



Preliminary Recommendations on Faculty Budgets and Tuition Fees, 2002-03

The University of Western Ontario
Office of the Provost and Vice-President (Academic)
February 11, 2002

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A. The Budgetary and Planning Context

The principal assumptions of the budgetary and planning context for 2002-03 remain largely unchanged from those described in the 2002-03 Annual Planning Guidelines for Faculties, and are not likely to deviate much prior to the initiation of the formal budget approval process in April 2002. The only significant new information since the release of the Guidelines in October 2001 has been the announcement of Federal Funding for the Indirect Costs of Research (FFICR) in the December federal budget announcement. Although a welcome and much-anticipated development, the parameters of this funding are unspecified, except that it must now be assumed to be only one-time. A proposal for the incorporation of Western's share of the FFICR in the 2002-03 operating and capital budgets is included later in this document.

Revenues

- **Government Grants.** In last May's budget the Province announced funding for additional students over a three-year period, a decision welcomed by Ontario's universities. While the intention was to fund those students at the full current grant per Basic Income Unit (BIU, a measure of the cost of various programs), system-wide enrolments were greater than expected in 2001-02. The fixed amount of money in the Budget, therefore, will in fact not provide full funding. The Council of Ontario Universities is currently urging the Province to add \$100 million to University budgets in the spring Budget this year, to provide full funding for all undergraduate and graduate students and to fund the inevitable increases in inflationary costs to which universities are subject.

The current budgetary situation follows two decades of stringency for Ontario's universities: the average student-faculty ratio has risen by over 20% in the past 12 years. At Western, one impact of the budgetary stringency was a decline in full-time employment of faculty and staff from 1990 to 1998. Since 1999-2000, this trend has reversed but the rate of increase in employment has lagged behind that of enrolment, such that our student-faculty and student-staff ratios have continued to rise. Our current projections for operating funding indicate that full-time employment of faculty and staff will again expand in 2002-03. This upward trend in employment is the result of enhanced Provincial operating funding, including grants for specific program expansions and for performance, and by the Canada Research Chairs program launched in 2001-02. After so many years of falling employment, the recent reversal is having a positive impact on our campus. Nonetheless, without

urgently needed additional Provincial operating funding, our student-faculty and student-staff ratios will increase further during the Increased Cohort years. In the longer term, increased Provincial funding must reduce these ratios to enable us to improve the quality of teaching and service we provide to our students.

- **Tuition Fees.** The 2% restriction on annual tuition increases in regulated programs, the source of the majority of Western's tuition revenue, will limit new revenue to a level well below simple inflationary cost increases in 2002-03. Net of the requirement to set aside 30% for student aid, the actual maximum increase in regulated tuition rates is only 1.4%. Recommendations for tuition fee levels for all programs are described later in this document.

Overall tuition revenue is a function of both tuition fee rates and enrolment levels. Enrolment projections assume a first-year intake of 4,500 in 2002-03. Enrolment targets for all programs through 2005-06, as approved by Senate, are included in the University's recently-approved Strategic Plan, *Making Choices*.

- **Investment Income.** The 2001-02 budget plan included the allocation of \$8.5 million (\$6 million regular transfer plus \$2.5 million for CFI matching) of unallocated investment income directly to operating revenues. The downturn in the equity markets dictates that only \$4 million can be allocated from investment income in 2002-03. While this is a substantial decline from the previous 5 years, it is more realistic in light on historical investment performance.
- **Faculty Turnover Recovery Funds.** Again in 2002-03, according to policy established in 2001-02, the greater of \$54,000 or 60% of each retiree's salary will be returned to the Faculty with the remainder flowing to the central budget.
- **Federal Funding of the Indirect Costs of Research (FFICR).** The December Federal budget included a one-time \$200 million fund to support the indirect costs of research; no formal assurances have been made, but those involved in lobbying for this funding over the past decade are optimistic that this initial allocation will be followed by a longer-term commitment. Until that time, however, the funds must be treated as unavailable to support on-going base operating expenses.

The recommendations for the allocation of the one-time FFICR in the forthcoming university budget and recommendations for continuing funding will follow the principles and assumptions that have been presented by the President and the Provost in previous discussion of the lobbying efforts for such funding. A key consideration will be that, although insufficient in many areas, the indirect costs of research are already being covered within Western's expenditure budget, even in the absence of an appropriate associated revenue source. These indirect costs of research include, among others, the capital costs and annual maintenance expenses of research space, the costs of units reporting to the Vice-President (Research), and a portion of the costs of the University Libraries and Information Technology Services.

Expenditures for the indirect costs of research are currently covered from revenues that may now be directed to other activities. The approach taken in budget planning will be, first, to allocate the new FFICR to cover existing expenditures on the indirect costs of research and, second, to allocate the operating funds thus released through the normal University planning processes. This said, special attention will be given to ensuring that support for research activities across the University are significantly enhanced above their current levels.

