

**THE UNIVERSITY OF NORTHERN BRITISH COLUMBIA
SPECIAL SENATE MEETING
PUBLIC SESSION RE: 2003/04 PROPOSED BUDGET
MINUTES**



April 2, 2003

3:30 - 4:30 PM

Room 7-172 Bentley Centre - Prince George Campus

Present: F. Abdulla, S. Beaumont, R. Berthiaume (teleconference), T. Binnema, J. Birchall, M. Blouw, C. Brown, L. Coates, S. Cochran, J. DeGrace, D. Ditto, A. Fredeen, S. Goring, C. Hawkins, A. Hussein, C. Jago (Chair), E. Jensen, L. King (teleconference), D. Macknak, P. Madak, B. Malcolm, M. Mandy, R. Matheson (teleconference), P. Montgomery, B. Morrison, A. Nussbaumer, D. Nyce (teleconference), K. Otter, K. Penner, D. Procter, F. Rahemtulla, E. Stephens, B. Tait, T. Whitcombe, S. Wilson.

Regrets: B. Anderson, S. Beeler, D. Hemingway, Y. Hussein, E. Kinghorn, B. McGill, D. Poff, R. Singh, A. Summers, J. Swainger.

Guest: C. Smith, Controller

The meeting commenced at 3:30pm.

1.0 S-200304 02.01

Approval of the Agenda

Whitcombe/Morrison

That the Public Agenda for the April 2, 2003 Special Senate meeting be approved as presented.
CARRIED

2.0 President's Report

While the President presented his report on the budget, the Registrar was asked to act as Chair.

Introductory Comments:

The President explained that according to the University Act of British Columbia, he was responsible for presenting the annual proposed University budget to the Board of Governors for their approval. It was also the responsibility of the President to seek advice from Senate on the budget so in making this presentation, he was fulfilling the responsibility assigned to him.

2.1 2003/04 Budget Discussion and Review

2.1.1 Presentation of the UNBC Proposed 2003/04 Budget by the President:

Beginning the previous year, the government of British Columbia had begun a practice of issuing a budget letter shortly after the presentation of the provincial budget, and of providing the universities with information both on their grant for the coming fiscal year as well as giving them a forecast of their grant revenues for the following two years.

In this year's budget letter, the University had been advised that the grant from the province would be a little over \$33 million, more than we had been led to expect in the previous year's budget letter. The increased revenues were tied to increased enrolment expectations for the University. The money received was for the general purposes of the University, but also included in the grant was money for new program development. Certain funds related to targeted enrolment requirements, specifically the Bachelor

of Education Program, the expansion of the Computer Science Program, the Northern Medical Program and the expansion of Nursing.

The grant consisted of:

- The base grant
- Money for new program development
- Money for increased enrolment

The grant did not consist of any additional money to pay for the inflationary costs experienced by the University such as:

- Salary increases
- Increased cost for library books
- Increased cost for laboratory supplies
- Increased licensing cost regarding software
- Increased cost of natural gas etc.

The University revenues were expected to come from:

- Over 70% from the provincial government
- Over half a million from the federal government to help cover the indirect cost of research. A similar amount being received the previous year for the first time and now secured.
- Just over 25% of operating revenues from tuition and other fees based on the tuition fee level and enrolment projection. In this budget an enrolment increase of approximately 5% was projected, but severe budgetary difficulties could be faced if this was not met.

Assumptions:

- The 5% enrolment growth would be met
- Targeted enrolments in specific areas would be met, and
- The proposed fee schedule would be approved by the Board of Governors.

Tuition Fee Increase:

The tuition fees proposed in this budget had been increased by 33% over the previous year with the exception of the fee for the Bachelor of Education program. The increase for the latter was a significant fee increase and one that had been the subject of a great deal of discussion and debate, but the increased cost still fell below the Canadian average, with the exception of Quebec.

This increase in student tuition fees would be used to meet expenditures that could not be met through the provincial grant. Certain expenditures had been funded over the previous two years from Special Purpose Funds and as well, there were additional items that were recommended by the Faculty Recruitment and Retention report. This committee had been Chaired by the VP (Academic) in 2001.

The expenditures included:

- Graduate entrance scholarships - \$200,000
- Faculty start-up grants - \$200,000
- Faculty SEED grants - \$125,000
- Faculty travel grants - \$54,000, and
- Faculty publication grants - \$50,000.

These expenditures help faculty to build their careers at UNBC and would help in both faculty retention and faculty recruitment. It was imperative that these expenditures be maintained, and with the exhaustion of the Special Purpose Funds set up two years ago, there was no other option but to charge these costs against student tuition fees.

In the previous year's budget, improvements were made to student services and these were funded on a one time basis, for one year only. As these proved to be necessary during the course of the year, they were locked into the budget, funded on a permanent basis from tuition fees.

There were also inflationary expenditures, both salary and non-salary, that could not be afforded without an increase in tuition fees. The other option would have been to curtail areas of University operation, and to downsize and layoff faculty and staff; but it was decided in the current situation, in which our fees were still below the national average, that it would be unwise and unwarranted to begin a significant downsizing of operations at the University.

