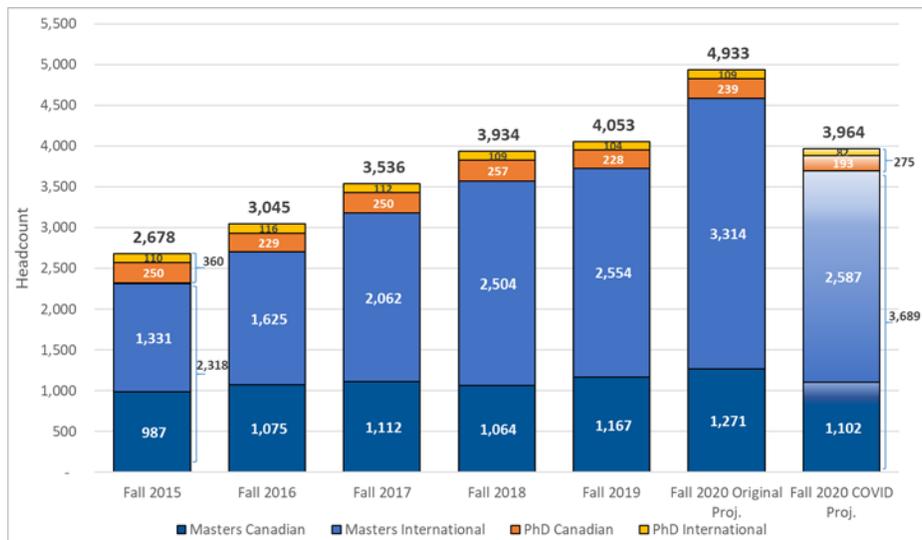


Figure 7: Full-time Graduate Student Enrolment

The particular impact of COVID-19 will be felt in the growth trajectory of the popular course-based masters programs, with enrolment expected to drop closer to Fall 2018 levels. Based on student offers, acceptances, program demand, and a larger number of cohorts than ever, we were anticipating a record-breaking group of students in these programs for Fall 2020.

It is noteworthy that 56% of the revised COVID-19 enrolment in the master’s international group are students in the Master of Engineering program.

