Affiliation Fee Agreement
Between The University of Western Ontario and the Affiliated University Colleges

February 13, 2012

Background

Over the past year, the University of Western Ontario Constituent University ("Western") and its Affiliated University Colleges ("Affiliates") have had numerous discussions regarding a new model for Service Fees (i.e., fees to be paid by the Colleges for services provided by Western) and the Cross-Teaching Transfer (i.e. the financial transfer associated with the "net" teaching of students by Western). The discussions included (a) modifications to the current mechanisms, (b) possible new mechanisms, and (c) a review of arrangements at other Canadian institutions with affiliated/federated colleges. The end-point agreement was to move to a simpler approach based on a single "Affiliation Fee" that would incorporate both the Service Fees and the Cross-Teaching Transfer.

The discussions leading to this agreement to implement an Affiliation Fee included a consideration of the following:

- The services – both at Western and the Affiliates – that should be included in the financial arrangement.
- The current level of service fees, compared to the costs of the relevant services – both at Western and the Affiliates.
- Cross-Teaching levels (i.e., the flow of cross-teaching FCEs in both directions).
- Enrolment related revenues at the institutions, compared to the level of cross-teaching transfers.
- The impact of the University's Science Breadth Requirement on Cross-Teaching levels.
- Overall enrolment-related revenues at the Affiliates.

The Parties affirm the principle – as outlined in the *Guidelines Governing the Academic Relationship Between the Constituent University and the Affiliated University Colleges* – of maintaining a healthy and mutually beneficial cross-flow of students between Western and the Affiliates.

The Affiliation Fee

1. There shall be an Affiliation Fee paid by each Affiliate to Western calculated at a rate of 12% of the individual Affiliate's undergraduate and graduate enrolment-related grants and tuition revenues. Tuition revenues used in calculating the Affiliation Fee shall exclude the government required minimum tuition set-aside funds.

   The enrolment-related grants included are as follows: Base Grant; Performance Fund; Undergraduate Accessibility Funding; Graduate Expansion Funding; and Quality Improvement Fund. In the future, if the Provincial Government changes the structure of

enrolment-related grant envelopes, the Parties shall discuss the effect of the change on the Affiliation Fee Agreement.

Since graduate enrolment-related grants and tuition revenue are included in the Affiliation Fee calculation, starting in 2013-14, the current Graduate Service Fee shall be discontinued.

The Affiliates shall provide Western with a report on actual tuition collected by May 31st of each year (i.e., for the previous budget year).

2. A slip-year approach shall be used in calculating the Affiliation Fee Transfer (i.e., the Affiliation Fee for year X shall be based on the Affiliates' enrolment-related grants and tuition in year X-1).

3. The Affiliation Fee Agreement shall begin May 1, 2013 – and it shall be phased in over a three-year period, as follows:

Academic Year	Affiliation Fee (% of enrolment-related grants and tuition revenue)
2013-14	10%[1]
2014-15	11%
2015-16 & ongoing	12%

For 2012-13, the current Service Fee and Cross-Teaching mechanisms shall apply.

4. ***Services***. Under this Affiliation Fee Agreement, currently-provided services shall continue without additional fees. Services currently provided on a cost-recovery basis (e.g., Police Services, selected IT Services) shall continue under the cost-recovery model. In the future, if new services are introduced by either side, the Parties shall discuss the effect of the new services on the Affiliation Fee Agreement.

5. ***Cross-Teaching***. Under this Affiliation Fee Agreement, cross-teaching shall include only undergraduate course FCEs.

The flow of cross-teaching FCEs from each *Affiliate to Western* shall be capped at the weighted average of the 2010-11 and 2011-12 undergraduate FCE cross-flow course registrant per Affiliate FTE student. Starting in 2013-14, for each FCE above this cap, the Affiliate shall pay Western the undergraduate domestic year 1 Arts tuition, calculated on the slip-year (i.e., for 2013-14, the FCEs and Arts tuition rate would be the 2012-13 figures).

The flow of cross-teaching FCEs from *Western to each Affiliate* shall be capped at the average of the 2010-11 and 2011-12 undergraduate FCE flow. Starting in 2013-14, for each FCE above this cap, Western shall pay the affected Affiliate the undergraduate domestic year 1 Arts tuition, calculated on the slip-year (i.e., for 2013-14, the FCEs and Arts tuition rate would be the 2012-13 figures).

Cross-flow calculations shall continue to exclude courses offered in Spring/Summer.

[1] For 2013-14, the 10% will include the 2012-13 cross-flow reconciliation.

It is acknowledged that a cross-teaching adjustment to recognize the existing Science Breadth Requirement has been taken into consideration in the implementation of the Affiliation Fee. If, in the future, any Senate-mandated requirements force an increase in the cross-flow from the Affiliates to Western, the Parties shall discuss the effect of the change on the Affiliation Fee Agreement.

6. This Affiliation Fee Agreement replaces and renders null and void the current Cross-Teaching and Service Fee Agreements and the premises upon which they were based.

7. This Affiliation Fee Agreement shall constitute an addendum to the Affiliation Agreement and represents the entire basis of understanding amongst the Parties related to financial matters.

For the University of Western Ontario

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Date