

## **The Senate Committee on the University Budget (SCUB) Report Senate Meeting of March 21, 2012**

### **A. OUR MANDATE**

This Committee is an advisory Committee to the President and Senate. It is intended to assist the President in the preparation of the university budget by meeting with senior university officials, reviewing budgetary submissions and issues with them, and submitting recommendations to the President prior to the tabling of the annual budget with Senate. The committee should then advise Senate on the proposed university budget as submitted by the President and make recommendations, if any, to Senate.

- To be provided with information on the operating and capital funds of the University including confidential materials upon request.
- To recommend and assist in the development of consultative procedures for input by faculty, staff, students and other interested parties on the setting of the University budget.
- To review funding issues related to academic and administrative units, both as referred to the Committee by Senate and at the initiative of the Committee, and to report to Senate on such reviews.

## **B. MEMBERSHIP OF THE COMMITTEE**

<b>INCUMBENT</b>	<b>POSITION</b>	<b>EXPIRY DATE</b>
Dr. D. Ajit	Faculty Senator (Chair)	3/31/2012
Ms. Eileen Bray	VP Administration & Finance (non-voting)	N/A
Dr. John Curry	Faculty Member	3/31/2012
Dr. Balbinder Deo	Faculty Senator — CSAM	3/31/2014
Mr. Garrett Dobson	Undergraduate Student	3/31/2012
Mr. Jake Edwards	Student Senator	3/31/2012
Mr. Dale Laluk	CUPE Staff Representative	3/31/2014
Ms. Charlene Myers	Recording Secretary (non-voting)	N/A
Ms. Janice Paterson	Exempt Staff Representative	3/31/2014
Ms. Joanna Paterson	Graduate Student	3/31/2012
Ms. Colleen Smith	Director, Finance and Budgets (non-voting)	N/A
Dr. Jueyi Sui	Faculty Member (Professional Programs)	3/31/2012

## **C. MEETINGS**

The Senate Committee on the University Budget (SCUB) had meetings from October 2011 to March 2012. The meetings were focused on the budgetary process and submissions. The individuals noted below were invited to meet with SCUB (what they were asked to discuss with the Committee is contained in brackets after their names). Finally, the Chair of SCUB met with the President (two times).

- Kristine Smalcel Pederson, Assistant Provost (asked to discuss initiatives to boost student enrolment and their success/limitations, as well as details of surveys done)
- Ian Hartley, Dean of Graduate Programs (asked to discuss trends in enrolment in graduate studies and any new initiatives, such as foundation programs)
- Dan Ryan, Dean of the College of Science and Management (asked to discuss trends in enrolment in his College and any new initiatives, such as foundation programs)
- George Iwama, President and Vice Chancellor (asked to discuss the Action Plan of UNBC and its link with the University budget, as well as new programs and their funding)

- John Young, Dean of the College of Arts, Social and Health Sciences (asked to discuss trends in enrolment in his College and any new initiatives, such as foundation programs)
- Rob van Adrichem, Vice President External Relations (asked to discuss progress in fundraising and his long-term strategic plan)
- Gail Fondahl, Vice President Research (asked to discuss provincial government funding for graduate students in the last 5 years and its deployment, trends in research funding at UNBC overall, trends in NSERC and SSHRC funding, research expenditures, cost to educate a graduate student versus an undergraduate student, and strategic plan to expand research and graduate studies)

## **D. REVIEW AND RECOMMENDATIONS**

### **Outlook**

UNBC is facing major concerns relating to funding. Firstly, our operating funding (provincial grant) for post-secondary institutions in British Columbia remains the same as last year's overall funding and is expected to be cut by 1% in year 2013/14 and 1.5% in year 2014/15. Secondly, our operating costs are affected by increasing inflation levels. Thirdly, UNBC has one of the lowest student retention rates of any university in Canada. Fourthly, in spite of the efforts made in recruitment and retention, no progress has been made to halt stagnant student enrolment. Our current enrolment level is far below the target set by the Minister of Advanced Education. Traditionally, student enrolment at universities increases during recessions. Unfortunately, UNBC has not benefited from this development. Our total enrolment target (10/11), as set by the Provincial Government, was 3,431 (including Nursing and Health Sciences) full time equivalent student numbers, whereas our total actual enrolment for 10/11 was 3,087 FTE resulting in a gap of 18%. UNBC is now facing a gap of 700 FTE. At the undergraduate level, the gap between target and actual enrolment is even larger (22%). Provincial Government funding is based on targeted numbers, not actual numbers; for that reason UNBC has received funding based on 3,431 FTE.

In addition, planning projections for the budget years ahead (2012/2013 – 2013/2014) show, *ceteris paribus*, a deficit of \$0.9 million for 2012/2013, \$1.6 million and \$2.4 million respectively for 2013/2014 and 2014/2015. Our cash position (\$30 million) from the Balance Statement of the 2011 Audited Statements is positive. We are comforted by this situation and see opportunities for expansion in academic programming.

