The University of Western Ontario
2010-11 Budget Indicators

For Information:

Review of Five Budgetary Indicators

Each spring our annual Operating Budget contains references to important budget indicators: the Carryforward Reserve, the Operating Reserve, Operating Revenue, and Student Aid, along with preliminary estimates of those figures for the fiscal year just ending. Annually in the fall, we report to the Property & Finance Committee the actual values for these indicators. Table 1 shows the final values for these indicators for 2010-11, and historical data back to 1983-84. These are presented to the Committee for information, and to allow for questions that members might have on the data.

(1) Carryforward Reserve

Each year resources are allocated to the individual Faculties and Support Units, with no requirement that they be spent in the year in question. Unspent funds are carried forward into the next budget and appear in the Carryforward Reserve, shown in column (1) of the Table. There is no Board target for the size of this reserve, which reflects a great many individual decisions in our decentralized budgetary environment. The Carryforward Reserve grew sharply from 1988 to 1992, at a time when real operating spending was also growing. The reductions in real operating spending during the 1994 to 1997 period resulted in a sharp fall in the Carryforward Reserve from 1996 to 2001, as units have spent the funds in the Reserve. At April 30, 2011 the Carryforward Reserve had a balance of $93.9 million, an increase of $23.0 million from April 30, 2010.

(2) Operating Reserve

For the period 1984 to 1998, the Board recommended a target level of 1% of operating revenues for the Operating Reserve. As column (2) shows, from 1984 to 1996, this target was achieved once (in 1986), and from 1989 to 1996 the Reserve was in deficit position. In 1997 the Operating Reserve achieved the target of 1% after a $9.3 million transfer from the investment reserve, and in 1998 the Operating Reserve exceeded the target by $1.8 million. Since 1999 the Operating Reserve target level has been set at $2.5 million. This target was recently re-affirmed by the Board on April 20, 2009. At April 30, 2011 the Operating Reserve was $33.0 million, approximately $30.5 million above the target level recommended by the Board and slightly above the budgeted Operating Reserve of $29.8 million. The 2011-12 University Budget shows revenues forecast to exceed expenditures next year, bringing the operating reserve forecast to $31.9 million in 2011-12.

(3) Student Aid

Student Aid continues to be of high priority to the University. As column (4) indicates, Student Aid grew by approximately 547% between April 1997 and April 2011, in part because of government-mandated transfers of tuition revenues to the student aid budget. During the past year total funds available in the central University Budget for student aid increased by $6.7 million reflecting increased support for graduate students and support from the University's private fundraising and endowments.

During these same years Total Operating Revenue (column 3) grew by 137%, thus indicating a growth in the proportion of the budget that is allocated to student aid.

(4) Real Operating Revenue Excluding Student Aid

This measure, shown in column (7), is one indicator of the budgetary stress the University is experiencing. The years shown can be divided into a number of periods: from 1984 to 1993, Real Net Revenue grew by 24.2%, from 1993 to 1998 Real Net Revenue decreased by 9.7%, and from 1998 to 2008 it again increased by 59.0%. In 2009, Real Net Revenue decreased by 1.2%, due

mainly to negative investment returns. During 2010 and 2011, Real Net Revenue increased by 4.5% and 1.4% respectively.

(5) Real Operating Revenue Excluding Student Aid per Student FTE

Column 10 provides Real Net Revenue per Student FTE and shows that the budgetary stress on the University is more evident than is concluded in the above indicator. During 1984 to 1993, Real Net Revenue per Student FTE increased by 18.1%, from 1993 to 1998 it decreased by 8.0% and then from 1998 to 2008 Real Net Revenue per Student FTE increased 23.0%. Note that this last period was during a time of significant increases in Real Net Revenue. Between 2009 and 2011, Real Net Revenue per Student FTE has hovered near 2008 levels but with increased volatility.

