

**Minutes of a meeting of Senate held on the above date at 1:30 p.m. in the Senate Chamber, Room E3-262 Engineering and Information Technology Complex**

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**Members Present**

Dr. D. Barnard,  
Chair  
Dr. C. Adams  
Prof. Judith  
Anderson  
Prof. B. Austin-Smith  
Dean S. Baum  
Dean J. Beddoes  
Ms. D. Bennet  
Prof. T. Booth  
Prof. O. Botar  
Prof. M. Brabston  
Ms. M. Brolley  
Dean. D. Brown  
Prof. F. Burczynski  
Mr. T. Burton  
Prof. A. Calder  
Prof. T. Chen  
Prof. A. Chiu  
Ms. S. Connelly  
Recteur G. Csepregi  
Prof. P. Dass  
Dean E. Dawe  
Mr. J. Diamond  
Dean J. Doering  
Mr. S. Dorge  
Prof. J. Embree  
Prof. P. England  
Dean E. Etcheverry  
Prof. G. Fitzell  
Acting Dean  
H. Frankel  
Mr. R. From  
Prof. M. Gabbert  
Prof. J. Gilchrist  
Ms. S. Gottheil  
Prof. J. Guard  
Dean N. Halden  
Dean G. Hepburn  
Prof. P. Hess  
Prof. D.  
Hiebert-Murphy  
Prof. J. Honeyford  
Prof. J. Hughes

Prof. T. Ivanco  
Dr. D. Jayas  
Ms. S. Jordan  
Mr. J. Kearsey  
Dr. J. Keselman  
Prof. W. Kinsner  
Mr. P. Kochan  
Mr. B. Kohistani  
Mr. T. Krawetz  
Prof. L. Landrum  
Ms. F. Lee  
Prof. A. MacDonell  
Prof. D. MacPherson  
Prof. S. McClement  
Prof. D. McMillan  
Prof. A. McNicol  
Dean J. Mulvale  
Ms. L. Oakes  
Prof. J. Owens  
Prof. T. Papakyriakou  
Prof. F. Parkinson  
Ms. K. Penner  
Prof. D. Polyzois  
Dean B. Postl  
Prof. C. Rocke  
Ms. M.-J. Romaniuk  
Ms. A. Roscoe  
Prof. D. Smyth  
Prof. R. Tate  
Dean J. Taylor  
Mr. A. Thapa  
Prof. C. Trott  
Mr. A. Turnbull  
Ms. C. Uchime  
Prof. B.-C. Wang  
Prof. L. Wang  
Dean K. Wittenberg  
Prof. A. Young  
Mr. J. Leclerc,  
University Secretary  
Dr. S. Coyston,  
Recording  
Secretary

**Assessors Present**

Mr. J. Adams  
Ms. O. Alaka  
Dr. J. Blatz  
Ms. A. Ducas  
Dr. G. Glavin  
Prof. B. Hallman  
Prof. M. Hudson  
Ms. R. Kunzman  
Mr. N. Marnoch  
Prof. K. Matheos  
Ms. L. Rempel  
Dr. J. Ristock  
Prof. G. Smith  
Dr. D. Stewart  
Dr. M. Torchia

**Regrets**

Prof. John  
Anderson  
Mr. B. Bawdon  
Very Rev. R. Bozyk  
Prof. D. Brewin  
Prof. P. Cattini  
Dr. D. Collins  
Dean N. Davies  
Prof. R. Eni  
Prof. T. Falkenberg  
Prof. P. Hultin  
Prof. E. Judd  
Prof. J. Kettner  
Mr. J. Lieberman  
Ms. J. McConnell  
Dean D. Mandzuk  
Prof. A. Menkis  
Dean B. O'Connell  
Dr. C. Ould Moulaye  
Dr. H. Secter  
Dean L. Turnbull  
Prof. H. Unruh  
Ms. D. Vafabakhsh  
Mr. G. Westdal  
Prof. D. Wirtzfeld