As unwelcome as tuition fee increases were, they provided the only means to maintain the current level of operations, to maintain the current scope of programs, to maintain the benefits that were approved for faculty and to maintain the improvements in student services.

In conclusion, the President noted that the proposed budget was a "stand-pat" budget. It would allow the University to maintain the current faculty/staff with the exception of one new FTE position, with no lay-offs. There were concerns about the provincial grant forecast for the upcoming years as there would be even less funds received the following year. Difficult decisions would have to be made early, and careful planning would be necessary for what might be leaner times for all the universities in the province.

2.1.2 Report from the Senate Committee on the University Budget (SCUB)

T. Whitcombe, the Chair of SCUB, provided this report.

The Senate Committee on the University Budget is a statutory requirement under the University Act to assist the President in preparing the University budget. SCUB had been asked by President's Executive Council to consider the financial implications of implementing the *Action Plan* as part of the budget guidelines. SCUB had also been engaged in discussions around the implications of tuition fee increases and these discussions were reflected in the report prepared by SCUB. Although all aspects of the budget were examined, specific comments about individual departments and programs were not included in the report.

One recommendation was that the University build a template so that all future budgets could be reported in the same fashion for ease of comparison. On the whole, it was felt that the budget as presented represented a clear picture of the University's financial position and commitments for the coming year.

2.1.3 Senate Discussion

S-200304 02.02

Whitcombe/Beaumont

That Senate having reviewed the proposed University budget for 2003/04, concur with SCUB and recommend that the President present the proposed budget to the Board of Governors for their consideration.

C. Jago resumed his position as Chair and general discussion commenced at this time.

Senator Berthiaume raised the question of the University making the reasons for the tuition fee increase very clear and transparent to students and especially to the students in the regions so they could appreciate the linkage between the increases and the enhanced services to students, such as student support, awards, and the improvement of facilities as well as Teaching Assistantships. The President responded that SCUB, while working independently from President's Executive Council, had had broad representation of student. He added that, as President, it had been his practice over the years to consult with students (Senators and Board members among others) during the budget setting process. Students had been

provided with information on how the proposed increased tuition fees were to be spent and were shown a clear relationship between the expenditures and the services to be provided.

The President stated that, with the severe challenges expected in the next few years, it was imperative that there be a clear understanding of exactly what tuition fees were paying for, so as not to sacrifice what was in the best interest of the students of UNBC, especially as the University proceeded to where tuition fees would be paying for a higher proportion of the overall expenditures of the University. President's Executive Council firmly believed that as the University moved to a situation of tuition fees becoming a more significant part of the revenue stream of the University, the relationship between those fees and the services provided to students must be extremely clear, as well as the efforts that were being made to protect and maintain the interest of our student community. The Chair of SCUB concurred with the President's statements.

Senator Hussein noted that he looked for evidence in each budget of an equitable distribution of funds among all units, but could neither see this nor an explanation regarding the sharing of the funds. The President responded, and asked the Controller, Colleen Smith, to provide further information with regard to the expenditures in Central Administration. President's Executive Council had worked very hard to maintain equity in expenditures, and most of the expenditures of the University went to academic operations as they should. Colleen Smith pointed out that, in the President's and Vice-Presidents' areas, under operating expenditures, the information might be a little misleading as monies had been included relating to recruitment of faculty and staff, and this misrepresented the amount actually available to the President and VP's for their operations. Expenditures for those areas had been increased quite significantly, this year, for recruitment. Colleen Smith concurred with the President regarding the explanation for the area of Central Administration and advised that some of the items recorded were considered University-wide expenses. A large amount had been set aside for "tuition waivers" that are provided to students for programs such as the Academic Achievers, University Scholars, etc.

Senator Hussein voiced his concern for the serious shortage of staff support in the College of Science and Management. Staff support had been cut tremendously in this College, he said, and he questioned the discrepancy between the funding for operating expenditures between the two Colleges. The Controller confirmed that the funding shown related to specific operating costs such as photocopying, and that the salary costs relating to the staff support were included under "Wages and Benefits".

Senator Hussein questioned the role of SCUB. He felt that, should there be a serious conflict between the SCUB view of the budget and Administration view of the budget, there would not be sufficient time to resolve it as SCUB reports to Senate at a time when the budget is almost in place. He recommended that SCUB present their report at an earlier date for administration to consider the recommendations in the current year's budget. The Chair of SCUB confirmed that SCUB had been given the opportunity to participate extensively in the budget process during the last two years. There had been discussions with the President and with key budget holders, and SCUB was able to make comment along the way. Over the previous two years, SCUB presented a preliminary report to President's Executive Council in mid-February so that their recommendations could be incorporated. SCUB was an advisory committee to the President and had been able to provide constructive criticism and assistance. The President added that the advice of SCUB was always appreciated. Now, with the forecast of the government grant revenues received for the next two years, and the need for the budget process to begin earlier to look over two years and not just the upcoming year, it had been made clear to SCUB that they would be engaged at the onset of the process.

