

SIMON FRASER UNIVERSITY

MEMORANDUM

TO: Senate

FROM: Katherine Heinrich
Chair, SCUB

RE: 1995 Budget Report

DATE: June 13, 1995

A copy of SCUB's 1995 Budget Report to the President is attached for your information. This report is based on meetings with the Vice-Presidents and the University community during the past six months.

KH:cr
Attach.

WPH
for Kathy Heinrich



SIMON FRASER UNIVERSITY

MEMORANDUM

To: John O. Stubbs President and Vice-Chancellor	Date: May 24, 1995
	From: Katherine Heinrich, Chair SCUB
Subject: 1995 Budget Report	

I am pleased to present to you SCUB's 1995 Budget Report. This report is based on meetings with the Vice-Presidents and the University community during the past six months. The last draft was sent to all Vice-Presidents on May 18 for comment, and the final version was approved by SCUB today. The report will now be sent to Senate for information (the July meeting) and at the same time will be put on the University's gopher server.

I believe this was a valuable experience, both for SCUB members and for all those who participated. I trust you will find the report informative and useful.

KH:jc

cc: Walter Wattamaniuk, Secretary to SCUB

**SENATE COMMITTEE ON UNIVERSITY BUDGET
1995 REPORT ON CONSULTATION
WITH THE UNIVERSITY COMMUNITY**

PREAMBLE

Beginning in December, 1994, SCUB met individually with each of the Vice-Presidents and the President to discuss the budgetary aspects of their portfolios. Prior to the meeting each was provided with a set of questions (some based on comments made by the community last year) and asked to respond. This provided SCUB with the background necessary to meet with the community.

A draft of the proposed budget was prepared by the office of the Vice-President, Finance and Administration, as was a "Guide to the Budget." These were sent to all members of the University community and at the same time were put onto the University Gopher server, together with the Board document, "Operating Budget Principles and Process," which describes how the University may allocate its budget.

Meetings then took place with the University community and, in each case, directors were asked to invite all members of their unit to attend. Individuals were also invited to make written responses. The meetings were as follows: Arts - March 16; Applied Sciences - April 10; Library - April 11; Science - April 19; Education - April 24; Harbour Centre - April 26; Business Administration - April 27; Campus Community - May 2. In all, we met with approximately 200 people.

1995/96 BUDGET

In our memo to the community, we asked that we be provided with suggestions and comments, not only on the proposed 1995/96 operating budget, but also on how we might prepare for a significant decrease in funding in future years. There were few specific comments from the community with respect to the proposed allocation of funds for 1995/96. SCUB, however, has discussed the 1995/96 budget and makes the following recommendations.

- Encourage all units to be as cautious as possible in using their financial resources and, if necessary (as may be the case in those faculties where a high level of resources has devolved to the departmental level), remove for one year the \$25,000 carry-over ceiling on non-salary accounts.
- Release very few of the existing vacant positions.
- The University should endeavour to build a substantial reserve. Note that the above two recommendations could be viewed as part of this reserve.

- Continue to move recurring expenditures currently funded by non-recurring monies into the recurring budget. Priority should be given to administrative computing.
- Recognise those areas of the University in particular need of funding using funds designated as "budget priorities." Make available a list of areas so funded.
- Continue with the process of enhancement funding and, if possible, move additional resources to this area. Encouraging innovation and creativity through this or a similar process appears to be strongly supported.
- Continue additional funding of Library acquisitions budget. However, we recommend that on consultation with the Vice-President, Research, consideration be given to redistributing some of this funding, within the Library's budget, to allow for the costs of technology.
- We must endeavour to maintain our commitment to scholarships and bursaries and to do the best we can to provide for students who face severe financial difficulty.

BEYOND 1995/96

Many of our discussions with the community focussed on long-term planning strategies. This was not unexpected as we had specifically noted that, given the small funding increases this year, we find ourselves with a fortuitous opportunity to build a reserve for the future and to begin implementing strategies and plans to enable us to better face difficult years. We have divided the issues raised into nine sections. We report the comments, questions and suggestions we heard, and some specific recommendations are made. Those recommendations designated by * are those we judge to have high priority.

TUITION FEES

If we are faced with the future need to increase tuition fees, we should consider the following suggestions:

- Find out what the market can bear.
- Consider a policy that would state that a particular percentage of our operating expenditure should be covered by tuition. Investigate the question of differential tuition fees; in particular, consider differential foreign graduate student fees in some areas. Make more effort to actively recruit foreign undergraduates. (We have well below the Senate-approved seven percent limit on foreign undergraduates.)
- Increase the registration deposit.