**Absent**

Prof. G. Anderson  
Prof. M. Araji  
Ms. K. Banera  
Dean M. Benarroch  
Prof. M. Campbell  
Prof. J. Carlberg  
Ms. T. Choong  
Mr. J. Danyluk  
Ms. A. Dewar  
Ms. S. Dveris  
Mr. E. Ekine  
Prof. B. Elias  
Prof. A. Farenhorst  
Prof. D. Funk  
Prof. G. Giesbrecht  
Prof. R. Hechter  
Dean A. Iacopino  
Ms. E. Isabey  
Mrs. V. Keown  
Mr. E. Loewen  
Ms. T. McVannel  
Mr. M. Michalak  
Ms. C. Plumton  
Ms. B. Silverstein  
Ms. O. Stein  
Dean R. Stern  
Ms. R. Taylor  
Ms. D. Young

**Also Present**

Ms. P. Bachewich  
Ms. J. Barrott  
Prof. J. Cranston  
Mr. J. Danakas  
Ms. C. Davidson  
Ms. A. Domingo  
Ms. J. Dyer  
Prof. M. Edwards  
Prof. L. Fainstein  
Ms. N. Flynn  
Ms. L. Janzen  
Ms. B. Karlaftis  
Mr. A. Konowalchuk

**Also Present** (continued)

Mr. J. Kopp  
Ms. K. Legris  
Ms. S. Levene  
Prof. R. Lobdell  
Ms. K. McQuarrie-  
Smith  
Ms. M. Novak  
Mr. C. Pierce  
Ms. V. Shantz  
Ms. K. Sobie  
Ms. S. Utsunomiya  
Ms. M. Watson

The Chair informed Senate that the speaker of the Senate Executive Committee was Dean Jay Doering, Faculty of Graduate Studies.

**I MATTERS TO BE CONSIDERED IN CLOSED SESSION - none**

**II MATTERS RECOMMENDED FOR CONCURRENCE WITHOUT DEBATE - none**

**III MATTERS FORWARDED FOR INFORMATION**

1. **Report of the Senate Committee on Awards – Part A** Page 3  
**[November 13, 2014]**
2. **Items Approved by the Board of Governors,** Page 9  
**on November 25, 2014**
3. **Draft – The University of Manitoba** Page 11  
**Strategic Research Plan, 2015 - 2020**

Dr. Jayas said the draft Strategic Research Plan (SRP), 2015 – 2020, had been prepared over the previous year with input from many faculty, the Associate Deans (Research)/Research Liaison Officers, and the University community more generally through four open forums, including two held at the Bannatyne Campus and two at the Fort Garry Campus. This input, as well as feedback received during the strategic planning process, had been considered and incorporated into the draft SRP, which has been endorsed by the Senate Committee on University Research and was provided to Senate for information.

Speaking on behalf of Senators from the Faculty of Arts, Professor Guard congratulated Dr. Jayas and others involved in drafting the SRP for developing a document that reflects the feedback provided from the University community. She observed that the process is reflective of the indication that the SRP is a living document that may be adapted over time to reflect changing research needs.

**IV REPORT OF THE PRESIDENT**

**1. President’s Report**

Dr. Barnard said he and Mr. Kochan, Vice-President (Administration), would speak about the University’s financial context under item IV (2).

**2. Presentation on the University’s Financial Context**

The President and Vice-President (Administration) made a presentation on the University of Manitoba’s Financial Situation. A copy of the presentation is appended to the minutes.

President Barnard observed that some circumstances in the University’s history are unique. For example, the historic decision to locate the University in Fort Garry adjacent to the Manitoba Agricultural College and the recent opportunity, through the Visionary (re)Generation exercise, to incorporate the Southwood

Lands into the Fort Garry Campus and to develop a Campus Master Plan for the next generations. Other circumstances in the University's history are familiar, including, for example, financial pressures, stress caused by classes with low enrolment, and the natural tendency for individuals and units, given their particular perspective within the University, to consider ways to make the work they do locally better. Dr. Barnard said members of the University collectively need to consider ways to sustain the fabric of the University during the current financial difficulty, for the present and future generations.

Dr. Barnard used several figures, which were intended to be metaphoric, to illustrate the problem of university costs increasing at a faster rate than revenue, and three possible responses to this circumstance: reduce costs, increase revenue, or bend the cost curve down by managing differently. Dr. Barnard explained that the Higher Education Price Index (HEPI), which takes into account the cost of a suite of goods and services that postsecondary institutions typically purchase, is escalating at a faster rate than the Consumer Price Index (CPI). This is driven largely by salaries, which is not a new phenomenon and is not seen to be negative, as the institution should offer the level of salaries necessary to hire and retain the best faculty and staff.