The federal government has not yet released the details of the distribution mechanism for the FFICR. Our very preliminary estimate is that Western's share of the \$200 million would be approximately \$7 million. Our initial recommendations would see the FFICR applied as follows between 2001-02 and 2003-04:

	FFICR at Western (\$M)			
	<u>01-02</u>	<u>02-03</u>	<u>03-04</u>	<u>Total</u>
Transfer to Capital Budget	2.0			2.0
Reduce the 2002-03 IBA by 0.5%		1.0	1.0	2.0
Other Operating Budget Allocations		1.5	1.5	3.0
Total	2.0	2.5	2.5	7.0

IBA = Initial Budget Adjustment to all unit budgets

This pattern of allocation addresses a number of related objectives:

- a) It provides critical resources for capital construction and renovation that are essential to the maintenance and enhancement of Western's research activity, especially with our record of success in funding programs such as the CFI, OIT, ORDCE, and CRC. Note that if the FFICR is received after April 30, 2002, it will appear in the 2002-03 financial year.
- b) Through a reduced Initial Budget Adjustment in 2002-03, the Faculties and non-academic support units receive modest but welcome flexibility to address academic priorities in their internal budgeting and planning process.
- c) The plan provides substantial one-time funding for priorities that emerge during the planning processes for 2002-03 and 2003-04, including teaching and research equipment, course and program development, and provision of stimulative seed funding for developing research programs, etc. In this latter area, the 2002-03 budget will include a recommendation that a significant sum from this source be allocated for the support of research in the arts, social sciences, and humanities, following suggestions made by faculty who appeared before the committee reviewing the Vice-President (Research) in 2000.

Expenditures

- 30% of additional tuition fee revenue attributable to increased tuition rates will be set aside for **Student Financial Aid**.
- **Employee Salaries** form the largest component of Western's Operating Budget. A provision for salary increases has been modelled.
- In addition to a wide range of areas calling for substantial new investment, the following special **University priorities** must also be accommodated in the budget model:
 - ▶ Student Recruitment
 - ▶ Deferred Maintenance
 - ▶ Additional Entrance Scholarships
 - ▶ Support for Research Initiatives and Major Infrastructure Programs
 - ▶ Library Acquisitions
 - ▶ Classroom Enhancements
 - ▶ Development of new programs and/or expansion of existing educational programs

The net effect of these revenue/expenditure projections is that the increases in Western's fundamental expenses will outstrip our anticipated revenue increases again this year.

The Initial Budget Adjustment (IBA)

An integral element of Western's budget process continues to be the Initial Budget Adjustment (IBA), this year set at 2.5%. Part of the IBA is required to cover the costs of negotiated salary increases and inflation in non-salary costs; the remainder will be reallocated selectively through the Enrolment Contingent Fund and the University Priorities Investment Fund, as described later in this document. The recommendations in the 2002-03 budget will include significant allocations to support units to sustain University priorities and allow our hard-working staff to offer high quality service to students and faculty.

The IBA plays a critical role in allowing the reallocation of funds in support of University priorities and should not be seen as a bottom line cut to unit budgets. Indeed, except in years of reductions in our Provincial operating grant, the IBA is returned to Faculty budgets through ECF, selective investments, and negotiated salary increases. The 2001-02 budget affords a good example of the process (see the graph below and Table 5). While the 2001-02 IBA involved a 3% reduction, the actual change in total Faculty base budgets when the year ended was a 4.8% **increase**. If we include ECF in the calculation (Table 5), the increase in the total of base budget plus ECF was 6.0%.

Graph:

[% Change in Faculty Base Budgets,
2001-02 over 2000-01](#)

B. *Making Choices* - Differential Investment in Areas of Strength and Priority**Selective Budgetary Decisions and Academic Plans**

The budget document for 2001-02 included a lengthy section describing the rationale for differential budgetary investment in areas of strength and priority and a listing of some of the factors that have directed such investments in recent years. The same document also called for the preparation of Faculty Academic Plans to serve as stable frameworks for identifying areas of strength and priority and informing budgetary decisions across the years – both within the Faculty and at the University level.

These themes were reinforced in ***Making Choices: Western's Commitments as a Research-Intensive University***, the renewal of the University's Strategic Plan, endorsed by the Board and Senate in December 2001. ***Making Choices*** calls for decisions at all levels that differentially support activities most critical to Western's scholarly objectives in teaching and research, whether involving reductions, re-allocation of existing funds, or investment of new monies.

All Faculties completed initial drafts of their Academic Plans in 2001, plans that contributed importantly to the current planning cycle and the recommendations included in this document. The Provost and Vice-President (Research) will be working with the Deans and members of their Faculties to develop further these plans in the coming months.

The intended connection between differential central budget recommendations and the priorities addressed in the Faculties' Academic Plans (and also in the Operational Plans of the non-academic support units) will be underscored in the 2002-03 University Budget by the grouping of differential investments under the rubric of the **University Priorities Investment Fund (UPIF)**. Past annual budgets have regularly included such allocations but the use of this title emphasizes the University's commitment to systematic support of areas of established strength and emerging priorities in research and teaching.