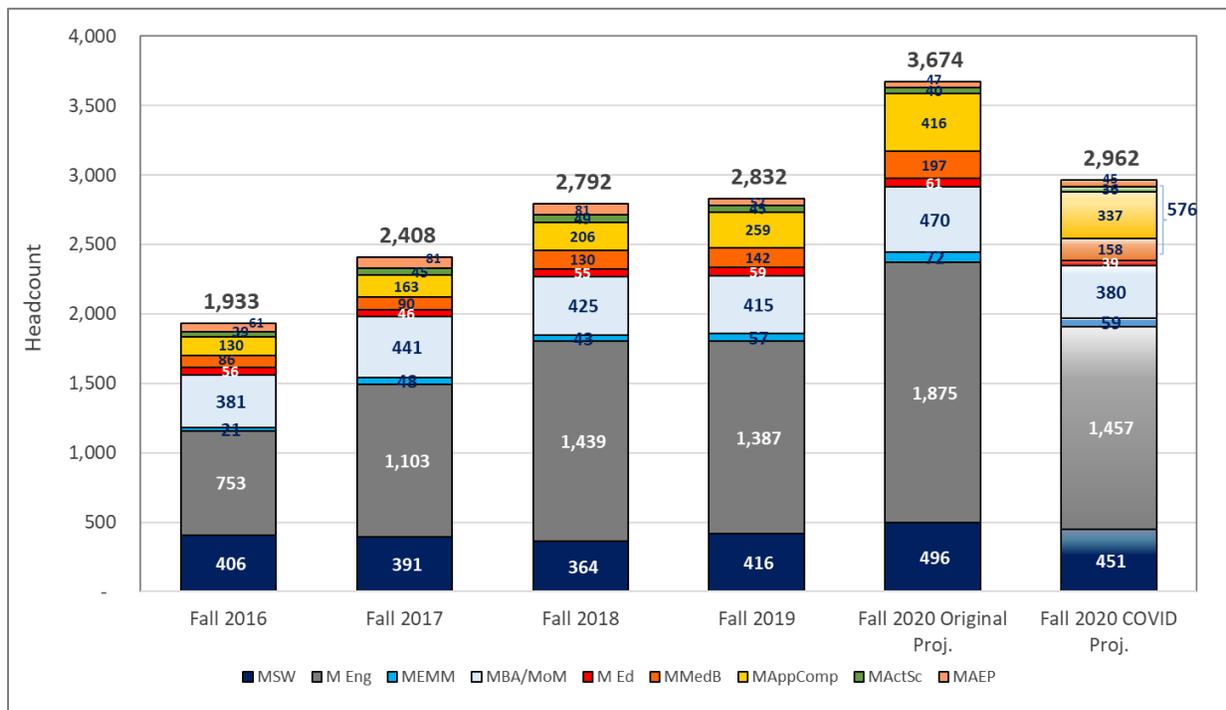


Figure 8: Fall Full Time Course-Based Master's by Program

Winter Semester (Revenue Adjustment - \$6.4M or -8%)

With the arrival of the Winter semester, we hope to have the most significant waves of the pandemic behind us and hope that campus life will return to something more typical. We have therefore not scaled back any of our incoming cohorts for Winter 2021. The decrease in revenue noted here is the flow through impact of smaller Spring 2020 and Fall 2020 classes.

iii) Student Enrolment Protection Fund

As was mentioned earlier, the Original budget included an \$8M set aside as contingency against potential revenue loss from COVID-19, which was in its initial stages when the budget was under development. This contingency fund will remain intact to protect against potential further lost enrolment in the upcoming academic year and will be used to manage the flow through impact of lower enrolment due to COVID-19 in future budget years.

Enrolment projections will be taken ahead of the Fall term to estimate the full impact of COVID-19 on the UWindsor operating budget. If additional tuition adjustments are not required, it will be possible to free up the contingency funds at that time to be allocated on a one-time basis.

3. REQUIRED EXPENDITURE ADJUSTMENTS UNDER COVID-19

i) Principles for Proposed Budget Adjustments

The BWG set the principles that, using the best available data at the time, they would strive to ensure the expenditure adjustments would:

- Cause the least amount of disruption to the student experience as possible;
- Prioritize the health, safety and well-being of our students, faculty and staff;
- Be consistent with our various collective agreements and/or other legislative requirements;
- Support the short- and long-term financial viability of the institution;
- Be flexible, allowing us to scale up or down as external factors change; and
- To the extent possible, align with the strategic direction of the institution.

The expenditure adjustments have been reviewed with a number of campus leaders including the Deans. While the adjustments will be a challenge for the entire campus community, we have strived to be balanced in our approach, and uphold our shared principles, demonstrating a continued commitment to the student experience.

ii) Budget Reduction Strategies

The BWG identified twelve budget reduction strategies to address the COVID-19 deficit. Table 4 below provides a summary of these strategies with the associated funding adjustment for each.

Table 4: Strategies for Balancing the 2020/21 Operating Budget Under COVID-19 (in \$000s)

Budget Reduction Strategy	2020/21 Budget Adjustment
1) Savings from International Student Recovery	\$500
2) Levy 2019/20 Unencumbered Carryovers	6,000
3) Implement a 1.1% Payroll Tax	2,500
4) Consolidate and Reduce Strategic Investment Funds	2,578
5) Defer FAHSS-Engineering Agreement Spending	800
6) Defer Hiring of New Earmarked Positions	630
7) Reduction of one-time funds from Non-academic Provost budget	540
8) Reduction of Executive Contingency Funds	995
9) Maximize our Endowment Funds	370
10) Unwind the Central share of the ECM Fund	3,000
11) Savings for future capital projects and utilities budget	3,200
12) Miscellaneous/other Savings	332
Total Budget Reduction Strategies	\$21,445

Strategy 1 – Savings from the International Student Recovery

The International Student Recovery (ISR) is an offset of \$750.00 per international student against the Provincial operating grant. Based on revised COVID-19 enrolment assumptions, we expect to save approximately \$500K compared to our Original ISR budget due to a reduction in international student enrolment.