The President added that SCUB was a very important agency in the budget setting process, based on its independence from the President and President's Executive Council, and noted that it could arrive at a different set of conclusions. If there were serious disagreements between SCUB and President's Executive Council, the proposed motion brought forward today would not be passed, and the budget would proceed to the Board either without a motion from Senate or as an antagonistic motion of Senate. The ultimate authority for the budget resting solely with the Board of Governors. The report of SCUB,

therefore, was very important and would be assigned a significant degree of importance by the Board of Governors when the budget was presented.

Senator Otter added that it would be easier to gauge the budget if there was more information on what the columns represented - specifically, where all the revenue came from and explanations for the capital expenditures and transfers. Colleen Smith provided clarification. The Chair noted that this was a valid point and that an explanation would have been helpful.

Senator Goring stated that he was glad to have been on SCUB and to have participated in the budget setting process, but as a student Senator, was disappointed to be in this position. He added that it was an awkward position to be in, as he knew that tuition fees had to increase and yet understood that students would be hurt by this decision. Although the administration did a good job in consulting the students, the fact that there was no real long-term plan in place made it very difficult for students to provide meaningful feedback, and students felt it was a take-it or leave-it issue with no options for them. He felt that this reflected back to when *Action 2002* was passed. It was understood that the University would be in this position, but more discussion was needed. Of all the specific proposals included in *Action 2002*, none had been passed. He felt that this reflected on Senate in part, and recommended more long-term planning in the future. The President confirmed that, in this budget, it stated that plans would be made for a minimum of two years. He accepted responsibility for not having taken SCUB's advice last year, wanting to give the new government time to understand the importance of advanced education and the need to review the projections that were provided. He confirmed that a five year budget projection had been done. We were building a strong new University, he said, and it is important that the momentum not be lost even though there were difficult decisions to be made. The President was confident that we would continue to grow notwithstanding the difficulties being encountered. The *Action Plan* set out recommendations on what the University should be doing to build the academic community, and we would not be ignoring the recommendations of that plan. The plan would give direction and a sense of priorities.

Senator Montgomery noted that the funding letter included provision for delivery of 2811 FTE's, whereas the overview report showed an estimate of 2970. As was mentioned previously, if there was a reduction in enrolment it was possible that the government could take back some of the funds they provided. He asked whether we were trying to "claw forward", or did we feel we could handle a larger number of students at the same cost and build on our momentum. The President confirmed that UNBC currently had higher enrolments than the targeted enrolment from the Province, and this provided a cushion. If the University were not to grow by the 5% as anticipated, we would still be in excess of the enrolment target set; but as the enrolment target was very specific, (the University had both a general enrolment target and a specific enrolment target) if UNBC failed to meet the specific targets, where we had been given targeted funding, this would be the area where there would be consequences should the Ministry decide to withhold money or to take money back.

Senator Brown observed that, on page #5 of the UNBC Proposed 2003/04 Operating Budget (in the last paragraph under "Conclusion"), there was the suggestion that the "committee", which he understood to be SCUB, would be "mandated to identify a set of options for major savings over the next two years, for possible areas of new revenue generation, and for strategies to protect the university and its faculty, staff and students from the forecast reduction and stagnation in provincial base funding". He asked the Chair how this might progress. He requested clarification on whether or not the President would bring a motion forward to Senate to mandate SCUB to address that issue and, secondly, if tension arose between the Senate Committee on Academic Policy and Planning and SCUB on this issue, how it would be addressed. The President clarified that, in embarking upon the budget issue beginning in May, the leadership would be taken by President's Executive Council; and the responsibility would not be delegated to SCUB. President's Executive Council would undertake this exercise in consultation with President's Council, which includes senior administrative officers of the University including the Deans, as well as with SCUB. SCUB would continue to act in the advisory capacity to the President and, as issues arose that might create a conflict in priorities between the budget planners and, potentially, SCUB and the Senate Committee on Academic Policy and Planning, the Deans would be involved through President's Council.

There would be opportunities to identify issues of priority, as the process would be consultative. The President would be meeting with SCUB early in May to set out a process for this review of the budget situation, in anticipation of the preliminary report to be provided in November.

Senator Brown asked who mandated SCUB and the Senate Committee on Academic Policy and Planning - his understanding being that it was Senate. He presumed that motions would be brought forward to Senate should SCUB be asked to take on a greater role. The President stated that this would be a good issue for the Senate Committee on Organization and Rules, and referred the matter to the Registrar to take under advisement. He added that the current process was entirely consistent with the Terms of Reference of SCUB, and that any action to move SCUB in a direction that would exceed its present mandate would require a special motion of Senate.

The Chair of SCUB concurred with the President's comments and reiterated that the Committee is mandated to assist the President and to report to Senate, and if Senate required more than is set out in the Terms of Reference, a motion would be required.

In order to be more useful to Senate during the budget setting process, Senator Hussein suggested that SCUB report to Senate on a regular basis.

CARRIED
2 ABSTENTIONS

3.0 Report of the Vice-President (Academic) and Provost

The President advised that the Vice-was not available to report to Senate.

4.0 Question Period

5.0 Other Business - None

6.0 S-200304 02.03

Adjournment

Whitcombe

That the Senate meeting be adjourned.

The meeting adjourned at 4:30pm