

THE SENATE COMMITTEE ON THE UNIVERSITY BUDGET (SCUB) REPORT
(SENATE MEETING OF MARCH 20, 2013)

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

INCUMBENT	POSITION	EXPIRY DATE
Dr. Baotai Wang	Faculty Senator (CASHS)	3/31/2015
Dr. Balbinder Deo	Faculty Senator (Chair)	3/31/2014
Dr. John Curry	Faculty Member	3/31/2015
Ms. Eileen Bray	VP Administration & Finance (non-voting)	N/A
Mr. Garrett Dobson	Undergraduate Student Representative	3/31/2013
Ms. Jennifer Keryluik	Exempt Staff Representative	3/31/2014
Mr. Dale Laluk	CUPE Staff Representative	3/31/2014
Ms. Charlene Myers	Recording Secretary (non-voting)	N/A
Ms. Colleen Smith	Director, Finance and Budgets (non-voting)	N/A
Dr. Jueyi Sui	Faculty Member (Professional Programs)	3/31/2015
Ms. Joanna Paterson	Graduate Student	3/31/2013
Mr. Waqar Younas	Student Senator	3/31/2013

C. MEETINGS

Senate Committee on the University Budget (SCUB) held meetings with senior university officials, senators, deans, FA representatives, and program chairs and the program of meetings started in October and continued through the first three weeks of March 2013. The content and context of meetings were the budgetary process and submissions. The Chair of SCUB met with the President's Executive Council (one time).

The committee welcomed and received the input and comments from various segments of the university community related to budget and the budgetary process. The SCUB met with:

- President and Vice Chancellor, George Iwama, and requested him to discuss the Action Plan of UNBC and its link with the University budget, as well as new programs and their funding sources.
- Mark Dale (Provost and Vice President Academic), Bill Owen (Acting Dean of Student Success and Enrolment Management), Troy Hanschen (Registrar), Dan Ryan (Dean CSAM), Bob Tait (Acting Dean CASHS), Bill McGill (Acting Dean, Graduate Programs).
- UNBC senators and Faculty Association (FA) representatives
- Rob van Adrichem (Vice President, External Relations), and David Claus (Assistant Director Facilities).
- Ranjana Bird (Vice President, Research)
- Program chairs of CASHS and CSAM

There is also a plan to meet with general faculty, librarians, student bodies and their representatives, and staff and their representatives.

D. OVERVIEW

1. UNBC location and local community relations

- The geographical location of the UNBC at Prince George, in central BC, is far away from the major metropolitan areas of southern BC.
- There has been a recent addition of more universities in the province.
- The decline in the number of students in the K-12 school system in the UNBC catchment area is seen as a matter of concern for UNBC student enrolment.
- The community in Prince George and in adjoining areas (including business community) is very supportive of UNBC.
- Industrial activity in the area is on the upward trend and the region appears to be in the early phase of a long period of growth for the North that may generate employment and growth of the community in future.

2. UNBC Status – in the North, Green University, research intensive university highly reputed in Canada and abroad

- UNBC is recognized as a small research intensive university very well respected within Canada and abroad.
- UNBC improved its Maclean's ranking from 11th to 2nd in a span of almost 10 years. The small class size is well appreciated and valued by its students.
- The research work of its faculty is respected and appreciated by the peers at the national and international level.
- UNBC is “The University in the North, for the North”, and has branded itself the “Green University” and is working on various ‘Green Initiatives’ to build its reputation as ‘Green University’.
- The management of the Bio-energy plant at UNBC has been able to reduce its carbon footprints as well as the cost of operations successfully and has gained national and international recognition. Its management is also planning to execute capital projects for reduction in energy consumption and cost of production.

- The ‘Green University’ reputation of the university has attracted some students in some of the programs (for example, in Environmental Engineering), but the size of the student market practically looking for environment related courses and programs has not grown enough to meet UNBC capacity.

