UPDATE ON INTEGRATED PLANNING AND THE PPP

Oct 9, 2013

Contents:
1. Summary of PPP Report
2. Setting the Overall MYP2 Target
3. Allocating Budget Reduction Targets
4. Process for Re-Investment
PPP REPORT 2013

Summary of Results and Recommendations
Background of the Process

- **Integrated Plan established;**
  - Five year goals and priorities
  - Importance of improving assessment for;
    - Providing evidence for making decisions
    - Evaluating performance and measuring progress
    - Continuous cycle of self-improvement

- **Multi-Year Financial Projections;**
  - $32.4 M new structural deficit…. unless we act
  - Fewer resources to draw upon

- **Need to focus resources;**
  - On those thing we can and should do well
  - No longer can continue to;
    - Do all things (dispersion)
    - Grow our enrolments (erosion of quality)
Program Prioritization Process (PPP)

- **Formal structured process;**
  - External (third-party) structure
  - Adapted for Guelph
  - Identify, document and rank activities
  - By programs and services…..not units

- **Role of PPP at Guelph;**
  - NOT a stand alone program ….but a repeatable process
  - Key addition to the assessment component of IP
  - Inform plans …not sole determinant of any program’s future

- **All plans and decisions;**
  - Will follow current governance processes
PPP Process Steps

- **Program definitions and costing**
  - Inclusive; all activities in operating and ancillary units
  - Major prerequisite; map units to programs
  - Something we need to embed in on-going practices

- **PPP implementation framework;**
  - Forms, instructions, systems
    - The 10 weighted criteria, dedicated system, “rubric”

- **Recruit and Train**
  - “Authors” 161 across all colleges and divisions
  - Submitters 22 Deans and Division Heads
  - Task Force 21 (14 faculty, 5 staff, 2 students)

- **Major Effort !**
  - Suspended as much of our “normal” activities as possible
Overview of Major PPP Steps

**Authors Complete the PIR Form**

**Submitters Reviewed & Comment**

**Task Force Scoring**

**PIR’s Assigned to one of 4 “Groups”**

**Scores input into system**

**Convert input to scores for each criteria**

- “Below” (1), Meets” (3), “exceeds” (9)
- Total criteria score (1,3,9) times weights (5-15)
- Result; total score (Program/Service)
- Scores divided into 5 equal quintiles

**Task Force Prepares Its Report**

**Section for each Criteria**

- Weighted (5-15): Total of 100
- Word limit
- Qualitative and Quantitative

**Deans and Division Heads**

- For forms from their units
- Context for the Task Force

**Report Content**

- Observations and Recommendations (~50)
- Rankings and comments
492 PPP Programs; 75% in Colleges

PPP Program Distribution
By Major Type
Total of 492 Programs

- Instructional, 277, 56%
- Non-Academic, 173, 35%
- Other Academic, 42, 9%
- Non-College, 124, 25%
- Colleges, 49, 10%
PPP Report Content; 3 major sections

1. **The Process**;
   - Documentation, timelines etc.
   - Recommendations on the process at Guelph;

2. **Rankings**
   - 5 equal quintiles
   - Comments

3. **Observations and Recommendations on Results**
   - ~ 50 recommendations
   - Major areas for further consideration
PPP Report - The PPP Process at Guelph

- **Documented Background**
  - Structures, documentation, timelines, the criteria and the rubric

- **Observations and Recommendations**
  - Contents of the PIR-form,
    - Completeness, evidence and responsiveness to the questions
  - Data
    - More comparable data and more complete “costing”
  - Criteria and the Form
    - Consideration of formats for different program types
  - Program Definitions
    - e.g., Service Teaching - Consideration as a program

- **Overall Conclusion**
  - confidence in the process and results
PPP Report - The Rankings

PPP Rankings - All Programs (492)
Academic (319) and Non-Academic (173)

Note: Academic defined as all instruction, research and "service" programs in the 7 colleges
College Rankings - Instructional Programs

PPP Rankings - 277 Instructional Programs
7 Guelph Campus Colleges and Guelph Humber (GH)