Strategy 2 – Levy the 2019/20 Unencumbered Carryover/Appropriations

As at April 30, 2019, appropriations held by Faculties and Departments totaled approximately \$22.4M with the majority of these funds unrestricted. The University does not apply an appropriations policy meaning Faculties and Departments generally receive 100% of their carryover funds. The University has immediately begun to deploy a process, under the leadership of the Provost, to review plans for the use of carryover funds with the intention of recovering approximately \$6M in unrestricted carryover funds from Faculties and Departments to be applied against the 2020/21 funding gap.

Strategy 3 – Implement a 1.1% Payroll Tax

The adjusted budget requires an “across the board” reduction of \$2.5M to be spread out proportionately across campus. However, a general realignment strategy was reviewed and determined to not be in the best interest of the campus at this time because departments with large materials budgets would be penalized, including Information Technology Services and Facility Operations. A payroll tax on all salaries and benefit budget spending of approximately 1.1% is required to balance the 2020/21 budget. To be able to facilitate these savings, a Human Resources Working Group has been deployed to support campus budget owners in identifying tools they might use to help realize these cost savings.

Strategy 4 – Consolidate and Reduce the Strategic Investment Funds

The Original budget included \$10.5M in Strategic Investment Funds. The adjusted budget includes a consolidation of all except the University Fund (see Strategy 10 below), the UWinsite Fund and the Deferred Maintenance Fund into a new 2020/21 Strategic Priority Fund. Approximately \$1.9M from this new fund will be combined with \$500K in earmarked one-time funding and \$200K in Ministry provided COVID-19 relief funding to balance the operating budget. The remaining \$2.65M will be available for 2020/21 strategic priorities.

The chart below provides details of recommended changes to the 2020/21 Investment Funds.

Table 5: 2020/21 Strategic Investment Fund Adjustments

Strategic Investment Fund	2020/21 Original Budget	2020/21 Adjusted Budget	Required Adjustments
2020/21 Strategic Priority Fund	\$0	\$2,650	\$2,650
University Fund (see Strategy 10)	3,003	0	(3,003)
Strategic Mandate Agreement Funds	1,500	0	(1,500)
Research Activity & Stimulus Funds	800	0	(800)
Student Experience Funds	2,200	0	(2,200)
UWinsite Fund	1,681	1,681	0
Deferred Maintenance Fund	1,335	1,335	0
Total Strategic Investment Funds	\$10,519	\$5,666	(\$4,853)

Strategy 5 – Defer the FAHSS-Engineering Agreement Spending

An agreement is currently in place between the Faculty of Engineering and FAHSS to fund a portion of direct costs associated with enrolling 100 additional MEng students per semester over six semesters (i.e. for two years beginning in Fall 2019). As the projected enrolment in the MEng program has decreased as a result of the COVID-19 pandemic, this agreement must be revisited. The 2020/21 budget proposes that the agreement will be deferred until 2021/22 and all associated unencumbered expenditure budgets will be freed up in 2020/21.

Strategy 6 – Defer the Hiring of New Positions

A selection of unposted and unrecruited staff positions included in the original budget will be deferred until 2021/22 with the associated budget (approximately \$630K) freed up in 2020/21.

Strategy 7 – Reduction of one-time funds from non-academic Provost budgets

The University maintains contingency budgets for sports team performance and staff bumping into the Athletics area. Unfortunately, as many teams were unable to travel during 2019/20, this budget was not required, and the funds will be used on a one-time basis in 2020/21 to offset the enrolment losses. In addition, base budget is typically set aside for major investments in new equipment in the IT services areas. The base budget for 2020/21 to this fund will be deferred into 2021/22.

Strategy 8 – Reduce Executive Contingency Funds

One-time contingency funding typically set aside for use at the discretion of the President, Provost and VP, Planning & Administration will be assigned to balance the 2020/21 budget.

Strategy 9 – Maximize the University’s Endowment

During 2008/09, a selection of five internally restricted scholarship Endowment Funds were identified to support the annual scholarship and bursary budget of the institution in the amount of \$400K per year. The spending from those Endowments has not increased since 2008/09 despite significant growth in the Funds. Administration has conducted a review of the capital component of these Endowment Funds and determined that a \$250K increase in spending is supportable. This additional endowment support will replace operating budget to be moved towards balancing for COVID-19 reductions.

