



SIMON FRASER UNIVERSITY, BURNABY, B.C., CANADA V5A 1S6
OFFICE OF THE PRESIDENT; 291-4641

May 7, 1981

William C. Gibson, M.D., F.R.C.P.
Chairman
Universities Council of B.C.
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Dear Dr. Gibson:

On April 27, 1981 the working papers documenting the distribution of the 1981-82 operating grant were distributed during a meeting of the UCBC Long Range Planning Committee. Since that time, we have awaited receipt of the written rationale which would provide us with a basis for understanding the allocation process used this year by UCBC. Given that no rationale has been forthcoming, I feel that I must provide my own interpretation and conclusions based on the working papers and the brief discussion held at the Council's office at the time the materials were presented to the three presidents. Stated briefly, the conclusions reached at SFU are:

- (1) First, the formula allocation process has again been confounded by an arbitrary decision of Council, despite a firm commitment from UCBC to the development of a formula which would assist each particular university in forecasting its provincial grant for a minimum of two years in advance.
- (2) Second, no recognition has been given to the unique enrolment situation faced this year by SFU, the direct result of a prolonged strike of Local 2 of the Association of University and College Employees in 1979. This we find quite difficult to comprehend, given the concerns raised with Council at the time of our being forced to take this lengthy strike and our specific request that Council consider this matter in addressing the allocation of the 1981-82 special purpose grants.



- (3) Third, we find it positively absurd that the fastest growing university in this province by far, namely SFU, receive the smallest increase of any of the universities.
- (4) Fourth, given that provincial operating grants in the past several years have been insufficient to meet the rapidly rising costs associated with inflation and enrolment increases, we find it incomprehensible for Council to designate a substantial portion of the total operating grant for what Council describes as a "system development fund", but for which explicit guidelines have yet to be formulated.

I would like to amplify on each of our conclusions. First, the base year for the distribution of the 1981-82 operating grant is 1979-80. Previous enrolment discussions between the universities and Council were based on the understanding that prior year enrolments and enrolment bases for use in the formula could not and would not be modified. Last year, because of the inability of the three universities to agree among themselves on the appropriate enrolment base for 1979-80 and 1980-81, Council was asked to make the decision which presumably would be binding for subsequent years. In spite of this, for 1981-82, Council has changed the base enrolments for 1979-80, thereby reversing its decision of last year and in the process has generated a grant distribution which operates to the extremely serious financial disadvantage of this University. Trying to operate universities these days is a difficult enough task without having to take on the assignment of guessing the latest "preferences" of the Council in the allocation process.

With regard to the 1979 strike of AUCE 2 here at SFU, we were very much concerned at the time about the potential difficulty this situation would have on enrolment and this matter was raised with Council personnel on more than one occasion. We were assured that the matter would certainly be carefully considered should the need arise. Furthermore, in submitting our 1981-82 operating grant request, we drew particular attention to the fact that we had experienced this strike situation which had resulted in a substantial impact on our enrolment in the ensuing academic terms, and especially during the 1979 Summer and Fall semesters. Furthermore, given the two-year time lag applicable to enrolment statistics which is a major characteristic of the Grant Allocation formula, coupled with the fractional multiplier which is applied to enrolment increases between the base year (1979-80) and the grant year (1981-82), it was apparent that Simon Fraser

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University would be penalized by reason of the responsible stance which was adopted in resisting excessive wage and salary demands. Consequently, we specifically asked Council to consider this matter this year when determining the allocation of the Special Purpose Grants. There is nothing in the 1981-82 grant distribution to indicate that SFU's anomalous enrolment downturn in 1979-80 was considered, let alone recognized in the distribution to date of the discretionary funds which are at Council's disposal. It should be noted that this lack of willingness to recognize this situation through the grant distribution certainly offers the University little incentive to sustain a strike in order to resist undue wage demands.

It is important for Council to be aware that these two events; namely, the arbitrary UCBC change in procedures affecting the 1981-82 grant distribution and the failure of Council to recognize the strike-related impact on the 1979-80 SFU enrolment, have placed this University in a situation where it is absolutely impossible for us to establish a balanced annualized budget for the present fiscal year. This remains the case in spite of important restrictions in selected areas of our budget and certain assumptions about future wage settlements which are probably too optimistic, given the current wage settlement scene. In an institution the size of ours, a shortfall of between one-half and three-quarters of a million dollars is quite significant.