Many selective budgetary decisions take place within the Faculties themselves or are reflected in specific recommendations in this document. Western also has established a number of standing selective processes that serve to allocate funding according to recognized priorities and strengths. Perhaps the most notable of these mechanisms is the **Enrolment Contingent Fund (ECF)**, introduced in 1997-98 and accounting for the distribution of approximately \$25 million since that time.

The ECF will continue to provide substantial and predictable funding for increases in enrolment as Western engages the Increased Cohort in the next few years. In recognition of the special pressures that will be faced by the University in this period, the 2002-03 budget recommendation will include a proposal to create the **Increased Cohort Fund (ICF)**. The ICF will take a portion of the government's Accessibility Fund and apply it to the direct support of instruction of the additional first-entry undergraduate students to be accepted at Western during the years 2002-03 through 2007-08. The allocation mechanism and the estimated Faculty-specific allocations for 2002-03 are presented in a later section of this document.

Canada Research Chairs

The Canada Research Chairs program is now moving into its third round. Of the 73 CRCs available to Western, 20 have now been appointed in the first two rounds (11 in round 1 and 9 in round 2), and we are awaiting a decision regarding two additional nominees in the second round. All Deans were given detailed feedback on their most recent submissions and were provided with an indication of the number of Chairs their Faculties might reasonably expect over the final two years of the initial phase of the program. Deans were encouraged to begin to develop proposals for those positions. A small percentage of the total number of Chairs remains undesignated to provide flexibility.

Faculty Recruitment and Retention

Recruitment and retention of faculty was a central theme of the recently-completed strategic planning process and of the current annual planning cycle — the challenge promises to increase as universities across the continent enter a period of unprecedented retirements and of competitive pressure arising from enrolment-related expansion and dramatic investments in research support, including the CRCs. Although the pressures will be greater in some disciplines than in others, the need to improve our effectiveness in recruiting and retaining faculty is an objective that unites the Western community.

The Deans of the Faculties of Law and Engineering recently completed a report on faculty recruitment and retention that will form the basis for further discussion in the coming weeks and months. The Provost intends to include in the 2002-03 budget recommendations an initial integrated package addressing recruitment and retention -- responding to the following specific issues:

- Western continues to have lower percentages of female faculty than comparable universities in Ontario and Canada. A key element of the challenge of recruitment and retention will be increased success at attracting the best female applicants and supporting them as they pursue their careers at Western. As a first step towards this objective, allowance will be made within the University Priorities Investment Fund (UPIF) for a Faculty Renewal Initiative to support the appointment and retention of female faculty.
- Consideration also will be given to a broader mandate for this Special Faculty Renewal Initiative to respond to a variety of retention and recruiting imperatives that apply to both

genders, including: additional funds to allow mid-career appointments; bridging funds to permit strategic hiring in advance of known retirements; and interdisciplinary appointments.

- Spousal employment is a key issue in faculty recruitment. For spouses seeking non-academic positions, a program will be developed to facilitate partner/spouse employment placement in the London region, including the offering of placement counselling services. Informal discussion of the following related question is increasingly taking place across the university: can we do anything within our university community to facilitate the placement or appointment of spouses/partners who both seek an academic career at Western? Although fraught with difficult issues, any movement towards an acceptable positive response would provide the University with a clear competitive advantage in the coming years. This issue must be further resolved in the continuing discussion of recruitment and retention.
- Plans will be introduced to develop central university support of faculty recruitment and retention across the campus under the direction of the new Vice-Provost (Policy, Planning, and Faculty). Support would be provided to Faculties, Departments, and Schools in recruitment and retention, in areas such as common information packages and advice/assistance regarding housing, daycare, schools, elder care, and spousal/partner employment. Attention also will be given to identifying and promoting best practices in recruitment and interviewing.
- Mentoring programs for junior faculty in all areas of academic responsibility will be promoted and supported through existing and expanded programs in the Educational Development Office, Research Western, the Instructional Technology Resource Centre within ITS, the University Libraries and elsewhere, and in the Faculties, Departments, and Schools.

Although elements of this enhanced focus on faculty recruitment and retention will be visible in the 2002-03 university budget document, others will emerge in subsequent years following additional consultation via vehicles such as unit Academic Plans and the multi-year planning process.

Small Grants Support for Research in the Arts, Humanities, and Social Science

As noted earlier, the 2002-03 budget will include a proposal for additional support to research in the arts, humanities, and social sciences, following suggestions made by faculty who appeared before the committee reviewing the Vice-President (Research) in 2000. A priority for this initiative will be to strengthen the ADF support available for these areas, which have not received the same increase in external support available in the scientific areas through recent federal and provincial programs like CFI and ORDCF.

Multi-Year Planning and Budgeting

Many of the most critical planning issues at the University operate on timelines that far exceed the single year scope of our annual planning process, including: faculty renewal planning, implementation of targeted government programs (e.g. ATOP, collaborative Nursing, and expansion of the MD program), tuition changes, support of unit academic plans, and major changes to undergraduate and graduate programs. In fact, many of these planning/budget elements are, of necessity, awkwardly overlaid on our annual budget plans. The ability of academic and support units and of the University as a whole to budget and plan in a systematic and innovative fashion would be greatly enhanced by a multi-year span. Recent multi-year announcements on government grants and tuition provide the University with a firm basis for taking such an approach.