Similarly, Administration has recently conducted a review of the practices of other Canadian Universities in terms of allocating direct administrative expenses to the Endowment fund. It has been our practice to allocate a flat \$100K of direct administrative expenses to the Fund. The \$100K amount has been in place for over 30 years. Based on the results of the review conducted, administration will change the strategy for direct administrative expense recovery to be a 20-basis point levy. This change in strategy will result in a \$120K increase in proceeds for the operating budget.

Strategy 10 – Central ECM Budget Adjustments (University Fund)

The ECM budget model adjusts the base budgets for Faculties by 15% of their “net positions” (projected adjusted tuition revenue less their existing base budgets) on a slip-year basis. The 10% domestic tuition rate reduction applied in 2019/20 effectively lowered the net position for Faculties and shifted funding through the ECM budget model to Central. These funds were set up in a “University Fund” and will be fully forfeited to balance the operating budget against COVID-19 losses.

Strategy 11 – Repurpose Facilities Set-aside Funds and Utility Savings

One-time funding of \$1.7M, which had built up over the last few years that had been set aside to support future contemplated capital projects will be assigned to balance the budget.

In addition, utility savings will be recognized during the time while campus is operating under an essential services model, with limited to no buildings open. Also, in a typical year, utilities budget savings are recognized in year for a variety of reasons. We forecast \$1.5M in utility savings to be allocated toward COVID-19 balancing.

Strategy 12 – Miscellaneous/Other Savings

Various other smaller adjustments were recognized in the budget totaling \$332K in savings.

PART THREE: RISK ASSESSMENT

V. RISK ASSESSMENT

The COVID-19 pandemic has changed, and continues to change, our campus in ways we still cannot fully appreciate. The 2020/21 budget has attempted to forecast the future and its impact on our campus and has built in contingencies as high levels of uncertainty exist.

The most material and significant financial risks we observe, at this time, include:

i) The status of COVID-19 related social restrictions prevalent in Fall 2020

The budget contemplates a return to something closer to a ‘typical’ social environment in Fall 2020. The financial impact of this assumption is that we assume we will be able to offer a suite of our in-person courses to students at that time. Should we be unable to offer any in-person programming, we could expect that both domestic and international enrolments will decline beyond what is contemplated in our revised enrolment projections.

The financial mitigation strategy to this risk is the \$8M enrolment protection fund included in the budget.

ii) The status of COVID-19 related travel restrictions prevalent from July 2020 forward

As of the date of this document, the Government of Canada has confirmed that international students already holding the required VISA’s to study in Canada will be permitted entry to the country (with a 14-day self-isolation restriction in effect). While this allows students to enter Canada, the status of international borders across the world is different. For the first time in decades, it is difficult not only to fly across international borders, but also to be admitted to your country of destination. UWindsor’s student population is one-quarter international students, with a high concentration of students coming from India and China.

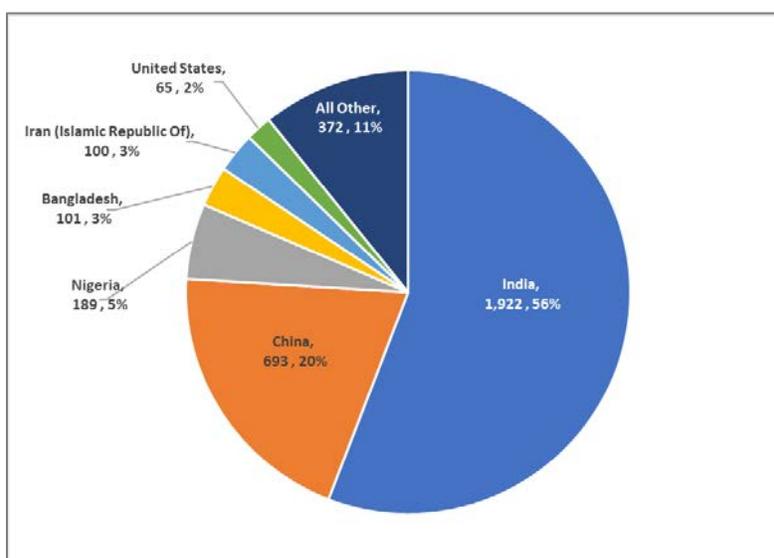


Figure 9: Full-Time International Students by Country of Origin (Fall 2019)

We understand that many students who started their studies prior to March 2020 remain in Canada, however we are planning for some students to have elected to return home, and many others to not be willing or able to travel to Canada.