Over the 1970's, enrolment increases at Simon Fraser University have far outpaced those of the other two universities. Further, between 1979-80 and 1980-81, SFU's full-time equivalent enrolment increase was 5.5%, compared to 4.5% and 1.4% for the Universities of Victoria and B.C. respectively. Current advance registration information for the Summer and Fall Semesters of 1981 at SFU suggests even higher increases. Despite these relative figures, the 1981-82 distribution of the provincial operating grant provides this institution with the smallest grant-over-grant increases awarded to any of the B.C. universities. More specifically, if the formula component of the 1981-82 grant is compared with 1980-81, the increases are:

(a) University of Victoria	14.49%
(b) University of B.C.	11.97%
(c) Simon Fraser University	10.81%

If the composite special purpose and formula grant for 1981-82 is compared with like figures for the previous year, the increases become:

(a) University of Victoria	15.66%
(b) University of B.C.	12.50%
(c) Simon Fraser University	11.45%

Regardless of the comparative figures used, however, it is extremely difficult for us to understand why Council did not give cognizance to these disparate outcomes in its discretionary allocation. This type of situation was, of course, the reason it was agreed by everyone concerned that five percent of the overall grant should not be distributed through the formula but rather should be allocated by the Council itself to rectify difficult anomalies as they arose.

There is a further less critical concern which I wish to raise and it has to do with the manner in which the expansion of the Medical School at UBC is being handled outside the normal allocation process. If the additional operating funds for this purpose are added to the UBC allocation, their percentage increase goes from 12.5% to 15.93%. Presumably this expansion is being treated as the equivalent of an "emerging program" but if this is the case, then the base enrolment in Medicine should be remaining constant. This is not the case, however, and we ask that this matter be reviewed. As well, we would be interested to know if these funds for expansion are categorical (i.e. restricted only to Medical School use) or whether the institution is free to use them as it believes appropriate. Perhaps the question of whether one academic administrative unit should be treated in an atypical manner is one which needs to be considered further.

Presumably in response to the case made by UCBC, and assisted admirably by the Ministry, Council received for distribution among the universities a provincial operating grant in excess of its request. This \$1.2 million, plus an additional \$1.5 million, totalling approximately 1% of the total grant, has been designated by Council to provide for "system development" projects of various kinds. Given the discussion at the Long Range Planning meeting, and the absence of any written rationale, we remain unclear as to the specific purpose for which these funds are intended. To add to the confusion, we have received conflicting verbal statements which provide little in the way of encouragement to us that the needs of this University will be addressed through the use of these unallocated funds. In fact, the designation of these funds for "system development requirements" suggests to us a failure of Council to appreciate that provincial operating grants over the past three years have not kept pace with the combined factors of general inflation and enrolment growth.

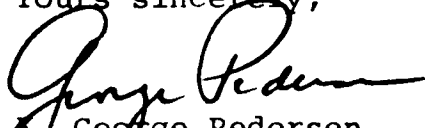
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In closing, I want to emphasize that our criticisms are not directed at the allocation formula. Rather, we find fault only with the chronically inconsistent manner in which Council has calculated the enrolment units used to drive the formula and with the manner in which Council has chosen to allocate its discretionary funds. For us, the difficulties associated with this distribution merely exacerbate the inadequacy of the operating grants in trying to meet inflationary costs and enrolment increases over recent years.

In the same vein, we do not understand an allocation made without explanation except to say "it has strings attached", nor can we comprehend the decision to fund arbitrary and currently ill-defined system development needs with funds provided by the Ministry, reportedly in response to persuasive arguments made by the universities. Furthermore, we must express our extreme disappointment at Council's failure to recognize abnormal extenuating circumstances (i.e. the AUCE strike) that were to a considerable extent beyond our control.

The "bottom line" in all of this is to articulate our extreme dismay about a situation whereby we receive, by a significant margin, the smallest grant increase of any of the universities, but are expected to provide quality service to a population that is increasing most rapidly. No doubt Council has a response to this situation and we look forward to reading your return correspondence.

Yours sincerely,


A. George Pedersen
President

KGP:ajj

cc: Dr. J.M. Munro, Vice-President, Academic
Mr. G. Suart, Vice-President, Administration
Dr. E. Scott, Director of Finance

The Hon. P.L. McGeer
Minister of Universities, Science and Communications

Dr. Robert Stewart, Deputy Minister

Mr. A.E. Soles, Assistant Deputy Minister of Universities