The 2002-03 budget document will include a general description of a multi-year planning model. This model will involve the specification of expense and revenue elements for the University and operating units, but equally central to its effectiveness will be a requirement for multi-year academic planning within the Faculties and for strategic investments from the central budget in support of such initiatives — such central allocations must reinforce planning decisions taken within the Faculties and be mirrored by differential commitments of Faculty internal resources.

Funding and Administrative Support for Undergraduate Distance Studies Courses

The 2001-02 budget plan incorporated enrolment in undergraduate distance studies courses into the ECF structure: Faculties now receive incremental ECF funding for distance course enrolments and have accepted a greater role in the development and support of these courses. Increasingly, enrolment in distance courses involves full-time, on-campus students. As a further step in the integration of these courses into the general degree-credit programs of the Faculties, fully supported by the Deans involved, overall central administrative support will be reduced.

C. Tuition Fees

The recommended tuition fees for 2002-03 are shown in Table 4.

Undergraduate First-Entry Programs

The Ontario government has restricted annual tuition fee increases, averaged over all regulated programs, to a maximum of 2% per year for the five-year period, 2000-05; 30% of the resulting incremental revenue must be allocated to needs-based student aid. The proposed tuition fees at Western in the first-entry programs are at levels that are competitive with those at other Ontario universities. The proposed 2002-03 tuition fee for Engineering was approved by the Board as part of the 2001-02 Operating Budget.

Business (HBA)

It is recommended that, for 2002-03, entry year (year 3) tuition in the HBA be set at \$16,000 and year 4 tuition be set at \$15,000. Western's HBA program is a unique third-year entry undergraduate business program, which is offered in the same format and with the same standards of quality as our internationally-ranked MBA.

Given the high quality of the HBA program, the Ivey School is convinced that the HBA would continue to be competitive in recruiting students at the higher fee level. The HBA holds outstanding value for its graduates. The most recent average starting salary of Ivey HBA graduates is over \$56,000 – plus an average signing bonus of \$9,000. Most do not go on to pursue an MBA, thus beginning their careers immediately following an undergraduate degree and eliminating the costs and foregone income of two years of a graduate program. Given the expected earnings of graduates and available financial aid for students in need, access to the HBA can be maintained for all students – regardless of individual financial circumstances.

This recommendation arises from planning discussions with the Dean. A significant portion of the additional net revenue (after the 30% set-aside for student aid) from the proposed tuition increases will be allocated to the Ivey School of Business operating budget, and the 30% set-aside will be directed to the financial support of HBA students in need. The Dean is committed to using the additional funds to maintain the unique character and quality of the HBA program.

Law (LLB)

The Faculty of Law has recommended that tuition fees for students in Law increase to \$8,500 in 2002-03. This fee is competitive with other leading Ontario Law programs yet is significantly lower than the highest fee in the province.

The proposed increase to \$8,500 has been discussed both with members of faculty and with the Students' Legal Society. A significant portion of the incremental net revenue (after the 30% set-aside for student aid) will be allocated to the Faculty's operating budget where it will be directed to enhancing the quality of the LLB program, and the 30% set-aside will be directed to the financial support of Law students in need. This operating budget investment is necessary to protect and enhance Western's ability to attract and retain the best students and faculty.

All Other Undergraduate Programs

Tuition fees for all other undergraduate programs are recommended to increase by 2%, with the exception of Dentistry which has a recommendation of no increase for 2002-03.

Graduate Programs

It is recommended that tuition fees for all graduate programs be increased by 1.8% in 2002-03 – which will keep these tuition fees at levels competitive with other Ontario universities. It should be noted that the University's policy is to direct 75% of all graduate student tuition revenue to the financial support of graduate students.

International Student Tuition Fees

As shown in Table 4, higher increases are recommended for international student tuition fees. These increases will leave Western's international student tuition fees at levels competitive with other Ontario universities.

D. Budget Recommendations for the Faculties

Table 1 shows the 2002-03 base budget recommendations for Western's Faculties. Final 2002-03 base budgets for Faculties are the net result of the following:

- faculty turnover recovery;
- an Initial Budget Adjustment (IBA) that reduces by 2.5% the base budgets of all Faculties;
- selective new investments, including allocations from the University Priorities Investment Fund (UPIF) and tuition-based investments in high-tuition programs;
- flowthrough of government grants targetted towards program expansions;
- conversion of ECF funds to base budget; and
- the allocation of funds associated with the 9 Canada Research Chairs (CRCs) appointed in the second round of the program.

In addition, Faculties teaching students in first-entry undergraduate programs will be allocated one-time funding from the new Increased Cohort Fund (ICF) for the years 2002-03 through 2007-08. The ICF is described later in this section.

The net result of the various selective investments is an overall allocation to the Faculties that is 1.0% higher than 2001-02 (see line 21 of Table 1). These final allocations, therefore, will provide most Faculties with greater flexibility for internal allocation of funds in 2002-03 than anticipated in their original planning submissions (modelled on a 3% reduction).