3. UNBC and International student market

- International students are a vital source of revenue for BC's PSE institutions, and some institutions have adopted a number of different approaches that include implementing support systems for students, recruiting through social media, and tailoring courses to international students. As per the Director of International Student Initiatives at UBC, their recruitment team visits over 1,000 schools in a year, **and social media platforms and e-recruitment efforts are found to be “increasingly vital to attracting students from abroad”**. The British Columbia Institute of Technology uses a bridging program that allows landed immigrants in industries such as engineering and accounting to use their credentials in the province (Ken Steele, based on Vancouver Sun).
- International graduate and undergraduate student enrolment continues to rise in Canada.
- BC government is encouraging institutions to increase international students by 50%.
- International undergraduate student enrolment is continuing to rise at UNBC but UNBC has not been able to harness this potential to a large extent.
- There is an opportunity to recruit students from international markets, specifically from growing markets.

4. UNBC and Fund Raising initiatives

- The UNBC Alumni are over 10,000 and they can be very helpful in raising funds for the UNBC.
- UNBC employees also have the potential to increase their contribution to UNBC fund raising efforts.
- UNBC is planning its fund raising efforts and initiatives for the future through its advancement office.

- In some universities in Canada, advancement offices have been actively engaged with the business and other professional programs for fund raising initiatives.
- UNBC is lagging behind in fund raising initiatives as compared to other universities in BC. Other universities such as UBC have been successful in raising a significant amount of funds and it may be due to the fact that UBC has already established itself and also have been able to put enough resources into the fund raising activity.

5. Budgetary constraints on Post-Secondary Education (PSE) Institutions in BC

- Last April the Government announced 1% (\$20M) reduction in the 2013/14 budget for the PSE sector and additional 1.5% (\$30M) reduction for the sector in the 2014/15 fiscal year. In this year's budget presented by government, reductions will be \$50M for the sector. However, this \$50M budget cut is going to be spread over 3 years (\$5M in 2013/14, \$20M in 2014/15, and \$25M in 2015/16) (Some portion of the savings to offset budget reduction has to come from shared service initiatives throughout the sector).
- As per the provincial Cooperative Gains Mandate for 2012-14, cost increases related to improvements in employee wages are required to be funded through internal savings and/or revenue increases. Cost of operations is also affected by increasing inflation levels. These items are going to put an additional pressure on the UNBC operating budget.
- The Federal indirect costs of research grant funding level is estimated to decrease further (by about \$150,000) as compared to 2011/12 level.
- Graduate and undergraduate tuition fees are expected to increase only by 2%.
- Erosion of budget flexibility over the last few years is forcing UNBC to reduce spending in the year 2013/14.

6. UNBC budgetary process related perception among various sections of university community

- It is a common perception that the budget process at UNBC is less transparent, and is not communicated to various segments of the university community effectively. The process is a top-down approach and consultations and inputs specifically at the program level are minimal in many cases.

- The senators, Faculty Association representatives and staff members are not aware of any strategic plan followed when it comes to the budget and budgetary process. To avoid any kind of uncertainty, the university community in general wants to know in advance about various initiatives that are to be supported, or not to be supported, through budget allocation. As per their perception, there is no comprehensive approach followed to deal with budget deficits.
- The major perception is that UNBC management is simply cutting resources across programs/ departments without looking at the strategic choices of the departments/programs. For example, a 3% cut across all programs/departments large or small, with minimal or no input from programs and departments, appears to be taking place.

7. Student enrolment at UNBC

- Domestic undergraduate student enrolment is almost stabilized and it is far below (almost 500 FTEs) the target of 3455 Full Time Equivalents (FTEs) including Nursing and Health Sciences.
- UNBC student retention rate is low compared to other universities in BC.
- Graduate student enrolment in Fall 2012 is down nearly 5% as compared to Fall 2011.
- UNBC is working on a solution related to graduate and undergraduate applications submissions on line with Wayne State University and this system will be implemented by September 2013. Website work is mainly operational and is going through clean up phase. This initiative will help students from any location submit applications without difficulty.