- GH: Q1=2, Q2=3, Q3=1
- OVC: Q1=1, Q2=4, Q3=3, Q4=5
- OAC: Q1=10, Q2=8, Q3=12, Q4=6, Q5=8
- CME: Q1=1, Q2=9, Q3=3, Q4=5
- CBS: Q1=9, Q2=9, Q3=4, Q4=4, Q5=5
- COA: Q1=11, Q2=7, Q3=18, Q4=23
- CSAHS: Q1=2, Q2=7, Q3=10, Q4=22
- CPES: Q1=6, Q2=9, Q3=13, Q4=7, Q5=16
Colleges Rankings -
35 Research and 7 Service Programs

PPP Rankings - Research & Service Programs (42)
7 Guelph Campus Colleges: 42 Programs

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<td>2</td>
<td>1</td>
<td>0</td>
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Non-College Rankings – By Major Division

PPP Rankings - Non Colleges
By Major Division; 124 Programs

Student Services
- Q1: 13
- Q2: 7
- Q3: 4
- Q4: 1
- Q5: 1

Phy. Resources
- Q1: 5
- Q2: 3

CIO
- Q1: 7
- Q2: 5
- Q3: 6
- Q4: 3
- Q5: 1

AAD
- Q1: 4
- Q2: 1

Administration
- Q1: 10
- Q2: 11
- Q3: 4
- Q4: 1
- Q5: 4

Academic Services
- Q1: 8
- Q2: 11
- Q3: 6
- Q4: 4
- Q5: 4
Major Impacts on Rankings: Instructional Programs

Instructional Programs Average Weighted Score by Quintile

Criterion

- History & Development (5)
- External Demand (10)
- Internal Demand (10)
- Quality of Inputs (10)
- Quality of Outcomes (15)
- Size, Scope & Productivity (12)
- Revenue & Other Resources (8)
- Costs & Other Expenses (10)
- Impact, Justification & Essentiality (15)
- Opportunity Analysis (5)

Weighted Score
Major Impacts on Rankings: Non-Instructional Programs

Non-Instructional Programs Average Weighted Score by Quintile
SUMMARY OF RECOMMENDATIONS
Strengthening Instructional Programs

- **Graduate Instructional Programs**
  - Sustainability of small programs
  - The students; funding and training/experience
  - Recruitment and monitoring experiences/success

- **Undergraduate Programs**
  - Roles of minors;
  - Sustainability of small programs
  - Role of specialized versus unspecialized majors
  - International Development; focus and specialization

- **Curriculum Changes**;
  - Support for tracking and assessment of learning outcomes
  - Support for tracking and assessment of graduate experiences
  - Review specialized foundational or core courses
  - Central investment in curricular changes/implementation
Productivity and Resource Allocation

- **The DOE ("distribution of effort")**
  - While CA provides for flexibility, for most faculty, remains 40/40/20
  - Potential resources could be “unlocked” by triggering this flexibility
  - Better alignment with requirements and outcomes

- **Research Programs;**
  - Importance and excellence of “research chairs”
  - Concentration of research performance with a few

- **Physical Space;**
  - Greater flexibility and control in scheduling of classrooms
  - Space management strategy
Revenue Opportunities

- **Instructional Programs;**
  - Opportunities for Non-degree programs/services
  - Tuition fee differentiation—only possible with government support
  - Increase support for technology enabled course development and delivery
  - Coordinated international student strategy
    - Recruitment, transition and success

- **Non-Instructional;**
  - Ancillary units; ensure appropriate fiscal targets
Restructuring and Reorganization

- **College Restructuring;**
  - Colleges offering similar programs/degrees

- **Regional Campuses;**
  - Sustainability and duplication (curriculum design and delivery)

- **Guelph Humber (GH)**
  - “cross-listing” courses between GH and the main campus

- **Administrative Functions;**
  - Centralization of core IT functions (e.g., web, desktop, security, server support)
  - Review of “Centres and Institutes”
  - Streamlining resource intensive business processes

- **Review of low ranked support programs**
  - Opportunities for realignment and redesign
What’s next?

