Western’s Approach to Planning and Budgeting

Background/Context and Outcomes

Provost’s Taskforce on Budget Models
Town Hall – October 26, 2015

History . . . . Background/Context

• Back in the mid-1990’s . . . . . At Western . . . . .
• Declining Student Quality and Demand . . . . Party School Image
  – Average Entering Grade below Ontario Average
  – Low Undergraduate Student Retention and Graduation Rates
• Government Funding Cutbacks
  – Social Contract
  – Common Sense Revolution (CSR)
  – Discounted Funding for Growth (if any)
• New President (in 1994) was faced with an accumulated deficit
• **No relationship between Enrolments/Teaching Levels and Faculty Budgets**
  – Budgets changes were “across the board” – on a historical base budget
History . . . . Background/Context

• After dealing with the large cuts from the CSR . . . . But still in a period of constrained resources . . . .
  – Tuition Controls and No Inflationary Funding from Governments

• A New Approach to Planning and Budgeting was Implemented
  – with the following objectives:
    – **Improving Student Quality became Priority #1**
      • Enrolment planning was based on student quality and demand
      • Year 1 intake was constrained to 4,000 – with a common entrance standard approach (3,725 target in 1995-96 and 1996-97)
      • Increased Central University Recruitment Efforts
      • Scholarship Guarantee, Housing Guarantee, First-Year Course Guarantee

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History . . . . Background/Context

• A New Approach to Planning and Budgeting . . . . .
  – Faculty Budgets should have some relationship to Enrolments/Teaching
    • Enrolment Contingent Funding (ECF) Introduced
  – Need to Budget for “Inflationary Costs”
    • The “Initial Budget Adjustment (IBA)” was Introduced
    • *Note: Today, the IBA does not cover Salary Increases*
  – Retain Central Funds to Pursue Strategic Priorities
    • The “University Priorities Investment Fund” (UPIF) was Created

• **This Budget/Planning Framework** – based on “Academic Priorities” – has been in place since 1997
  – i.e. IBA, Central Funding for Salary Increases, Enrolment Growth Funding, and Selective Investments in University Priorities
IBA History

Average Entering Grade of Full-Time First-Year Students from Ontario High Schools
2013-14 Average Entering Grade

U15 Universities: Year 1 to Year 2 Retention Rates
2012-13 Entering Cohort
U15 Universities: Undergraduate Student Graduation Rates  
2007-08 Entering Cohort -- Six Years After Entry

Instructional & Research Expenditures as a % of Total Operating Expenditures  
Ontario Universities -- 2013-14 (Source: COFO Reports)
History . . . Background/Context

- Western experienced substantial growth in the period between 2000 and 2014
- Enrolment Growth
  - Undergraduate and Graduate
  - Domestic and International
  - Large part of the undergraduate growth was due to increased retention rates and students pursuing 4-year degrees instead of 3-year degrees
- Substantial Growth in Operating Revenue
  - Government Investments – “Reaching Higher” and “Putting Students First”
  - Enrolment Growth
  - International Undergraduate Enrolment Tuition
Western: Total Constituent FTE Enrolment
(Full-Time plus Part-time FTEs)

Operating Revenues ($M)

4.2% per year
8.3% per year

300 350 400 450 500 550 600 650 700 750 800
03-04 04-05 05-06 06-07 07-08 08-09 09-10 10-11 11-12 12-13 13-14 14-15

Western

13

14
Today . . . . And Looking Forward

- We’re moving into a Period of Constrained Revenues and Continued Increases in Cost Pressures
- Enrolments Reaching Steady-State
- Government Grant Reductions
  - Funding Formula Review Underway
- Tuition (currently) Capped at 3% Overall
- Costs Continue to Increase
  - Employee Salaries
  - Student Aid
  - Non-Salary Items: Utilities, IT Infrastructure, Deferred Maintenance, Library Acquisitions

Operating Revenues ($M)

- 8.3% per year
- 4.2% per year
- 2.5% per year