

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

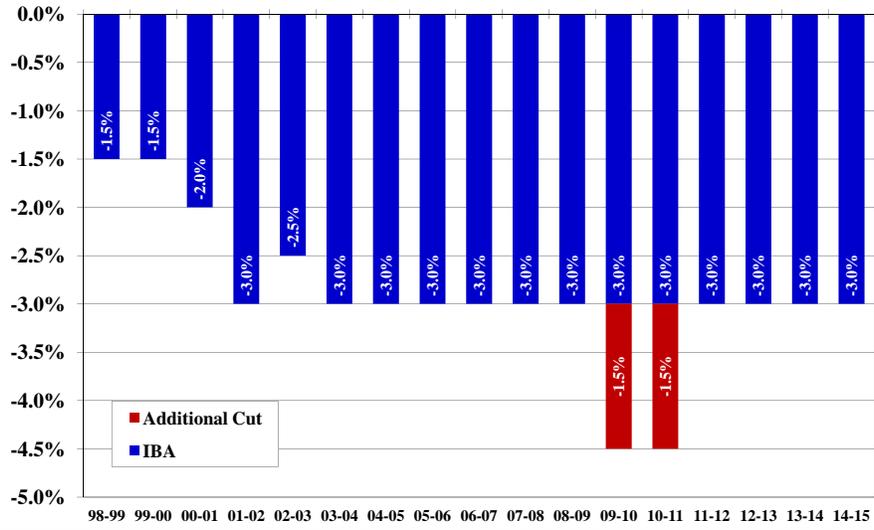
History Background/Context

- 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

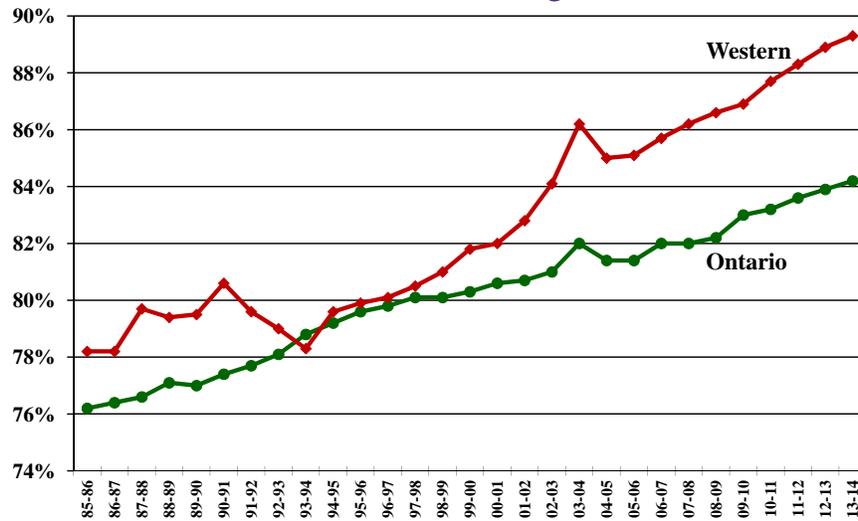
History Background/Context

- 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

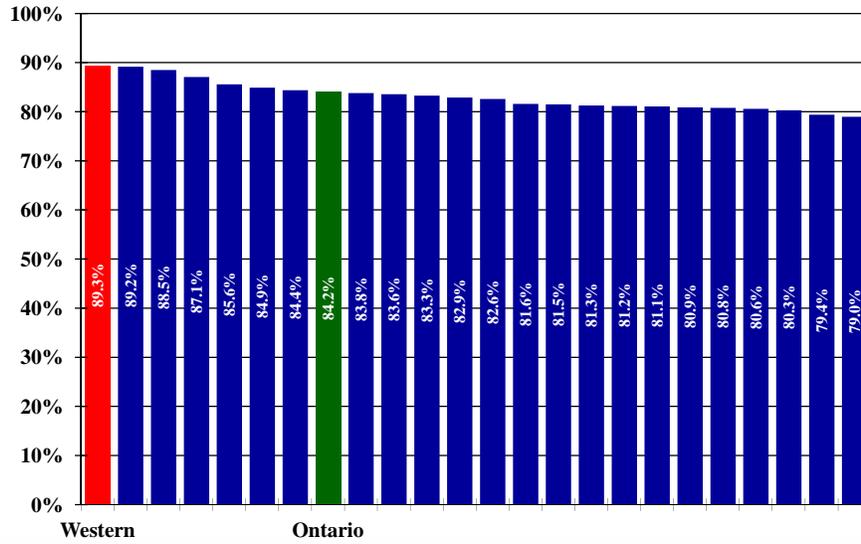
IBA History



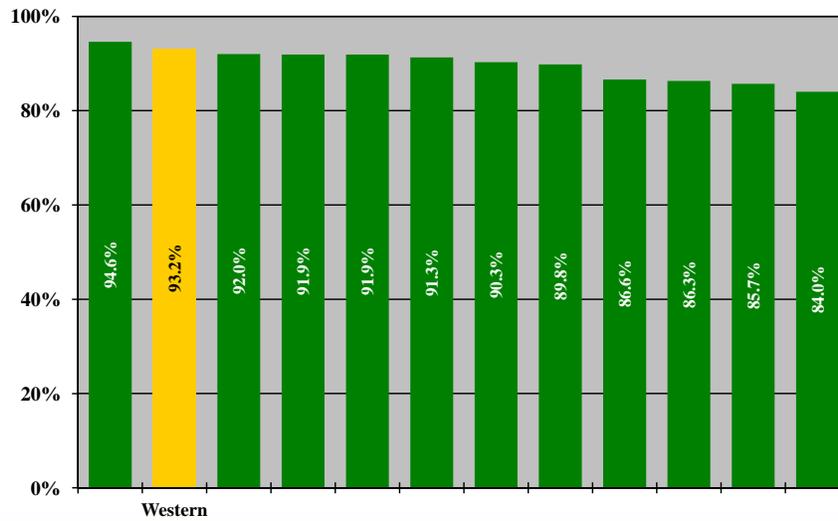