- **PPP Report will be presented in context of:**
  - Budget Reduction Targets
  - Process for re-investment

- **Forums and Timelines:**
  - Senate Oct 9
  - Open Community Forum Oct 10
  - Board of Governors Oct 23
  - College Meetings October- November

- **Debrief and Feed back**
  - Authors, submitters (Oct-Nov)

- **Development of Plans - getting ready for 2014/2015**
  - Deans/Directors – develop multi-year plans for meeting their budget targets

- **Current governance processes will be followed:**
  - Academic Programs to Senate
  - Fiscal Plans to Board of Governors
  - April 2014 : Integrated Plan with the 2014/2015 Budget
MYP2 – SETTING THE OVERALL TARGET

Summary of Major Assumptions for Next Three Years
Senate Oct 9, 2013
Integrated Planning and Fiscal Targets

- **Integrated Plan (2):**
  - 2013-2017 University’s second IP
  - Accompanied by “Multi-Year Plan” (MYP2)

- **Purposes of MYP2:**
  1. Fiscally - enable basic objectives of the IP2
  2. Maintain a **structurally** balanced budget
  3. Give us enough time to achieve 1 & 2

- **Key Components of MYP2:**
  - Base or structural budget only
  - Series of high-levels assumptions
  - University-level revenues and expenses
The Major Pieces

Revenues
- **Tuition**: ~34%
- **Grants**: ~40%
- ~74% budget

Expenses
- **Salaries**: ~51%
- **Benefits**: ~14%
- **Infra/Aid**: ~13%
- ~78% budget
### Key Assumptions & Sensitivities - remaining 3 years MYP2

<table>
<thead>
<tr>
<th>Component</th>
<th>Major Assumptions</th>
<th>1% CHG</th>
<th>Major Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>No more reductions</td>
<td>$1.6M</td>
<td>Provincial deficit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>Note: already 1.7% ($3M) reduction</em></td>
</tr>
<tr>
<td>Tuition (fees)</td>
<td>3% annual less 10%</td>
<td>$1.4M</td>
<td>Limited</td>
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<tr>
<td>Enrolment (ftes)</td>
<td>Hold levels and mix</td>
<td>$1 M per 200 FTE</td>
<td>No grant funding (policy) / demographics (demand)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>All +/- to departments</td>
<td>$0.500M</td>
<td>Concentrated in a few units</td>
</tr>
<tr>
<td>OMAFRA Recoveries</td>
<td>$25M fixed annually</td>
<td>$0.250M</td>
<td>Prov. priorities; move $ to projects</td>
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<td><em>Note: already a  6% ($1.5 M) reduction</em></td>
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<td>Faculty/Staff</td>
<td>2%-3% annually</td>
<td>$2.7M</td>
<td>Negotiations/ system legislation?</td>
</tr>
<tr>
<td>PENSION</td>
<td>$1.0M more annually</td>
<td>NA</td>
<td>Negotiations/markets/ legislation</td>
</tr>
<tr>
<td>Infrastructure; Capital</td>
<td>$1.5M more annually</td>
<td>$100K/M</td>
<td>Int. rates + capital demand</td>
</tr>
<tr>
<td>Infrastructure; Operating</td>
<td>3%-5% annually</td>
<td>$400K</td>
<td>Demand, Rates,</td>
</tr>
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</table>
COMPOSITION OF THE $32.4M

- Expenses require $50.5M
  - Mainly compensation
- Revenue Provides $18.1M
  - Mainly tuition
- Result; $32.4M
- “Spread”
  - Expenses 3.4% per year
    - 75% compensation based
  - Revenues 1.3% per year
    - Decreasing grants
- Require structural changes;
  - Expenses compounding
  - Revenues will not keep up

Sum of Major MYP2 Cost Assumptions

- Total Required Over 4 years (2014-2017) $50.5M
- Salaries, $24.6, 49%
- Benefits, $13.7, 27%
- Infra-Cap., $6.0, 12%
- Infra-Oper., $2.4, 5%
- Grant (Loss), $3.8, 7%
State Of Reserves 2013/2014

- **Two Major Types:**
  - **OTO (One-time) used for:**
    - Restructuring costs e.g., one-time implementation costs
    - Pension solvency
  - **Base (structural) used for:**
    - Covering unexpected changes e.g., in 13/14; OMAFRA ($1.5M), Student Aid ($0.800)
    - Maintaining Balanced Budget; e.g. in 2012 - $11M used to avoid base cuts

- **Outlook:**
  - High-water mark 2011 but… still have some.
  - We need to use what is left to maximum impact on achieving our targets
Summary

- **2008-2012 (MYP1)**
  - We reallocated $46M to balance the budget
  - Covered our assumptions – in the usual ways

- **2013-2017 (MYP2)**
  - New 5 Year fiscal plan with structural gaps continuing

- **2013 and 2014 (the first two years of that plan)**
  - No cuts or reallocations
  - Used reserves to continue to balance the budget
  - We need to begin to reallocate again