8. Impact of earlier budget cuts on UNBC community

The budget cuts for the last few years have started to show their effects.

a) Direct Impact

- Overall morale of UNBC staff and faculty is not as good as it should be.
- Some programs were unable to hire faculty where it is needed the most. Positions remained unfilled for the last few years.
- In some programs, more than 60 percent of the teaching load has to be given to the non-tenured faculty.

- There is a dramatic increase in the class sizes in some programs.
- There is reduction in the level of student services.

b) Indirect impact

The indirect impact of the budget cuts, reported in meetings are:

- Increased failure rate of students in some classes which leads to organizing additional sections (added cost) for failed students so that they may be able to complete degrees on time.
- Students taking courses from other institutions (lost revenue for the university).
- Negative impact on the 'small class size' reputation of UNBC and its standing at the national level in the long run.
- UNBC is reducing the diversity and breadth of some course offerings which may have further negative impacts on enrolment and retention of students (in other words savings made through cuts will further lead to UNBC revenue reduction).
- Increases in the number of well trained and established researchers and teachers looking for jobs in other universities / schools. Established faculty flight will hit the UNBC standing in the long run.

E. CURRENT STATUS OF UNBC (BASED ON CONTEXT)

- a) At the beginning of the budget cycle, UNBC estimated a \$2.2M deficit if nothing changed. Therefore, UNBC is facing a budget cut of approximately \$2.0 million for the 2013/14 fiscal year and even more budget cuts may be coming for 2014/15.
- b) The enrolment numbers at UNBC are down and are somewhat stabilized at a number which is almost 500 FTE's less than the government funded number (therefore, UNBC is unable to increase additional revenue based on 500FTE student fees).
- c) Student retention rate is low as compared to other universities in BC.
- d) UNBC's plan to grow the number of domestic students is not going to be effective until 2014/15.
- e) Student population in the K-12 system, in the UNBC catchment area, is falling. In addition, a substantial portion of K-12 graduating students choose to go to local colleges (CNC, NWCC), universities in the southern part of BC, and universities in Alberta.
- f) There is a potential to increase the international student enrolment as the BC Government allows educational institutions to recruit international students.
- g) Fund raising efforts are not enough and there appears to be no concrete fund raising plan in place for the coming years.
- h) About \$3 million is available as unrestricted investments in the form of cash and cash equivalent investments (UNBC, Financial Statement, 2012).

F. SCUB RECOMMENDATION

1. Related to UNBC Budget and the budgetary process

- a) The major perception is that UNBC management is simply cutting resources across programs/ departments without looking at the strategic choices of the departments/programs. For example, a 3% cut across all programs/departments large or small, with minimal or no input from programs and departments, appears to be taking place.

UNBC need to make strategic choices instead of slicing a percentage (for example, 3% budget cut) of resources across departments and programs. In addition, the committee recommends a continued comprehensive approach to deal with the budget deficits.

- b) It has been observed that almost all segments of the university community intend to provide their input and effort for the good of the university. They intend to get engaged to help management to get over the difficult time. To have their input and engagement, the level of transparency, the channels of communications, and methods of engagement need to be improved/developed (for example, the department and program chairs should also be involved for their input and contribution to the budgetary process).
- c) The budgets, balance sheets, income statements, and other accounting documents prepared are very important technical documents and the process of their preparation is very time-consuming. However, the information and data contained in these documents is difficult to understand by members as they do not have the specific accounting skills to interpret or decode the numbers. Through meetings with senators and faculty members, the SCUB members observed that a large majority of faculty and staff want to get the information translated into layperson terms so that they are able to truly involve and engage themselves in the process. In addition, SCUB receives only one copy of the budget folder in the third or fourth week of February (February 19th this year) and SCUB is not allowed to make multiple copies of the folder for each committee member (for reason of maintaining confidentiality) to examine as per their time and convenience. However, SCUB is required to provide input to PEC by the first week of March (March 01, 2013 this year). So, there is insufficient time available to SCUB members to understand and communicate the meaning of information and therefore, this Committee strongly recommends to the Senate and to UNBC management:

- To provide the draft budget in the first week of February.

