

## Office of the President

March 2013

### President's Report to Senate - March 20, 2013

As I write we are well into the last period of the Fall-Winter semester classes for the 2012-13 academic year. I wish all faculty, staff and students the health and strength to see the semester's efforts to a successful conclusion. Fall-Winter is a marathon of frenetic activity with a few breaks for respite.

#### Ontario Government

As we begin the last part of our efforts for Fall-Winter semester, the Ontario government and the legislature are resuming their activities. In the next several weeks, we shall see how the Liberal government under Premier Wynne reflects its policy directions in the upcoming provincial budget. And in the weeks following the announcement of the 2013/14 provincial budget, we will learn more about its implications for the Postsecondary Education Sector (PSE), since one tends not to find details in the budget.

Forthcoming provincial budget matters and post-budget announcements of seminal interest could include:

- Any changes in projected funding for enrolment growth at the undergraduate and graduate levels for the next several years;
- Reinstatement of an infrastructure investment program for PSE (a program has now had two lengthy pauses since first announced several years ago);
- Any changes to base budget operating grants or capital grants from previously announced directions (which last year included cumulative, permanent "efficiency target" reductions of 1% in 2013-14 and an additional 2% in 2014-15);
- Any figures that point to government-defined labour negotiation mandates;
- Pension policy;
- Any hints of a new funding formula for the distribution of the government operating grant that points to a tiered approach to differentiation in the university sector; and
- Tuition policy.

On the latter matter, our new Minister Brad Duguid, proffered a policy direction in an interview with the Toronto Star in early March. He has since responded to questions in the legislature about the tuition policy direction that he is considering.

Minister Duguid has suggested that going forward tuition not be allowed to increase by 5% which has been provincial government policy for half a dozen years. Rather, he stated that he is considering a figure of less than 5% - possibly inflation plus 1%. It should be noted that because of the detailed structure of the tuition policy of the last half dozen years, Brock has never been able to achieve the full 5% tuition growth annually. Effectively our maximum tends to hover around 4.5%.

If implemented at this time without any counterbalance that would make his policy revenue neutral for colleges and universities. The result of this kind of change in tuition policy would significantly contribute to the longer term chronic underfunding and current financial distress of universities. For Brock every percentage point reduction in the current ceiling for annual tuition increases represents about a \$1.1 million loss in revenue for fiscal year 2013-14, doubled with compounding for 2014-15, and tripled with further compounding for 2015-16, and so on only if our enrolment levels remain static. If our enrolment grows, as it is slated to over the next three years, the financial losses for us are greater still and further compounded.

The combination of:

- (1) Chronic underfunding on the part of government;
- (2) Efficiency targets that amount to permanent cuts to the government operating grant;
- (3) Pension pressures due in large part to historically low interest rates;
- (4) The effects of inflation and negotiated salary increases; and,
- (5) If Minister Duguid proceeds with his tuition policy direction, the curtailment of annual tuition increases by several percentage points

will undoubtedly create a serious financial challenge for Brock.

Is the policy direction of Minister Duguid supportable in principle? Absolutely! At another time in the not to distant future and under different circumstances than those that currently hold, it might make perfectly good sense. However, it is unsupportable and unsustainable *in the current environment*, unless it is:

- (1) Phased in with compensatory financial arrangements that make the transition to the new reality revenue neutral for the universities; or
- (2) Postponed until the government can also annually index the base operating grant to the universities by the same percentage that it allows tuition yearly to increase—say, inflation plus 1%.

We have collectively and with considerable hardship worked through five budget rescission exercises in the past seven years. As such last year we could see the light at the end of the tunnel. It is frustrating to have the government, via a hasty, prematurely implemented tuition policy, build more tunnel.

I fervently hope that Minister Duguid will have modified his stance by the time Senators next meet.