1. The Faculty Turnover Recovery Policy

Introduced in 2001-02, the Faculty Turnover Recovery Policy continues in 2002-03. The policy returns the greater of \$54,000 or 60% of the retiree's salary to the Faculty budget.

2. Initial Budget Adjustment (IBA)

As shown in column d, the budget recommendations begin with an IBA which reduces all Faculty budgets by 2.5%. As noted earlier, the IBA is needed to fund salary increases, inflation in non-salary costs, and selective investments in priority areas and, except in years of reductions in the Provincial operating grant, all of the IBA is returned to the Faculties.

Note: The 2001-02 base budgets shown in column b of Table 1 are as of December 31, 2001. These budgets do not include allocations associated with negotiated salary increases for some staff groups as well as the performance-linked career progress fund component of the faculty salary settlement for 2001-02. These allocations will be made prior to the

preparation of the final budget document – and therefore the starting base budget figures in the final budget document used to calculate the IBA will be higher for all Faculties. **The IBA will remain at 2.5%, but the dollar value of the IBA will be a function of the higher base budgets.**

3. Selective Budget Allocations

a. Enrolment Contingent Fund (ECF)

A Brief History. The ECF is now a well-established feature of Western's annual budgeting process and over the past four years has had a substantial differential impact on the allocation of funds across Faculties as a result of shifts in undergraduate teaching and graduate enrolment patterns across campus.

The ECF was introduced in 1997-98 to respond to shifts in enrolment/teaching across the University and to recognize efforts by academic units to attract and accommodate students in their classes, *irrespective of their programs of registration*. The ECF provides annual funds to the academic units based on growth in Weighted Teaching Units (WTUs) over pre-established baseline WTUs for each Faculty. The baseline for each Faculty was set as the lower of: (a) the average of the 1994-95, 1995-96, and 1996-97 WTUs or (b) the 1996-97 WTUs. In recognition of recent enrolment/teaching patterns within the Faculties of Arts and Social Science, the ECF baseline for these Faculties was further reduced, providing them with a greater opportunity to receive funds from ECF.

Two modifications to the ECF funding formula were implemented in 2001-02:

- i. The incorporation of Distance Studies courses into ECF -- similar to summer undergraduate courses; and
- ii. the assignment of the same weights to all undergraduate course registrations. Prior to 2001-02, first-year and general-level course registrations were assigned a weight of 0.2 and honours-level course registrations a weight of 0.4. Effective 2001-02, all undergraduate course registrations are being assigned a weight of 0.4. ECF baselines have been adjusted in a "revenue neutral" manner for each Faculty.

Weighted Teaching Units (WTUs) capture overall teaching activity within the Faculties. WTUs incorporate graduate enrolments from programs residing within each Faculty, undergraduate enrolments in professional Faculties, and undergraduate teaching – which is measured by course registrants, irrespective of the students' Faculty/program of registration. The specific weights assigned to the various enrolment categories are:

Undergraduate Course Registrations	0.4	(equates to 2.0 per FTE)
HBA, Education, Law FTEs	2.0	
Medicine (M.D.) FTEs	4.0	
Medical Residents	1.0	
Dentistry (D.D.S.) FTEs	4.0	
Master's FTEs	3.5	
Ph.D. FTEs	7.0	

The following self-funded programs are excluded from WTU calculations: MBA, Executive/Video MBA, International Medical Residents, Faculty of Medicine's Malaysian Exchange Program, National Dental Examining Board Qualifying Program, International Dentistry (DDS) Students, Additional Qualification Enrolments in the Faculty of Education, and all non-credit programs/courses.

An important feature of the ECF is recognition of cross-Faculty teaching by individual members of faculty. If a course offered by a program in Faculty A is taught by a member of Faculty B (i.e. cross-Faculty teaching), the WTUs will be credited to Faculty B and an additional 20% of the WTUs associated with the course will be credited to Faculty A.

ECF Estimates for 2001-02. Table 2 shows ECF allocations for 2000-01 and the estimated figures for 2001-02.

Conversion of ECF Funds to Base Budget. It has been our intention from the outset that, where changes in enrolment patterns stabilize at higher levels, ECF funding be converted to base operating allocations; such conversions were made in 2000-01 (1.75 million) and 2001-02 (\$1.6 million). For 2002-03 it is being proposed that an additional \$2.05 million of ECF funding be incorporated into Faculty base budgets, as follows:

Proposed ECF to Base Conversion in 2002-03

Arts	\$ 150,000
Business	\$ 200,000
Education	\$ 100,000
Engineering	\$ 200,000
Health Sciences	\$ 200,000
Information & Media Studies	\$ 100,000
Medicine	\$ 100,000
Music	\$ 50,000
Science	\$ 250,000
Social Science	<u>\$ 700,000</u>
Total	\$2,050,000

These conversions, with those of the previous two years, represent a total transfer of \$5.4 million to Faculty base budgets over three years, in addition to the on-going levels of annual ECF.