Average Entering Grade of Full-Time First-Year Students from Ontario High Schools



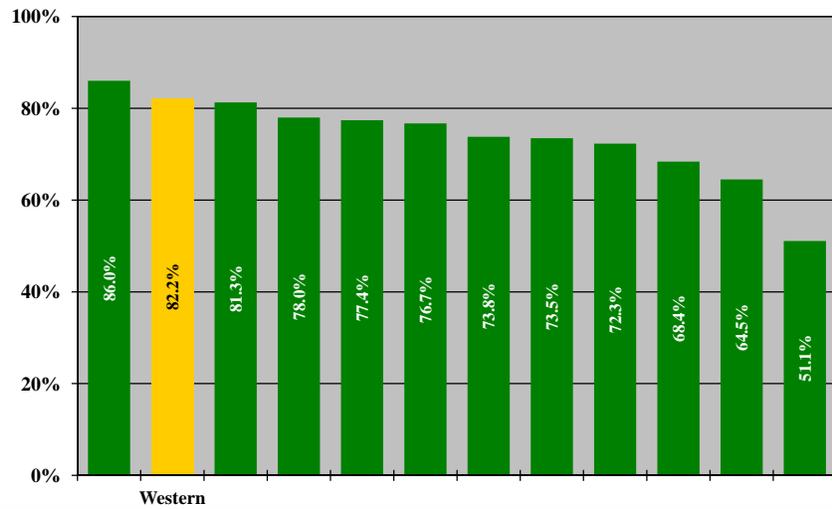
2013-14 Average Entering Grade



U15 Universities: Year 1 to Year 2 Retention Rates 2012-13 Entering Cohort

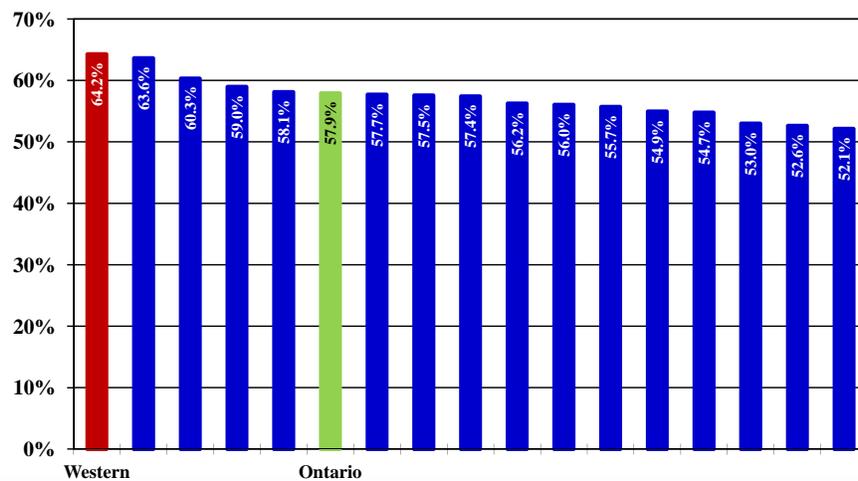


U15 Universities: Undergraduate Student Graduation Rates 2007-08 Entering Cohort -- Six Years After Entry