- **It will be different challenge;**
  - Affordability; Can we afford our “assumptions”?
  - Capacity: Can we continue to deliver everything …with less and in the same ways?
MYP2 – BUDGET REDUCTION TARGETS

Summary of Allocation Principles and Process
Senate Oct 9, 2013
Integrated Planning (IP) and Target Setting;

- **Reduction Targets are not new;**
  - Only once over the past 10 without a reduction
  - Typically annual targets set in context of an annual budget

- **2008 - 2012  IP1 incorporated the Budget**
  - Set Multi-year targets - matching the IP cycle
  - $46 M was allocated – over 4 years
  - First time using “metrics” defined under the IP
  - Result; Multi-year differentiated targets
    - 19% overall but ranged from 41% to 7% for all units
  - Most of which have been met

- **2013 – 2017  IP2 New Target (MYP2)**
  - No reductions for the first two years
  - But…
    - used $11.2 M of base reserves and $8.0 M of 1-time reserves to do it
IP2 Setting the Targets

- Now need to re-balance the structural budget
  - We do not have enough reserves
  - Current Target - $32.4 M
  - We have 3 years to do it

- Will continue the recent practice of differentiated targets;
  - Using IP-based metrics
  - Now including the PPP
  - They will still initially be assigned to units

- It’s a different challenge;
  - In finding $46 M the typical “unit” options are limited
  - Need to move beyond the unit
  - PPP Recommendations can help inform decisions
What PPP is and is not…

- **PPP is not** designed to determine the “quality” of a program;
  - Other processes in both academic and non-academic areas

- **Examines Programs and Services across 10 criteria;**
  - “Quality” programs could have been ranked lower than expected
  - Rankings provide guidance not decisions…
  - More evidence to add to the total suite of data

- **Important role for PPP;**
  - Help all levels of management develop plans to meet targets
  - Report rankings and recommendations can inform decisions
  - If a program is ranked less than expectations …examine why

- **Options include;**
  - Expansion, Addition, Restructuring, Reduction, Elimination
Reductions and the PPP

- **The PPP adds to NOT a replaces IP “metrics”;**
  - Rankings results are one factor in the allocation process
  - Other IP factors and metrics will continue to influence in the allocations

- **Ideas and Directions on;**
  - Changes in institutional policies/practices
  - Becoming better in fewer activities

- **Change that can help the University;**
  - Not only meet its internal fiscal target but…
  - Meet the external challenges of new provincial funding realities
  - And position the University for future continued success
Major Principles used in the Allocations

- **Everyone participates;**
  - Contribution from all major units (colleges/divisions)
  - Ancillary Units (already pay all their own costs but can help)

- **Final allocations are differentiated using;**
  - Major contributors to the gap i.e., compensation
  - All IP-base assessments including PPP
    - IP Metrics mainly in the colleges;
      - e.g., Teaching, research and delivery cost metrics

- **Immediate ability to pay not a factor**
  - Changes may take time but must happen
  - Any unmet MYP1 targets still must be achieved
Major Allocation Steps;

- **Step 1 Setting the Overall Target;**
  - i.e. the $32.4 M

- **Step 2; Allocate into three “pools”**
  - Colleges 75%
  - Non-Colleges 23%
  - Ancillary 2%
  - Mainly based on share of compensation budgets
    - These costs are the main contributor to structural deficit
  - No metrics yet….

- **Step 3: Split the larger Pools;**
  - That will be allocated using different bases
  - i.e., compensation based; PPP based; and Other IP-Metrics (colleges)

- **Steps 4: Apply the Metrics to Step 3 smaller pools;**
  - PPP rankings ……result pluses and minuses to initial proration
  - IP-based metrics for colleges …..result further differentiation
Mapping of Budget Reduction Target Allocations to Colleges/Divisions