Column h in Table 1 shows the \$2.05 million in ECF funds which are being incorporated into Faculty base budgets. With this conversion of ECF funds to base budgets, there will be a corresponding increase in the ECF baselines for the appropriate Faculties. In interpreting column h, it is important, therefore, to remember that in all cases, base budget transfers will be offset by a reduction in ECF for 2002-03 relative to that which otherwise would have been allocated; it may well be that these base budget transfers may reduce ongoing ECF funding in 2002-03 below the 2001-02 level. Current estimates of 2002-03 enrolments and the associated ECF funds indicate that such an offset will occur in Arts, Business, Health Sciences, Information & Media Studies, Music, and Social Science. The Provost's annual budget recommendation letter to the Faculties will include an estimate of the reduction in ongoing ECF funds to the Faculties identified above. As line 16 of Table 1 shows, the estimate of ongoing ECF for 2002-03 (excluding the \$2.05 million converted to base budget) is \$6.4 million, about \$100,000 less than in 2001-02. In line 21, which adds ECF, ICF, and SFRI to the Faculty base budgets in line 15, total Faculty budgets increase by about \$1.6 million.

Enrolments and Teaching Activity. Enrolments, teaching activity, and WTUs have changed at very different rates in the various Faculties over the past decade. During the severe budgetary stringency of this period, all Faculties have been hard-pressed to manage their budgets and teaching requirements. Figure 1 shows changes in WTUs since 1991-92. The Faculties are distributed into four groups according to the value of WTUs in 2001-02, shown on the vertical axis.

Funds from ECF provide only a partial offset to the full cost of additional students. This is sometimes misunderstood by those who assume that expanding Faculties are having the full costs of their expansion covered by ECF. Figure 2 shows percentage change in WTUs, budgets (measured as base budget + ECF), and budget per WTU between 1991-92 and 2001-02. As the figure illustrates, in the case of Health Sciences and Information & Media Studies, rapid enrolment expansion during the past decade was only partly offset by greater than average budget increases, so that budget per WTU was **reduced** in those Faculties. Conversely, the three Faculties which experienced reduction in enrolments/teaching (Arts, Law, and Social Science) saw their budget per WTU **increased** during the decade. Real funding per student at Western decreased substantially during the past decade, so that all Faculties, those expanding and those contracting, experienced very difficult budgetary constraints.

b. Increased Cohort Fund (ICF)

Ontario's universities will be faced with an unprecedented increase in demand for university places because of the elimination of the OAC year and demographic shifts, most notably the coming of age of the echo of the baby boom generation. As part of last year's budget process, Western's Senate approved an enrolment plan that includes first-year undergraduate enrolment levels of 4,500 in 2002-03, 4,700 in 2003-04, and 4,735 in 2004-05. As these high first-year intake levels flow-through to upper-years, overall undergraduate enrolment will increase substantially in coming years. These increases will in turn place increased teaching pressures on our undergraduate first-entry programs – pressures which will require the allocation of additional resources.

The Enrolment Contingent Fund (ECF) will allow us to provide additional funding to Faculties and departments which are faced with increased teaching pressures during the Increased Cohort years between 2002-03 and 2007-08. However, as indicated earlier, ECF provides only a partial offset to the full cost of additional students. In recognition of the special strains the Increased Cohort will place on Western's first-entry undergraduate programs, it is proposed that a new fund – **the Increased Cohort Fund (ICF)** – be introduced in 2002-03, and be allocated in direct support of enrolment and teaching growth in first-entry undergraduate programs.

The proposed mechanism for the ICF is as follows.:

- The ICF will be allocated to Faculties teaching first-entry undergraduate students, excluding programs that are funded by direct targeted government program expansion grants. At present, Computer Science, Engineering, and Nursing are in this group excluded from the ICF.
- The funding will be allocated as one-time funds in each of 2002-03 through 2007-08. The ICF will end in 2008-09.
- The overall level of the ICF in each of the six years will be equal to 25% of the forecast for the following year's undergraduate component of the government's Accessibility Fund. Based on current estimates of enrolments and the Accessibility Fund, the ICF is being set at \$825,000 for 2002-03.
- In recognition of the need for increased Graduate Teaching Assistants (GTAs) to support teaching needs associated with the increased undergraduate enrolments, 20% of the ICF (i.e. 20% of the \$825,000 in 2002-03, which equals \$165,000) will be allocated to the GTA budget in the Faculty of Graduate Studies.
- The remaining 80% of the ICF (i.e. \$660,000 in 2002-03) will be allocated to Faculties on a slip-year basis, as follows:
 - ▶ for the years 2002-03 to 2005-06: 35% based on growth in full-time first-year enrolment over the 2000-01 level and 65% based on growth in total undergraduate course registrations over the 2000-01 level; and

- ▶ for the years 2006-07 and 2007-08: 100% based on growth in total undergraduate course registrations over the 2000-01 level.
- The slip-year approach will result in allocation of funds in year X using growth in year X-1 over the baseline year of 2000-01. For example, the 2002-03 ICF allocations will be based on growth (in first-year enrolments and overall undergraduate course registrations) in 2001-02 over the baseline year of 2000-01.