- * **Recommendation: Investigate the effect increased tuition fees will have on enrolment levels and the need for additional student support in the form of bursaries. Any future increases should take these into account.**

There was lengthy discussion regarding the tuition level for professional programs, beginning with how to define a professional program. Perhaps not all students in a professional program are "professionals," in which case, how do we justify the fees they pay? Should we have parallel professional and non-professional programs in the same unit? Do we really even know the market for high-priced professional programs? We should not simply assume they will be generators of substantial new revenue. Caution was urged and, in particular, it was stressed that we must always have good academic rationale for such differential fees. Finally, how do we distribute those fees above the norm? Should we continue with 50 percent to the unit providing the program and 50 percent to the University's general revenue?

- * **Recommendation: Make a thorough study before any program is designated as professional and hence becomes liable for differential fees.**

TECHNOLOGY

There was much discussion on this issue and it is to be hoped that the report being prepared by the Instructional Technology and Academic Computing Working Group will address all the issues raised. Suggestions we heard included:

- Move people from paper to electronic media.
 - Ensure that it is possible for all graduate students to apply and register electronically.
 - Provide better resources to the Registrar's Office to provide a database that would allow students more access to their files (e.g., to make address changes, to check grades, to check financial position) that would allow instructors to input grades directly. It would be no more work than filling in the current grade sheet and would enable a greater variety of data to be collected easily. (We should comment that we do not have precise information on what is currently possible with respect to student data although we believe several of these suggestions are already either in trial or under consideration.)
- * **Recommendation: That a date be established by which all employees will be communicating electronically. This will require a commitment to ensure all have appropriate hardware located in their offices and reasonable access to printing facilities. This will also require some planning as to how to disseminate information efficiently and in an orderly fashion.**

- * **Recommendation: Investigate the value of a one-time allocation of funding to enhance and expand the Registrar's database.**

To ensure extensive sharing of technological know-how, greater co-ordination of technological advances in isolated pockets of the University is needed.

Finally, how are we planning for the long-term cost of instructional computing hardware? Will we continue purchasing or leasing, or will we start providing ports and software and expecting students to provide their own lap-top computers?

FUND-RAISING

As often as we heard the comment that more funds should be raised externally, we heard realist voices telling us not to expect some "cash cow" to come to our rescue. We are not suddenly going to find sufficient funds to meet our future needs. It was asked that development tasks be prioritized.

- * **Recommendation: That the Director of Development continue visiting units on campus to explain the role of the Development Office, how it operates and how members of the University can support and assist. Continue the message that we can all be ambassadors for fund raising.**

INCOME GENERATION VIA INDUSTRIAL/BUSINESS COLLABORATION

Many suggested that we need to become more involved in industrial partnerships, and although many argued for greater revenue generation through these offices, it was pointed out by others that, like fund-raising, a substantial solution to meeting our budgetary needs will not be found this way. Industries and businesses do not have large amounts of money looking for a joint university project to fund. What we accomplish will generally be small and through our own initiatives.

The value of industrial connections must be formally recognized by the University and acknowledged as part of the faculty member's University responsibilities. The level and manner in which this is done is likely to be discipline specific and is more likely to be an issue for those areas where there can be considerable overlap between the industrial/business project and the faculty member's research program.

- * **Recommendation: Continue to encourage industrial collaboration but be realistic about the level of income generation we can expect from industrial/business partnerships. Remember that such partnerships can, in the long-run, bring significant benefits to us in ways other than funding.**

It is important to identify and clarify our relationships with industry and concerns were expressed that we not simply bow to their requests and develop a corporate mode of operation.

INCOME GENERATION VIA NEW PROGRAM

Perhaps the most radical suggestion we heard was here: That no new program be approved without external funding. While external funding may be an excellent way to cover start-up costs for a new program, and may indeed be the right way to support short-term, highly specialized programs, we feel that for general academic programs it is not an appropriate strategy.

Some believe that there are many niche markets for specialized programs and that we should be taking advantage of them (e.g., city planning, arts administration). We could offer programs that would meet the needs of this clientele. To be successful, it would likely necessitate adequately assessing each individual's experience to determine if she/he has already met the academic requirements for parts of the program. In all cases, full program fees would be levied.

People want credit for the courses they take and this often plays against the non-credit programs. Is academic credit appropriate for some of these courses? This is especially important now that many organizations and professional societies are starting to require continual upgrading.

It is necessary to find fast mechanisms that allow us to respond to and address requests for short-term academic courses and programs. If a company decides that all employees in a certain section are to retrain, it will often be appropriate for us to provide that retraining and we need to be able to act quickly.

There is great potential for growth in graduate education as many people want further learning. The Masters in Liberal Arts program is a good indicator of this.

