

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.
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- 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

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

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

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