All this being said, at the level of the Ministry, there are a number of immediate issues of concern. No doubt, Ministry officials will want these issues on the Minister's radar as soon as possible. They are:

- (1) Tuition policy;
- (2) The Ontario's "online entity" and online course delivery generally;
- (3) Credit transfer (especially college to university, and university to university);
- (4) Undergraduate enrolment growth going forward;
- (5) The allocation of additional funded graduate enrolment spaces;
- (6) The approval of new undergraduate and graduate programs for BIU funding; and
- (7) Finalization of SMAs with each institution.

The Ministry understands the last-mentioned item to be integrally related to Ministry decision about items 4, 5, and 6, and rightly so, and linked to items 2 and 3.

### **Planning at Brock**

As Senators know, our Strategic Mandate Agreement (SMA) proposal has been in the hands of the Ministry and of the Higher Education Quality Council of Ontario (HEQCO) since the beginning of October. By the end of February, HEQCO was mandated to provide to the government commentary on each submission. Dr. Harvey Weingarten, the President of HEQCO has told the government that HEQCO will not comment on each submission, but rather will pronounce of the ensemble. Why? Because, it is rumoured, HEQCO does not find significant differentiation in the sector emerging from the submissions. On this Council of Ontario Universities (COU) begs to differ. From this I conclude that HEQCO is working with a particular definition of what would count as differentiation, a definition at odds with others shared by many around the COU table.

As I write this report, HEQCO's report on the SMAs is in the hands of the Minister and Ministry, but is under embargo until the end of March. Sometime soon thereafter, the Ministry will commence bilateral discussions with each PSE institution to finalize with it their SMA. As I have previously noted, this will take the Ministry some 18 months. We do not know where we will be in the queue. So my stance remains: our SMA is written on the basis of our plans; we are moving forward to implement our SMA; we cannot wait to implement it, and that is in fact what we are doing.

In the meanwhile, we recognize that planning in an ongoing, iterative process. As the next stage in that continuous process, various groups and bodies either have undertaken, or will soon undertake, to contribute to an institutional analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT), each from its own vantage.

Using an unedited, wide-ranging, and un-prioritized list prepared by me, both the Senior Administrative Council (SAC) and the Strategic Planning Committee of the Board have independently had SWOT analysis sessions (with the professional support of Christine Clark Lafleur in my office and of the Goodman School of Business' Consulting Group). Senate is planning such an exercise and Dr. Knuttila is planning such an exercise for the Brock University Students Union (BUSU) Executive and Council, together with the Graduate Students Association (GSA) executive.

Since, as intimated, each group has its own vantage, there will be both convergence and divergence in the perspectives that emerge from the results. It will fall to me and the Vice-Presidents (VPs) to parse and integrate matters into single, delimited (no more than five items in each category) and prioritized list of elements, and to share the latter with the groups that have undertaken the exercise. Similarly, the VPs and I will propose what tweaks and more substantive changes we should weave into our current strategies, understanding, of course, that our SMA submission represents the current public commitment of the university based upon its current plans.

## **Compiling Evidence of our Progress**

In my previous report(s), I wrote about the need to choose types of evidence that can mark our progress toward fulfilling our commitments and priorities as specified in the SMA and as defined in our approved plans. Government will demand this of us within some accountability framework, and will probably insist on some “measurements” of their own. The intimation I have received is that the less we adopt meaningful ways of evidencing our progress, the more they will impose their own on. Consequently, in a similar fashion to how we are proceeding with the SWOT analyses, have begun to define the evidence we shall compile and adduce to demonstrate our accountability. Again vantage is important. We have begun with SAC and will soon take this exercise to the Strategic Planning Committee of the Board.

It is absolutely clear that government will insist that part of that evidence be the assessment of learning outcomes. HEQCO has been strongly advising the government to move in this direction (and “to make it matter”). Intimations, again, are that if we do not define our own learning outcomes at the institutional level (and perhaps at the Faculty level as well) as a reflection of our academic priorities and vision, the government will impose theirs, the degree being in inverse proportion to the substantive nature of our own. This is an area in which Senate (with the support of others to be sure) must take the primary responsibility both in defining institutional learning outcomes that we will assess and mandating that the Faculties to define, if needed, any additional Faculty-specific learning outcomes. Dr. Anna Lathrop will provide support and any guidance that should be required in this undertaking.