We can no longer assume there will be an unlimited supply of undergraduates coming to the University directly from high school and college. It is imperative that we actively look for new markets.

*** Recommendation: Investigate the academic merits and the market for "niche" programs.**

BUDGET FLEXIBILITY

We still have some distance to go with respect to the decentralized budget. First, this appears not to be taking place uniformly across all faculties and we would encourage deans to look closely at this. Second, where it is taking place there are those

who are not confident in the process; that is, they remain concerned that the allocation process is not sufficiently open and that if funding is carried over, it might be seen as surplus and taken away when in fact what is taking place is future planning.

- * **Recommendation: That deans work with one another and their chairs/directors to address these concerns and perceptions.**

We need to encourage units to look at major changes in programming, use of technology, allocation of resources, simplification of administrative processes, etc. This is unlikely to take place unless the units are assured that large portions of any accrued savings will be returned to them to be used to enhance/support other areas of the unit's operation. In other words, incentives are necessary.

- * **Recommendation: That a mechanism be found whereby chairs and directors are assured an appropriate level of incentive when making these changes.**

ADMINISTRATION/FACILITIES/LIBRARY

As usual, there was the suggestion that more can be cut from administration. This was counterbalanced by the statement that if we "neglect to provide for our administrative structure, it will eventually result in the decline of quantity and quality of support services." This was voiced by several people, particularly those in areas such as Security and Facilities Management.

Another area where this was raised was the Library where electronic access to a variety of databases and archive retrieval systems has led to some savings, but has also resulted in more users wanting more of the resources they now know are available, and this again translates into more costs. Various fees for service are being considered. (Users have indicated a willingness to pay for certain things -- photocopying and fines, for example). Deciding on fees means a change in what many see as the mandate of a library: to provide support and service. It will be a difficult discussion.

- * **Recommendation: That discussions continue on the introduction of fees for certain services in the library.**

However, the first comment made in this section regarding administrative costs cannot simply be dismissed. There are indeed opportunities to look at our administrative services and see if we are operating as efficiently as we might. Initiatives are already underway in such areas as systems administration. It is also clear that we must continue to streamline some of our processes and deliberations.

- * **Recommendation: Continue to encourage all units to look at ways of streamlining operations. This will require wide consultation among the users of each service.**

- * **Recommendation: Investigate the committee structures within the University with the goal of reducing both the number of committees and their size. At the same time an accountability process that allows for broad input must be assured.**

GOVERNMENT AND COMMUNITY

There is a strong feeling that education is and must remain a public responsibility and that it is the particular responsibility of the senior administration to ensure that this is well understood by the government and the public. However, we also heard the view that it is more a collective responsibility to be shared by all members of our community: that we must participate and support the process that gives the senior administrators a voice. To ensure any of the revenue generating strategies come to fruition, it is clear that we need to strive for a greater public presence. We need more "friends" speaking and lobbying on our behalf. We need more people to understand the costs and benefits of a university education.

OTHER POINTS FOR CONSIDERATION

The following issues were also raised. They seem to be somewhat independent of the major areas discussed above.

- Look at the tutorial system. Do we have tutorials for the right courses? Are there other more effective ways for undergraduate student support in some of our courses? Any changes here that result in a decrease in funding must be balanced with our commitment to financially support graduate students.
- Put more emphasis on graduate co-operative education.
- Are we providing services to the community for which we should be charging? Should we always try to run "extra" things on a break-even basis?
- We must continue to look at the cost of small classes, particularly at the graduate level.
- We assume the cost of the undergraduate program is funded as (currently) we receive specific funding for new students in our provincial grant. This is not so in the case of the graduate program which continues to expand without funding recognition. In this light, is the difference justifiable?
- How can we use our land to generate additional revenue?
- We should investigate the feasibility of marketing some of the many prize-winning videos produced by faculty and students and currently held by the University.

- Could we consider weekend and evening use of Burnaby campus facilities and more daytime use of the Harbour Centre facilities?
- Consider a mechanism to prevent charge-backs from one account to another for items of less than, for example, \$10. We must balance the cost of processing charges against the cost of the charge.

SUMMING UP

When it comes to reallocating resources, eliminating programs and services and generating new revenues, it is important to recognise that there will be different solutions for different parts of the University. Since some of the decisions to be made will affect more than one area, we must allow for and encourage a greater understanding of one another's needs and priorities. We need to be mutually supportive of the changes that will take place. We must find processes that allow financial opportunities for one area to assist other valuable areas for which similar opportunities are not available.

Throughout our discussions, the question of "cutting" did not arise. Certainly there were no volunteers and we did not encourage anyone to propose cuts to areas other than their own. Nevertheless, this is an issue the University must address, and although there may still be decisions we can take in the way of across-the-board cuts, we must prepare to face the possibility of vertical (rather than horizontal) cuts. It will be very difficult.