The University of Western Ontario
Operating Reserve & Revenue History

Year Ended	Carryforward Reserve ($000)	Operating Reserve ($000)	Change in Real Operating Revenue Excluding Student Aid: Total Revenue ($000)	Total Student Aid ($000)	Net Operating Revenue ($000)	C.P.I.	Real Net Revenue ($000)	% Change	Student FTE's	Real Net Revenue Per FTE ($)	% Change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)=(5)/(6)	(8)	(9)	(10)=(7)/(9)	(11)
30-Apr-84	3,119	696	145,200	2,527	142,673	1.000	142,673	-	20,961	6,807	-
30-Apr-85	2,673	1,448	153,554	2,711	150,843	1.038	145,321	1.9%	20,918	6,947	2.1%
30-Apr-86	2,551	1,647	160,900	2,808	158,092	1.078	146,653	0.9%	20,787	7,055	1.6%
30-Apr-87	3,215	986	167,701	2,723	164,978	1.127	146,387	-0.2%	20,965	6,982	-1.0%
30-Apr-88	3,046	1,185	183,221	2,770	180,451	1.172	153,968	5.2%	21,426	7,186	2.9%
30-Apr-89	4,278	(502)	197,237	3,003	194,234	1.225	158,558	3.0%	21,951	7,223	0.5%
30-Apr-90	6,878	(1,147)	210,636	3,197	207,439	1.286	161,306	1.7%	22,326	7,225	0.0%
30-Apr-91	9,880	(3,207)	225,572	3,664	221,908	1.367	162,332	0.6%	22,292	7,282	0.8%
30-Apr-92	10,712	(4,828)	240,323	3,934	236,389	1.390	170,064	4.8%	22,814	7,454	2.4%
30-Apr-93	9,807	(4,104)	254,616	3,915	250,701	1.415	177,174	4.2%	22,032	8,042	7.9%
30-Apr-94	11,581	(4,036)	254,075	4,342	249,733	1.418	176,116	-0.6%	22,690	7,762	-3.5%
30-Apr-95	11,595	(3,831)	250,027	5,946	244,081	1.453	167,984	-4.6%	22,505	7,464	-3.8%
30-Apr-96	11,255	(7,122)	252,149	6,754	245,395	1.474	166,482	-0.9%	22,107	7,531	0.9%
30-Apr-97	9,325	2,533	247,540	8,926	238,614	1.499	159,182	-4.4%	21,264	7,486	-0.6%
30-Apr-98	3,315	4,297	253,267	11,489	241,778	1.511	160,012	0.5%	21,629	7,398	-1.2%
30-Apr-99	982	497	271,530	14,277	257,253	1.536	167,482	4.7%	21,754	7,699	4.1%
30-Apr-00	(1,579)	(531)	290,834	17,022	273,812	1.568	174,625	4.3%	22,626	7,718	0.2%
30-Apr-01	3,990	423	312,037	19,834	292,203	1.624	179,928	3.0%	23,350	7,706	-0.2%
30-Apr-02	13,000	7,152	337,817	22,464	315,353	1.652	190,892	6.1%	24,691	7,731	0.3%
30-Apr-03	24,449	7,294	352,543	26,529	326,014	1.701	191,660	0.4%	25,987	7,375	-4.6%
30-Apr-04	41,590	16,154	388,727	32,076	356,651	1.728	206,395	7.7%	27,029	7,636	3.5%
30-Apr-05	45,349	12,144	416,518	31,071	385,447	1.769	217,890	5.6%	27,464	7,934	3.9%
30-Apr-06	47,539	7,311	446,812	34,730	412,082	1.811	227,544	4.4%	27,879	8,162	2.9%
30-Apr-07	45,482	8,953	484,055	37,361	446,694	1.851	241,326	6.1%	28,164	8,569	5.0%
30-Apr-08	55,630	25,465	521,985	43,872	478,113	1.882	254,045	5.3%	27,981	9,079	6.0%
30-Apr-09	47,071	29,007	522,747	48,501	474,246	1.890	250,924	-1.2%	28,197	8,899	-2.0%
30-Apr-10	70,992	31,420	555,479	51,075	504,404	1.924	262,164	4.5%	28,987	9,044	1.6%
30-Apr-11	93,830	33,014	585,915	57,780	528,135	1.987	265,795	1.4%	29,913	8,886	-1.7%