## **Budget 2013-14 and Beyond**

At the commencement of the budget planning exercise for the 2013-14 academic year, Vice-President Brian Hutchings and Associate Vice President Bryan Boles made financial presentations to SAC and other “budget developers”, to meetings of Chairs and Directors in the Faculties, and to the Senate Budget Advisory Committee. Meetings with each Dean and “budget developer” will take place the first week of April. Based upon current enrolment projections and targets there will be about a \$4 million dollar hole in our operating budget for next year. Depending upon what decision the government makes about tuition policy, and other intervening factors, that hole could be substantially deeper.

We have had five budget rescission exercises over the last seven years, in which we have generally asked administrative units and Faculties to each undertake cuts or to generate additional revenue beyond projections in order to attain a figure equal to a certain percentage of the unit’s/Faculty’s existing budget. In essence, we have asked everyone to take a haircut, with the sole exception of last year where we modulated the haircut to any Faculty that offered substantial gains via Spring-Summer offerings, online offerings and other forms of delivery.

Giving everyone the same haircut has run its course as a rational tool, even if it appears to be fair. If we can keep next year’s deficit to a minimal level, so as not to dig a hole that is too deep, we shall ask the Board to approve a deficit budget for 2013-14, subject to submission of a plan for 2014-15 and beyond.

That plan must include a very different approach to our budget exercises and to attaining financial sustainability than the “everyone-takes-more-or-less-the-same-haircut” approach. Inevitably it will involve difficult decisions—more verticality than the horizontal approach that has characterized the last number of years. It must also carefully weigh financial decisions together with academic ones, and it must be guided by our declared institutional strategy and approved academic plans. And, of course, it must be participatory, collegial and transparent.

## Financial Accountability

Some Senators may not know, or might have forgotten, that over the last year the University, with the help of Deloitte, undertook a major review of financial and related services, with an eye to ensuring that best practices for accountability in the broader public sector were in place. Senators who hold, or apply for, external research grants know that part of this review involved more rigorous accountability structures in the expenditure of grant monies, and a formal re-commitment, as expected by Tri-Council, on the part of all grant holders and potential grant holders to commit to manage their grant dollars in accordance with Tri-Council and University policy and procedures.

Deloitte has stated that best practice for financial accountability in general in the university sector in Ontario includes a program of consciousness-raising. This serves to heighten awareness among all faculty and staff that the funds they spend, coming from students, taxpayers and benefactors, must be stewarded appropriately by everyone concerned. Moreover, having such a program in itself counts toward having good accountability structures.

Deloitte asked me what statement I would write that would serve such consciousness-raising. Since I am an historian and social scientist of religion, I spontaneously thought of a “credo” that I might articulate and share with others in the institution. This then is the “credo” that I wrote, and that I offer to you:

*As an employee of Brock I am committed to advance my career and professionalism and to serve the mission of the University. I remain mindful that the salary I am paid and my expenditures of University or research funds in carrying out my work at Brock come from three primary funding sources: students and their families; taxpayers; and donors. I hold myself fully accountable for the judicious use of their money, whether it is via the apportioning of my time and effort to my work or in the spending of operating, research, or capital budgets.*

*I must not only act in accordance with these accountabilities, but also my level of accountability must be made apparent to all funders of my work and the University, so that they may be assured that their funds are being used judiciously. This calls for my full participation in procedures and reporting (both internally and externally mandated) intended to make transparent to all that I am acting in compliance with policies and regulations and as a good steward of their monies.*

It is my intention to share this “credo” not only with Senate, but with all of Brock’s faculty and staff.

Sincerely,

Jack N. Lightstone  
President and Vice-Chancellor  
Brock University