Table 3 summarizes the estimated Faculty-specific one-time ICF allocations for 2002-03. It should be noted that the ICF, unlike the ECF, is short-term funding – for the six-year period from 2002-03 through 2007-08. Therefore, the Provost has indicated to Faculties that the primary objective of the ICF is to provide resources to cover the costs of incremental teaching associated with the Increased Cohort. Specifically, Faculties are being asked to direct the funds at faculty bridging appointments and/or part-time faculty and staff hirings.

c. Faculty-Specific Allocations for 2002-03

Faculty of Arts. The Faculty of Arts has been awarded a tier 2 CRC (\$90,000 allocation) from the current round of the program. In addition, a base allocation of \$100,000 from the UPIF is being made in support of a new mid-career faculty appointment in the high-demand and expanding Film program. The provision of funding for a mid-career appointment will provide an important investment in the scholarly and research foundation of the program. Overall, teaching activity in the Faculty, which declined in the 1990s, has begun an upswing – and is expected to increase substantially during the Increased Cohort years. In recognition of this, a sum of \$150,000 is being converted from ECF to base budget. The Faculty of Arts will also receive a share of the ICF.

The Richard Ivey School of Business. The Ivey School continues to be among the world leaders in Business education and has made substantial advances in research in recent years. As indicated earlier, in order to maintain and enhance the high quality of the HBA program, 65% of the incremental tuition revenue (net of the 30% set-aside for student aid) is being allocated to the Ivey operating budget (\$550,000). Note that this investment is contingent on the Board of Governors' approval of the HBA tuition fee increase for 2002-03. An additional amount of \$150,000 in base funding from the UPIF is being allocated to strengthen the HBA program and an expanding Ph.D. program. Finally, a sum of \$200,000 is being converted from ECF to base budget, and the Ivey School will also receive a share of the ICF.

Faculty of Education. Enrolment in the Faculty's undergraduate and graduate programs continues to expand. Enrolment in the B.Ed. program has increased over the past few years as part of a government initiative to expand teacher education in the province. The Faculty's new Ph.D. programs – a stand-alone program and a collaborative program in Educational Studies – continue to move towards steady-state enrolments. These enrolment expansions are being supported by substantial ECF funding. In addition, a sum of \$100,000 is being converted from ECF to base budget.

Faculty of Engineering. Graduate and undergraduate enrolment in the Faculty continues to expand as a result of the Government of Ontario's ATOP initiative, and is supported through targeted government funding as well as ECF. This funding and University investments over the past five years have enabled a remarkable level of faculty renewal and growth with outstanding new appointments in all Departments. The Faculty's growing stature in research is reflected by its success in the initial rounds of the CFI/ORDCF/OIT competitions. Engineering is aggressively pursuing additional opportunities in the upcoming competitions. In recognition of continued increases in enrolment, a sum of \$200,000 is being converted from ECF to base budget.

Faculty of Graduate Studies. The Faculty of Graduate Studies continues to play a central role in graduate student recruitment, funding, and overall planning of graduate programs and enrolments at Western. Recent years have been marked by the development and introduction of a number of exciting new programs in diverse disciplinary and interdisciplinary areas across campus. The Faculty's additional budget needs are being met by funds arising from a variety of sources, including the administrative component of the 30% tuition-based set-aside for student aid (estimated at over \$30,000 in 2002-03) and interest on national scholarship funds now administered locally (estimated at \$75,000 in 2002-03). As indicated earlier, 20% of the ICF (or \$165,000) will be allocated to the Faculty's GTA budget in 2002-03.

Faculty of Health Sciences. Overall enrolments in the Faculty continue to increase rapidly. The BHSc program is approaching steady-state enrolment levels and the Collaborative Western/Fanshawe Nursing Program is also expanding. Figure 1 shows the growth in the Faculty's WTUs and Figure 2 shows the substantial decline in relative funding over the last decade. In last year's budget, a sum of \$350,000 in base funding was allocated in support of the enrolment expansion in the Faculty. Even with this infusion of funds, the Faculty's relative funding per student is substantially lower than the University average. Therefore, for 2002-03, it is being recommended that an additional \$500,000 in base budget funds from the UPIF be allocated to support the continued expansion of the Faculty; these funds are being targetted towards additional faculty appointments and GTAs. Although stimulated by increased enrolment, the additional funding is necessary to ensure that members of faculty are able to devote sufficient time to the research and scholarly activities that form the critical foundation of the Faculty's undergraduate and professional programs and its recently-introduced Ph.D. program. This research is particularly important to Western given the centrality of the work represented in the Faculty to current issues in health care and the expanded focus of the Canadian Institutes for Health Research (CIHR). The Provost and Vice-President (Research) will work with the Dean of Health Sciences to develop the program of investment of these new funds that will focus on additional strategic faculty appointments. This substantial base allocation should position the Faculty's overall base funding level in a stable situation for 2002-03 and beyond. The Faculty will also receive \$140,000 in targetted government funding in support of the Collaborative Nursing Program. In addition, a sum of \$200,000 is being converted from ECF to base budget, and the Faculty will receive a share of the ICF.