It seems likely that with decreases in the budget, we will have to consider decreasing the size of the University. However, we must still address all of the above issues as it does not seem reasonable to assume that we will be able to decrease the University's size at a faster rate than the budget might decrease.

Any plan for a change in the way we do things must ask what the net effect is on the budget. In other words, we must be careful to avoid the situation of making major savings in one unit which are simply translated as costs to another. And we must not forget the more difficult problem of defining the social costs.

SIMON FRASER UNIVERSITY
PRESIDENT'S OFFICE
MEMORANDUM

To: Katherine Heinrich Chair, SCUB	From: John O. Stubbs President and Vice-Chancellor
Subject: Budget Recommendations	Date: June 23, 1995

I was pleased to receive SCUB's recommendations with respect to the 1995/96 budget and beyond, and I want to report to you how we have proceeded. As you know, the Board of Governors approved the recommended tuition and ancillary fee increases, which together with the modest grant increase and other revenue increases has enabled us to balance this year's operating budget without any expenditure reductions.

With the commentary from SCUB, PACOPAB, the Vice-Presidents and other individuals, we have made the final decisions with regard to the 1995/96 budget which was presented to the Board of Governors and approved on June 22, 1995. I shall refrain from responding in detail to SCUB's recommendations for the time period beyond 1995, leaving that for a later date after more careful review. I do, however, wish to respond to SCUB's specific recommendations for 1995/96.

1. I certainly support SCUB's view that departments should proceed with caution in the use of their financial resources. In my discussions with people across campus, this certainly seems to be the case, and the numbers bear this out. At the 1994/95 fiscal year-end, departmental and instructional carryovers totalled \$3,125,000, an increase of \$663,000 over 1993/94. Operating fund carryovers in total, increased by \$1,300,000 to \$9,042,000 for 1994/95. This total includes faculties, departments, auxiliaries, special projects and internally funded research and other grants. At this time, the \$25,000 maximum on departmental non-salary carryovers does not appear to be a major barrier and larger units have always had the option of requesting (to their Vice-President) exceptions to this limit.
2. At the present time, we have vacancies totalling \$1.9 million in value, including 26 faculty positions. We have been monitoring the vacancy rate over the last several years which has remained steady within \pm \$100,000, and I do not expect any major deviations particularly in light of 1. above.
3. From the non-recurring funds generated in 1994/95 we have initiated a cash reserve of \$1M. At the end of this fiscal year we hope to add to this amount to assist with the problems facing the University in 1996-1998.

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4. I am pleased to report that we have been able to continue moving some recurring expenditures that have been funded from the non-recurring budget into the recurring operating budget. This year this transfer included the administrative VAX computer lease cost (\$357,000) and Alumni Fund Raising support (\$86,000).
5. As SCUB is aware, in our budget projections we had identified \$500,000 for "Budget Priorities". While we have not been able to accommodate the full \$500,000 in the final budget, we have been able to address some of our most pressing needs. In order not to compromise present salary negotiations with employee groups I am unable to provide a complete total of all allocations, however, in due course such a list will be provided.
6. I certainly agree that we should continue with developing the academic enhancement fund. In times of fiscal constraint it is imperative that we continue to encourage innovations and creativity in the development of new programs. Within the confines of this year's budget, we have been able to increase the fund modestly by \$50,000 to \$300,000. I hope, even in the difficult times ahead, that we can increase this fund, perhaps to the \$500,000 level.
7. I share SCUB's concern regarding the library acquisition budget. As you know from our earlier budget projections, we have allocated a \$400,000 increase, (approximately 10%) to enable the library to overcome the effect of inflation and exchange rate problems. Even so, this will only enable us to keep pace with last year's acquisition rate. Also, I have discussed with the Vice-President Research the possibility of providing increased budget flexibility in this area.
8. Finally, I fully agree that we should do our utmost to assist students in need of financial assistance. This year's operating budget provides for an increase of \$356,000 to the Scholarship & Bursaries budget and I would like to see more consideration be given to increasing¹Bursary awards to truly assist those in need, and not to just increase our funds for the top ten percent of students.

Building on the experience of last year, I believe the initiative taken by SCUB this year, with the assistance of Financial Services, particularly with respect to our future problems, has been most valuable, and I am most appreciative of the work of the Committee. Raising awareness of our impending fiscal problems has helped to create a climate of resilience amongst our community that bodes well for the future. You and the Committee have made a major contribution to a much wider understanding of fiscal realities and to a sense of openness in the University. Thank you.

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c. J. M. Munro
R. W. Ward