**Step 1**
- Review 3 year Assumptions

**University**
- $32.4M

**Step 2**
- Set Major “Group” Targets
- Using Compensation base plus increases

- **Colleges**
  - $24.2M
  - 75%

- **Non-Colleges**
  - $7.5M
  - 23%

- **Ancillaries**
  - $0.750M
  - 2%

**Step 3**
- Assign portion to be allocated by metrics

- **Comp. Base**
  - $12.1M
  - 50%

- **Metric Base**
  - $12.1M
  - 50%

**Step 4**
- Apply Metrics
- **Colleges** PPP plus IP metrics
- **Non-Colleges** PPP only

- **PPP**
  - $4.4M
  - 18%

- **IP Metrics**
  - $7.7M
  - 32%

- **PPP Base**
  - $0.500M
  - 10%

- **Metric Base**
  - $0.500M
  - 10%

- **Comp. Base**
  - $7.0M
  - 90%
Results

- **Teaching Units allocated 75% of total Target**
  - Size of compensation and cost increases
  - Impact of PPP results (18% within the colleges, 15% overall)

- **Allocation across years for colleges:**
  - 50% of target assigned to Year 3
  - To give timing for required restructuring

- **Non-Colleges allocated 25% of target**
  - Allocation even across 3 years
  - Ancillary unit individual targets to be determined

- **Timing of implementation will be critical**
  - Slower savings…. costs money
  - Targets assigned are slower than actual deficits
    - Will be a challenge: need to find “bridging” funds
    - Will require Board approval (one-time deficits?)
Initial Targets; Total over 3 Years

Unit Targets by Year

% of Total Compensation Budgets

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Unit Target (in millions of dollars)
Next Steps

- **Review components of MYP2 (and the overall target);**
  - Are there institutional “solutions”?
  - Provincial funding..... risks or opportunities?
  - Policies, procedures, organizational restructuring

- **Implementation plans need to be developed;**
  - Programs/services will be the focus for change
  - Deans/Division Heads have the PPP report to help inform plans;
    - Rankings and recommendations; part of overall decision making
  - Recommendations, timelines, costs, impacts,

- **Develop proposals for reinvestment;**
  - Where to invest to transform, strengthen, realize opportunities

- **Prepare for normal governance processes;**
  - IP2 and the Annual budget to the Board of Governors
  - Academic programs changes to Senate
REINVESTMENT PROCESS

Helping to Meet the Targets
Senate Oct 9, 2013
Principles of Reinvestment

- **How much do we have to re-invest?**
  - $6.5 M in base funds
  - Carved out of past gains on enrolment

- **What is it to be used for?**
  - To “transform” programs/services to;
    1. Meet IP goals
    2. Enable units to achieve their budget targets

- **Who has access to this funding?**
  - All units – regardless of PPP rankings

- **How will it be allocated?**
  - Carefully!
  - Base, multi-year or one-time
  - Priority for projects or initiatives that have greatest impact on ..
    - Meeting IP Goals and.....
    - Meeting the fiscal targets
Evaluation of Proposals

- **Collaborative;**
  - Crossing unit lines
  - Programmatic or service transformation

- **Making the most out of our funds**
  - Measurable Impact;
    - Fiscal benefit e.g., meeting targets
    - Performance measures

- **Feasibility;**
  - Can impact be realized within this cycle of IP2
  - Are all resource and policy implications considered and addressed

- **Consistency with and realization of IP2 goals**
  - Including fiscal targets
  - Specific goals with impact on metrics and assessment criteria
Major focus is NOT the Unit;

- **Mitigation of cost increases;**
  - Can we invest to save?

- **Sustainable Growth and Revenue Opportunities to;**
  - Increase enrolments …to and yield net revenues
  - Access to Provincial performance-based funding

- **Productivity Measures;**
  - Focus resources more effectively
  - Matching needs not wants…

- **Curriculum Innovation**
  - Different delivery methods
  - Improved outcomes

- **Academic Restructuring;**
  - Rationalization to create stronger units
  - Resource sharing and collaboration create stronger programs

- **Streamlining Services:**
  - Technology, productivity and effectiveness
The Process;

- **Timing:**
  - There is no requirement for the funds to be allocated
    - If no effective proposals – no allocation
    - Annual call; beginning in fiscal 2014/2015

- **Submission:**
  - Business plan format
  - Clear, Complete and Comprehensive
  - Reviewed by a “Budget Cabinet”

- **Accountability:**
  - Separating accounting
  - Progress and final reporting
  - Repayment claw-back possible
Next Steps;

- **Create “Budget Cabinet”**;
  - Representation from campus community
  - Develop Terms of Reference

- **More formal guidelines will be prepared**;
  - May include “template”

- **Timing to be finalized**
  - Incorporated into 14/15 budget process

- **In the meantime .....**
  - Ideas, consultations, communications
Questions