We have used the best information available about our incoming and current students' intentions, however those are constantly changing, and external regulations will prevail.

In particular, we see risk within the MEng cohort expected to arrive (predominantly from India) in July 2020. We have reduced this enrolment target by 60%, and as a mitigation strategy, are looking to increase the cohort size for Fall 2020 and Winter 2021 to capture any students who cannot arrive in July. To be conservative, we have not increased the budgeted enrolment for the Fall and Winter cohorts.

The financial mitigation strategy to this risk is the \$8M enrolment protection fund included in the budget, as well as not budgeting for the increased class size being planned for MEng in Fall and Winter.

iii) Financial flexibility: limited contingencies and high fixed costs

In general, our business model is dominated by high fixed costs, specifically salaries and benefits expenses, which are primarily dictated by collective agreements. There are risks associated with a 2020/21 budget having smaller than typical amounts of general or central contingency funds (outside of the \$8M enrolment contingency fund), especially given the current environment.

As a financial mitigation strategy, we have carried forward from 2019/20 approximately \$1.5M in one-time funds in a University Fund which will be managed at the President's discretion. Because this is one-time funding from a previous year, it is not reflected in the budget. This fund will give some ability to manage unknown expenses and provide some flexibility. Other one-time savings identified through the 2019/20 fiscal year end close process will also be evaluated as potential contingency funds.

iv) Government support

The budget does not include any incremental government support beyond our typical grant. As of the date of this document, the University has received \$400K in one-time monies from MCU to support COVID-19 efforts. We have not received any correspondence to suggest that more monies will flow and have budgeted assuming no incremental support. Through Universities Canada, the Council of Ontario Universities, and directly, we are lobbying for Provincial and/or Federal support for Universities through the pandemic. We are prepared to provide financial information to support our need for support should it be requested.

We have also been informed that the SMA3 implementation will be delayed as we work through COVID-19 and we are expecting that the government will keep our operating grants stable.

In the case of this assumption, we have been conservative, and any incremental government funding that may flow through 2020/21 can be used to support urgent needs, become part of the enrolment contingency reserve, or be used to ease some of the expenditure mitigation strategies proposed.

VI. CONCLUSION

Even in uncertain times, the need to be fiscally responsible remains a primary focus for UWindsor. Innovative thinking, a balanced budget policy and strategic savings will allow us to endure the COVID-19 crisis through implementation of a one-time funding solution that ensures our commitment to students, faculty, staff, and community are not compromised. These temporary measures will preserve our ongoing ability to deliver an exceptional academic experience for our students while providing stability and strength to the region.