Actions undertaken by UNBC administration to raise student enrolment, so far, have only yielded miniscule results. Our enrollment growth is still negative and retention of students is a major challenge.

### **1. Present Strategy and its limitations**

The present strategy of UNBC is to approach the budgetary challenges by adopting a “cheese-slice approach” – cut expenditure across budgetary holders – by not replacing existing faculty vacancies (management by attrition). This approach has been followed in the preceding years (on a limited scale) and now is poised for greater enhancement. At the same time, UNBC has initiated a policy of increasing the visibility of the university by selective advertisement campaign (in areas like Vancouver, Calgary, and Toronto). The important elements – monitoring and evaluation – in strategic marketing project management are not being followed. For example, how many students came to UNBC due to posters in the Toronto subway?

The SCUB recognizes that this current approach is a ‘low-risk’ strategy but we feel that it is also ‘low-return’ strategy. The SCUB would like a strategy of cost-containment and at the same time embark on a policy of growth. The fundamental basis of the proposed strategy should be “student-centered” – give more scholarships to students – at graduate and undergraduate levels and attract students. Presently, at the graduate level various scholarship/awards etc. are only 25 per cent of the funds received from the Provincial government for the last 5 years! We would like UNBC to rectify the under-funded position. We feel that by granting more scholarships, we can increase the

shortfall in FTE at the undergraduate level and remove the widespread discontent among graduate students. This strategy will also have a multiplier impact on the community, as \$1 spent on tuition leads to \$4 spending in the community by students.

## **2. Is Public Funding Model Sustainable?**

In Canada and BC, education (especially post-secondary institutions) is dependent on public (government) funding (grants) for its sustenance. With a cap on tuitions and increasingly governments being concerned about budget deficits and provincial credit ratings (by credit rating agencies), governments have increasingly resorted to a cheese-slice method in cutting funding to post-secondary institutions and other budget holders. This is reflected in the recent proposal to cut provincial government funding by 1% next year and 1.5% the year after. If post-secondary institutions like UNBC depend only on government funding, their future sustainability will be substantially compromised. We would like UNBC to diversify the present revenue base by looking at fundraising on an immediate and enhanced basis. Possibly the UNBC Board of Governors can contribute to this endeavor by enhancing the present pie of Endowment Funds. Given the fact that Northern BC accounts for 60 per cent of provincial income in BC and the fact that a number of business operations are expected to start (or already have started) in the northern region, this option should not be a constraint. Private funding becomes more and more important in post-secondary education. Many universities and colleges in British Columbia are very successful in raising funds.

### **3. Branding**

First we were “The University in the North, for the North”, then the “Small Research Intensive University.” and now the “Green University.” It appears these brands are not growing the university.

### **4. Budget Cuts**

We believe that a more comprehensive approach is needed to deal with our budget deficits. We noticed that the current administration uses a “cheese-slice method” in order to solve the yearly deficit. This method is used for slicing resources across departments and programs without making strategic choices. For example, vacancies are not filled (Computer Science (1), Business (3)), budgets for sessional instructors are cut, etc. This method is extremely counter-productive, ineffective and may jeopardize the good ranking we enjoy among small universities (in Maclean’s magazine).

We notice that carry forward funds are substantial (\$2.5 million in 2011) and are not incorporated into the budget. Carry forward funds give the impression that there is a surplus, whereas these might be committed towards academic programming. These funds should be spent in a reasonable timeframe by supporting the programs which have a potential for growth.

### **5. Budget Process**

With regard to the budget process, transparency and communication are essential when new developments or plans are proposed or implemented. A well-balanced number of Town Hall meetings can be used to disseminate new plans to faculty and staff. Rumor and uncertainty among faculty and staff can be minimized through open communication and transparency. More clarity on the process regarding the budget is needed once it leaves the administrative unit.

### **6. International Partnerships**

International student enrolment and international partnerships are on the priority list of our provincial government. Recently, Premier Christy Clark announced her plan to

increase by 50 percent the number of international students attending universities and colleges in British Columbia. Last year, Vancouver hosted the Annual Conference of NAFSA (National Association of Foreign Student Advisors). This conference is the largest of its kind in the world. 2000 delegates attended this conference and many post-secondary institutions in British Columbia organized receptions and invited the representatives of their partner institutions. This was a unique opportunity to strengthen our international partnerships.

## **7. Summary of Recommendations**

1. A “student-centered” enrolment strategy is advocated which gives more scholarships to students – at graduate and undergraduate levels – and attract students.
2. UNBC should pursue active “fundraising” to offset the decline in provincial government grant. UNBC Board can help in augmenting the Endowment funds.
3. UNBC administration should have a fresh look at its “cheese-slice method” in order to solve the yearly deficit. In its place a “growth” oriented strategy should be pursued.
4. UNBC should actively join the bandwagon of international student enrolment and international partnerships initiatives set by our provincial government.