- To provide more than one folder with budgetary information and data for the SCUB members.
- To provide SCUB with the services of a resource person (in addition to V.P. Finance, and Director, Budgets) who have the required accounting skills to translate the knowledge contained in the budget to the SCUB members, senators and other segments of the university community (keeping in mind the work load of the committee that has to be performed in a short time period).
- To provide the depth of data and information for each program in CSAM and in CASHS. (The non-availability of information related to each program restricts the ability of SCUB to provide detailed input at the program level. Therefore, for detailed input from SCUB, budget information for each program in CSAM and CASHS should also be made available to SCUB members).

2. Recommendations for increasing domestic student enrolment

UNBC domestic student enrolment is 500 FTE's below the government funded mark and it opens the door to make suitable changes to current plans, such as;

- Provide financial and non-financial incentives to recruit students from the North so that there is more incentive for student populations in K-12 system in UNBC catchment area to join UNBC.
- Provide financial and non-financial incentives to retain students so that they complete their education at UNBC (reported retention cost is relatively less).
- Provide incentives to students to take a full load of courses in each semester (as it is reported that the head count is substantially more than the FTE numbers at UNBC)
- Identify and expand programs where the potential for student growth is high and the cost of recruitment and operations are relatively less within the university.
- Make student recruitment arrangements with other PSE institutions in the North.
- Make student recruitment arrangements with PSE institutions in the major cities where there are much larger populations of students (some institutions have more students than the government funded capacities in large metropolitan areas)

3. Recommendations for international student enrolment

It has been reported that strategic planning for domestic student enrolment is underway but it will be effective in 2014/15 session onwards. Therefore, UNBC has an opportunity to recruit students from abroad to meet the unused capacity of 500 FTEs. However, UNBC may not be able to count international students in terms of domestic FTE numbers, but tuition fees collected from them will assist UNBC in meeting its other financial obligations. In addition, the BC Government encourages universities to recruit a substantial proportion of students from international markets.

It is encouraging to note that UNBC has made arrangement to recruit students from Mongolia. Therefore, similar possible arrangements could also be made to recruit students from other growing markets that have plenty of good students who can afford an education at Canadian and American universities. Some of the universities in BC have been very successful and UNBC should also take advantage of the government policy to recruit students from international student markets.

4. Recommendations for fund raising efforts

A very large majority of post secondary educational institutions are dependent on government funding. However, for the last number of years, funding and grants from governments are declining due to budgetary cuts. On the other hand, cuts in government funding to PSE provides an opportunity for UNBC to diversify its revenue base through fundraising initiatives (though funds raised may not be available to meet UNBC operational needs but could be helpful in meeting various other financial needs of the university).

In a meeting with program chairs, the committee members observed that some of the chairs are very keen to support the UNBC Advancement Office through raising funds for the university. It has also been mentioned that Business Schools in other universities work with their respective university advancement offices to raise large amount of funds for their universities and colleges. Therefore, UNBC should also make use of this methodology to raise funds to support various new initiatives. In addition, it is also suggested that for fund raising efforts input of faculty, alumni, and students should be made use of for better results.

G. SUMMARY OF RECOMMENDATIONS

1. Make the budget and budgetary process transparent to engage and to have input from the university community.
2. Maintain a “student-centered” approach to enrolment strategy by providing more financial and non-financial incentives to students both at graduate and undergraduate levels.
3. Pursue active “fundraising” related initiatives to offset the decline in provincial government grant. The Advancement Office and UNBC Board of Governors can help in designing policy and procedures to generate endowment funds.
4. UNBC should take advantage of the government policy for international student enrolment and international partnerships initiatives.