Faculty of Information & Media Studies. A base allocation of \$50,000 from the UPIF is being recommended in support of the Western/Fanshawe collaborative initiative in media studies. Planning is underway for additional faculty appointments in support of further expansion of the MIT program, to be funded through substantial allocations from the ECF. The Faculty is in the process of developing new Master's and Ph.D. programs in media studies. In recognition of the continued growth in enrolments/teaching, a sum of \$100,000 is being converted from ECF to base budget, and the Faculty will also receive a share of the ICF.

Faculty of Law. Our Faculty of Law continues to be a leader in legal education and scholarship, and additional resources are necessary to maintain and enhance the quality of its academic programs. As stated earlier, about 65% of the incremental LLB tuition revenue (net of the 30% set-aside for student aid) is being allocated to the Faculty (\$285,000). Note that this investment is contingent on the Board of Governors' approval of the Law tuition fee increase for 2002-03.

Faculty of Medicine & Dentistry. The Faculty of Medicine & Dentistry has been awarded one tier 1 and three tier 2 CRCs (\$440,000 allocation) from the current round of the program. Western's Faculty of Medicine & Dentistry is central to our aspiration to be a leading research university. The Faculty has been successful in the initial rounds of the CFI/ORDCF/OIT competitions, and is pursuing additional opportunities in the upcoming competitions. The Faculty is being allocated tuition-based investment funds (\$100,000) resulting from the phasing-in of tuition increases approved last year. As indicated in last year's budget document, further base investments will be made in 2003-04 and 2004-05, as the tuition fees move towards steady-state levels. The Faculty also continues to receive targeted government funding in support of the expansion of the MD program. Finally, a sum of \$100,000 is being converted from ECF to base budget, and the Faculty will also receive a share of the ICF.

Faculty of Music. The Faculty of Music offers a full range of undergraduate and graduate programs which are among the best in the country and sustains several areas of leading scholarship and performance. The requirement for intensive, one-to-one and small group learning in performance areas constrains cost efficiencies in the Faculty and limits internal expense flexibility. A base allocation of \$75,000 from the UPIF, therefore, is being recommended in support of the expansion of courses for non-Music students. In recognition of recent increases in teaching activity, a sum of \$50,000 is being converted from ECF to base budget, and the Faculty will also receive a share of the ICF.

Faculty of Science. The Faculty of Science has been awarded one tier 1 and two tier 2 CRCs (\$350,000 allocation) from the current round of the program. Overall teaching levels in the Faculty of Science continue to increase, partly due to ATOP expansion in Computer Science and Engineering. These expansions are being directly funded by targeted government funding as well as ECF. The Faculty has also recently created a new Department of Biology, and a sum of \$40,900 from the UPIF is being provided in support of student academic counselling activities in the new Department. In addition, a base allocation of \$120,000 from the UPIF is being made to fund increased teaching needs in expanding academic programs. In recognition of the continued growth in teaching activity and the centrality of research within the Faculty to the University mission, a sum of \$250,000 is being converted from ECF to base budget; the Faculty also will receive a share of the ICF. The Faculty of Science has been very successful in the initial rounds of the CFI/ORDCF/OIT competitions, and is pursuing additional opportunities in the upcoming competitions.

Faculty of Social Science. The Faculty of Social Science has been awarded a tier 2 CRC (\$90,000 allocation) from the current round of the program. The successful BACS program, now a four-year program, continues to expand rapidly -- with enrolment doubling over the

past 5 years from 835 in 1996-97 to 1,612 in 2001-02 -- and is being funded through substantial ECF allocations. In recognition of significant increases in teaching activity over the past two years, a sum of \$700,000 is being converted from ECF to base budget. The Provost is working with the Dean to develop a multi-year program of investment of these substantial additional funds. This program will be directed at both the direct support of the BACS program and faculty appointments that will serve both to support the teaching demands of the BACS and to promote faculty renewal within the Social Science Departments. The Faculty also will receive a large share of the ICF.

It should be noted that the final budget document will include additional detailed budget recommendations for Faculties in areas including capital projects, the Provost's Academic Support Fund, and other one-time funding.

E. Allocations to Support Units for 2002-03

Discussions regarding allocations for support units have not been completed and recommendations will not be announced until the full budget presentation is submitted to the Senate Committee on University Planning (SCUP) and the Property and Finance Committee (P&F) of the Board in April 2002. Support units will be faced with significant increases in workload pressures as the University moves into a period of substantial growth in enrolments, research activity, and physical plant. A sizeable portion of the University Priorities Investment Fund (UPIF) will be allocated to the Support Units in 2002-03.

F. Budget Recommendations are Subject to Change

As in past years, the recommended Faculty allocations are provided well in advance of the formulation of the overall University operating budget recommendations in recognition of the need for Deans to begin academic planning for 2002-03. Final authority to set the University budget rests with the Board of Governors.