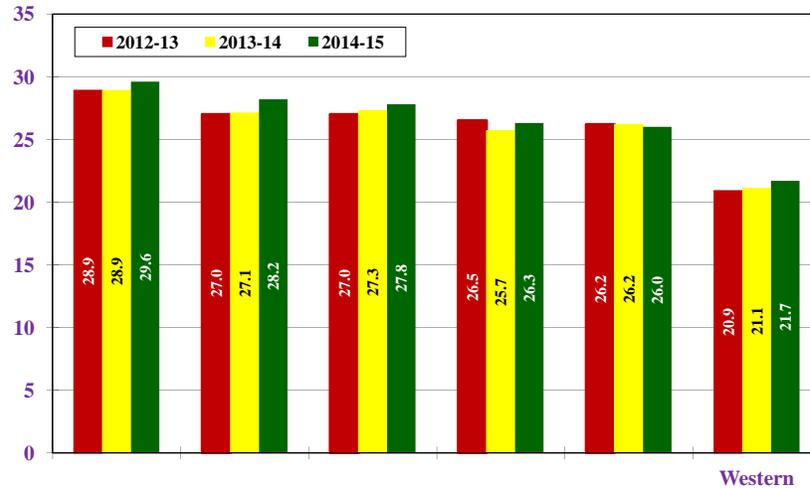


Instructional & Research Expenditures as a % of Total Operating Expenditures

Ontario Universities -- 2013-14 (Source: COFO Reports)



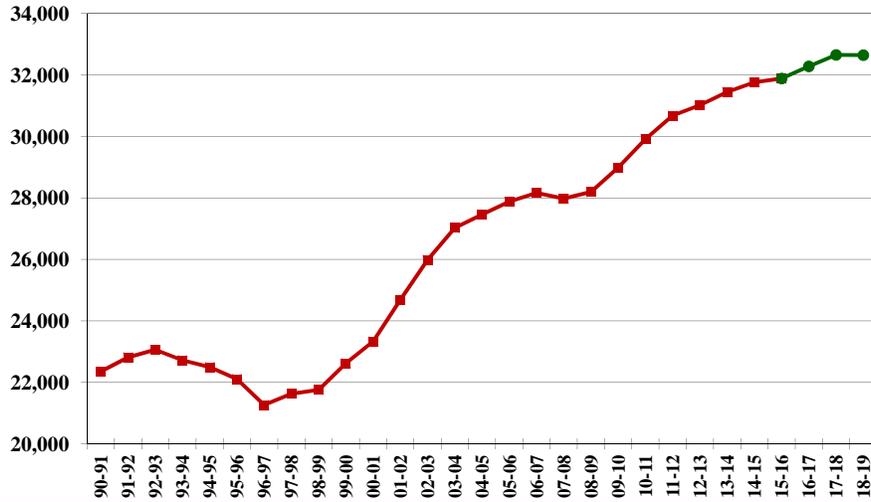
Ontario U15 Universities Full-Time Student to Full-Time Faculty Ratio



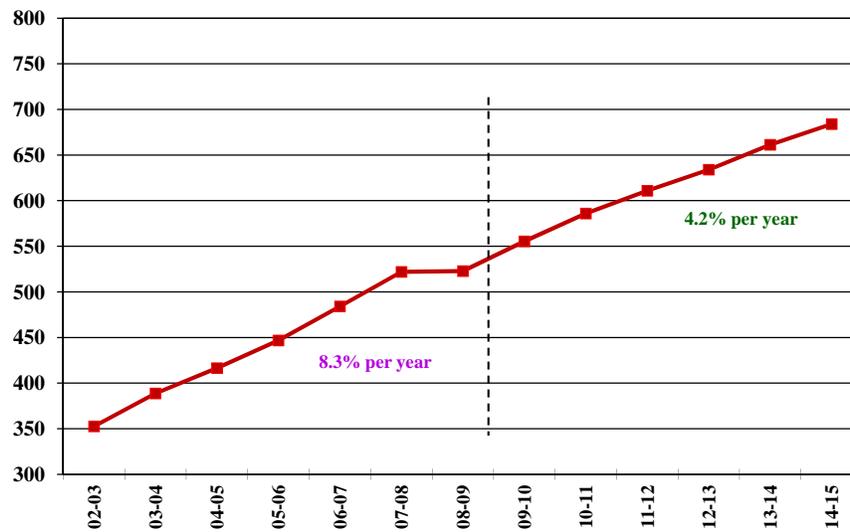
History Background/Context

- 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)



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)