APPENDIX A: 2020/21 OPERATING BUDGET

	2019/20 RECLASSIFIED BASE BUDGET (\$000s)	2020/21 PRELIMINARY BASE BUDGET (\$000s)	2020/21 COVID-19 ADJUSTMENTS (\$000s)	2020/21 ADJ. BUDGET FOR APPROVAL (\$000s)	2020/21 % OF TOTAL BUDGET	\$ INCREASE/ (DECREASE) OVER 2019/20 (\$000s)	% INCREASE/ (DECREASE) OVER 2019/20
OPERATING REVENUE							
Student Academic Fees	\$ 185,841	\$ 207,726	\$ (21,445)	\$ 186,281	65.4%	\$ 440	0.2%
Less: Enrolment Protection Offset	-	(8,000)	-	(8,000)	(2.8%)	(8,000)	100.0%
Government Grant - Provincial	97,799	97,693	500	98,193	34.5%	394	0.4%
Government Grant - Federal	3,369	3,288	-	3,288	1.2%	(81)	(2.4%)
Investment Income	2,500	2,500	-	2,500	0.9%	-	0.0%
Other Revenue	2,528	2,533	-	2,533	0.9%	5	0.2%
TOTAL OPERATING REVENUE	\$ 292,037	\$ 305,740	(20,945)	\$ 284,795	100.0%	\$ (7,242)	(2.5%)
OPERATING EXPENDITURES							
Faculty Expenditures	\$ 152,776	\$ 160,171	\$ (5,759)	\$ 154,412	54.2%	\$ 1,636	1.1%
Research Services	6,779	6,855	(181)	6,674	2.3%	(105)	(1.5%)
Academic & Student Services	27,524	28,776	(1,360)	27,416	9.6%	(108)	(0.4%)
Library	13,238	13,359	(352)	13,007	4.6%	(231)	(1.7%)
Scholarships	13,965	13,998	(370)	13,628	4.8%	(337)	(2.4%)
Administration	20,959	21,735	(5,247)	16,488	5.8%	(4,471)	(21.3%)
Information Technology	11,213	11,336	(1,006)	10,330	3.6%	(883)	(7.9%)
Facility Costs (including Utilities)	29,727	30,391	(1,817)	28,574	10.0%	(1,153)	(3.9%)
External Debt Costs	8,600	8,600	-	8,600	3.0%	-	0.0%
<i>Subtotal Base Operating Expenditures</i>	\$ 284,781	\$ 295,221	(16,092)	\$ 279,129	98.0%	\$ (5,652)	(2.0%)
STRATEGIC INVESTMENT FUNDS							
2020/21 Strategic Priority Fund	\$ -	\$ -	\$ 2,650	\$ 2,650	0.9%	2,650	100.0%
University Fund	740	3,003	(3,003)	-	0.0%	(740)	(100.0%)
Strategic Mandate Agreement Fund	1,500	1,500	(1,500)	-	0.0%	(1,500)	(100.0%)
Student Experience Fund	1,200	1,200	(1,200)	-	0.0%	(1,200)	(100.0%)
International Student Experience Fund	-	1,000	(1,000)	-	0.0%	-	0.0%
Research Activity & Stimulus Funds	800	800	(800)	-	0.0%	(800)	(100.0%)
UWinsite Fund	1,681	1,681	-	1,681	0.6%	-	0.0%
Deferred Maintenance Fund	1,335	1,335	-	1,335	0.5%	-	0.0%
<i>Subtotal Strategic Investment Funds</i>	\$ 7,256	\$ 10,519	\$ (4,853)	\$ 5,666	2.0%	\$ (1,590)	(21.9%)
TOTAL EXPENDITURES	\$ 292,037	\$ 305,740	\$ (20,945)	\$ 284,795	100.0%	\$ (7,242)	(2.5%)
BASE OPERATING POSITION	\$ 0	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	0.0%

APPENDIX B: 2020/21 PROVINCIAL GRANTS

	2019/20 BASE BUDGET (\$000s)	2020/21 PRELIMINARY BASE BUDGET (\$000s)	2020/21 COVID-19 ADJUSTMENTS	2020/21 ADJ. BUDGET FOR APPROVAL	\$ INCREASE/ (DECREASE) OVER 2019/20 (\$000s)	% INCREASE/ (DECREASE) OVER 2019/20
PROVINCIAL GRANT						
Core Operating Grant (COG)	\$ 76,457	\$ 64,121	\$ 0	\$ 64,121	\$ (12,336)	(16.1%)
Performance (Differentiation) Grant	14,451	29,457	0	29,457	15,006	103.8%
Sub-Total	\$ 90,908	\$ 93,578	\$ -	\$ 93,578	\$ 2,670	2.9%
Graduate Expansion Grant (SMA2)	\$ 940	\$ 0	\$ 0	\$ 0	\$ (940)	(100.0%)
Special Purpose Grants	1,761	1,755	0	1,755	(6)	(0.3%)
Teacher Education Grant	1,705	0	0	0	(1,705)	(100.0%)
Collaborative Nursing	5,260	5,480	0	5,480	220	4.2%
International Student Recovery	(2,775)	(3,120)	500	(2,620)	155	5.6%
TOTAL PROVINCIAL GRANTS	\$ 97,799	\$ 97,693	\$ 500	\$ 98,193	\$ 394	0.4%