

9 February 2012

President's Report to the Board

I typically use my regular reports to update Trustees (and Senators) about compelling elements of the external context that bear upon Brock, and that need to inform our plans and actions. On this front, nothing much has changed, and my reports from the fall semester suffice.

Of course, we currently await Don Drummond's report to the Ontario government. The Drummond Commission will recommend measures to restore the province's fiscal situation. It will touch on all aspects of provincial government responsibility, including post-secondary education. Press coverage of, and speeches made by, Mr. Drummond have provided insight into his Commission's views about the Ontario university sector. Again, I have reported on these matters previously, and no further speculation is required, given that the Drummond Report will be issued in mid-February and the government's response will follow shortly thereafter, since cabinet reportedly has seen drafts of every chapter as each was written.

All this being the case, I wish in this report to turn our attention to two matters, and to the lines that connect them. The first is the evolution of Brock's financial situation, in the context of emerging provincial policy and fiscal challenges. The second matter takes up where my "thought piece", *Whither Pedagogy*, left off — namely, a call to significantly and quickly increase the scope of what we are doing in pedagogical innovation and reform at Brock, lest we "get run over", because the factors that ought to impel us to do so have reached a point where they are very much "over-determined".

In five of the last six winter sessions at Brock, we have undertaken budget recission exercises in an attempt to wrestle a structural operating deficit to the ground. That structural deficit appeared in 2006-07, when we relied on surpluses (generated especially by the double cohort) to achieve balance. So in the winter of 2007, we undertook a recission exercise in excess of five per cent in preparing the 2007-08 budget. The next year we took a one-year respite from budget cuts. But in the winter of 2009 we recommended four annual five-per-cent budget exercises that would see us eliminate the structural operating deficit for the 2012-13 budget and pay down the accumulated operating debt by end of the 2013-14 budget year. This has been a difficult process, to which the entire Brock community has contributed, and for which everyone has made sacrifices.

We have come very close to achieving our goal on schedule. Indeed, had the recession not happened, with its effects on (a) government fiscal policy in post-secondary funding and (b) the state of our pension fund, we would have achieved it handily and on time.

With respect to the former, all discussion of annually escalating the base grant to universities by three per cent has fallen by the wayside, although annual base-grant increases have long been, and continue to be, the norm in the health and the K-12 education sectors. We originally, and conservatively, factored in annual base-grant increases of two per cent in our multi-year projections, and have long since removed it from our model. It is now clear that any *significant* increased spending by the Ontario government over the next four years in the university sector will go to two items only: enrolment growth, and the Ontario Tuition Grant to eligible students.

With respect to the pension fund, the market downturn was reversing nicely until June 2011, when it began a major downward correction, and now has only partially returned to June levels. But, more significantly, interest rates have remained low much longer than the Bank of Canada had anticipated. This especially has negatively affected our pension fund. And mortality rates have been revised, happily upward, for former university employees. As a result, what commenced several years ago as a "going concern" payment of \$1 million into the fund may escalate to an amount of just under \$5 million in the year(s) to come.

But even with the impact of the above, we will still have balanced a year later, in 2013-14, and paid down the accumulated debt thereafter. Mission accomplished. But the mission will not have been really accomplished — or only for a very short period of time. A year or two later, we will have slipped back into structural deficit, necessitating another multi-year budget recession exercise all over again.

Why? It boils down to three core elements of the current provincial policy environment. None of them are *prima facie* unreasonable to many Ontarians in the current economic climate, and none are likely to change in the foreseeable future. Our current pedagogical-operations model condemns us to this Sisyphus-like task, as long as

- (a) annual tuition increases for most students and programs are limited to current levels — let alone lesser levels — by government policy;

- (b) the government does not annually escalate the base grant by some reasonable amount; and

- (c) significant additional funding can be attained by meaningful annual enrolment increases only.

Permit me the self-indulgence of personalizing the situation. I feel like I have spent my entire presidency at Brock battling a structural deficit, and I do not want to hand such a burden on to my successor.

How can we avoid this Sisyphean situation? We are not the masters of our tuition policy for the vast majority of our students or programs. We cannot dictate annual increases in our base grant. And under our current dominant pedagogical-operations model, we cannot continue to significantly increase enrolled students year after year, primarily because, given that dominant model, we have no place to put them.

What we can do, and must do, is *significantly modulate the model*, as called for in *Whither Pedagogy*. I use the word "modulate" because I do *not* for a moment believe that the majority of our courses will be offered differently than they are now. They do not need to be — and perhaps should not be, given the current state of matters. But a significant minority of our course offerings should be offered differently, and this alone will suffice for at least a decade.

In *Whither Pedagogy* I proffered a number of cultural and educational reasons why we must scale up our efforts in experiential and service learning, online and hybrid (mixed online with-face-to-face education), as well as in alternative scheduling of courses (such as using a concentrated format and a robust spring-summer semester).

I will not repeat them here. Rather, in the remainder of this report, I intend to link the urgent call for such pedagogical reform and innovation at Brock to our upcoming budget exercise. I maintain that we need this budget exercise to focus not on whether we will balance next year or the year after, but rather to focus on avoiding slipping back into structural deficit a year or two thereafter. And the way to do that lies in using this year's budget exercise to drive, fund and incent the work required to implement the above-noted pedagogical reforms and innovations over the next several years, and to do so on a scale significant enough to solve our financial challenges for at least a decade.

Where is the tie between these pedagogical reforms and fiscal health?

As long as we operate in the fiscal and policy environment described above, we must take in many more students than our current capacity and operations allow. If we sufficiently modulate how we operate — that is, no more or less than is sufficient for the task at hand — then we increase our capacity to provide quality university learning experiences to substantially more students. Alternative learning and course delivery formats change how we use our space, both in spring and summer (which is obvious) and even in fall-winter. We will always need appropriate purpose-built space, as the Cairns Complex, the soon-to-be-constructed facility for the fine and performing arts programs, and the hoped-for facility for the Faculty of Business will provide. But we *can* break out from the limitations imposed by our paucity of generic classroom space and how we currently use it.

I did a back-of-the-envelope business case for this perspective during the last meeting of the Financial Planning and Human Resources Committee. It entails instituting pedagogical changes that would increase our current enrolment capacity by between 200 and 400 FTE students in 2013-14, and each year thereafter for a number of years, at a significant *net financial gain per student*. That Committee and the Board need and deserve more than back-of-the-envelope calculations from me. And they will be provided with it! This must be predicated, however, on offering courses of high quality by alternative pedagogies. And this will take a bit of *time, commitment, incentive, and financial oxygen*.

To provide these elements in combination, we will be asking the FPHR Committee in the spring to recommend to the Board a 2012-13 operating budget based on a modulated budget exercise. That modulated budget exercise will have involved sectoral budget recession exercises of between 2.5 per cent (the figure predicted a year ago for the preparation of the 2012-13 budget) and 1.5 per cent (a reduced target assigned in recompense for a plan for significant pedagogical and/or operational reform to be implemented for the 2013-14 budget year). The combined details of those plans will constitute the basis for a robust business case that will accompany the draft 2012-13 budget. The upshot of such a case is that, given the current economic climate, we will balance a year later than forecasted in the winter of 2009, but will have a far better chance of staying balanced in the years following.

I do not want to hand over to the next President — or to future generations of students, faculty and staff — the necessity of undertaking a repeat performance. I imagine the current Board would not want to do the same to its successor. What I am suggesting holds out the greater promise for achieving both our financial and our strategic educational goals as we have defined them in our planning documents and approved strategies.

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