Dr. Barnard said one possible response would be to acknowledge the reality that costs are rising faster than revenue and to shift the problem forward in time by reducing costs over the short term. Savings might be realized by reducing costs of supplies and services, transferring ongoing costs to soft dollars, or reducing administrative costs through the consolidation of departments. While all units should look for savings – and have done so already – this approach cannot be used to address the problem of rising costs over the long term. It would simply shift the problem into the future without addressing the underlying problem. Also, it would consume flexibility that a future generation of managers, including department heads, deans, directors, and vice-presidents, will need to respond to the same issues.

A second possible response would be to increase revenue by increasing fees and government grants. Dr. Barnard suggested that this possibility is not realistic, given that the phenomenon of governments for publicly funded systems resolving the problem is not evident anywhere and public institutions in several other Canadian jurisdictions, including Alberta, Ontario, and Quebec, have seen substantial pressure recently. Dr. Barnard said the University's revenues are effectively determined by government and uncertainty about those revenues exists each year until the province establishes its budget. Relative to other medical-doctoral universities in Canada, the University of Manitoba receives less government funding per student overall and less funding to support graduate students, research, and innovation. With respect to overall funding per student, Dr. Barnard said the University receives approximately \$55 million less than the average for Canadian medical-doctoral universities of a similar size. This amount is significant in the context of a base operating budget of approximately \$600 million and given that it is a long-term phenomenon. The University also has lower tuition fees, including for professional programs. While the latter are nominally movable, increases are unlikely in the current political situation. Dr. Barnard acknowledged that the University has received proportionally larger

grant increases than other places in recent years, but noted that the increases are applied to a relatively lower base budget.

Dr. Barnard said the University regularly advocates for increased revenue, to address the issues identified in the previous paragraph, through regular processes with the government and additional conversations with ministers, the premier, the caucus, and community leaders. The University's comprehensive fundraising campaign is also a focus of conversations with government and community leaders. Dr. Barnard said he is also regularly involved in advocacy with the federal government, on behalf of the University, the Association of Universities and Colleges of Canada (AUCC), and the U15, for support for research and Indigenous achievement.

Dr. Barnard said a third possible way to address the issue of costs increasing faster than revenue would be to slow the rate of cost increases so it remains below the rate of revenue increases. He said the University's costs are largely determined by choices that are collectively made about the priorities and direction of the University. For example, the University has decided that competitive salaries are a priority. Dr. Barnard also emphasized that, without tending to either extreme, balancing academic and non-academic expenditures necessary to support students and academic activities is important. There have been times when the University spent less on some support functions, for example, IT support, but not without negative repercussions. Observing that the University offers a large number of programs compared to other places, and given that these things drive costs, Dr. Barnard said the University might also consider whether it has the right number and mix of academic programs. It might also look at the effectiveness of program delivery, particularly with respect to the impact of high DFW rates in some places, above average times-to-completion, and the number of classes with limited enrolment.

Referring to a figure that compares administration costs as a percentage of total operating expenses at U15 universities in 2008/2009 and in 2012/2013, Dr. Barnard observed that the University of Manitoba ranked 13<sup>th</sup> six years ago and ranked 7<sup>th</sup> in 2012/2013, which reflects an explicit decision by the University to increase funding to administrative units that support the academic enterprise.

Referring to a figure comparing external relations costs as a percentage of total operating costs at the U15 universities, Dr. Barnard said the University of Manitoba was ranked 10<sup>th</sup> in both 2008/2009 and 2012/2013. Although the University has since increased the allocation to External Relations, he suggested that the University's ranking would not have changed in the intervening years as other institutions have also increased investments in this area.

Dr. Barnard said that, contrary to perception, operating budgets of all faculties have increased over the last four years. The aggregate expenditure in faculties has also increased in each of the last four years, including increases of 4.17 percent in 2010/2011 and 3.72 percent in 2014/2015. Dr. Barnard explained why there is nonetheless talk of baseline budget cuts. The University has always achieved and will achieve a balanced budget again this year, as it is required to do by legislation. This is accomplished by handling some costs centrally, including salary increases, which is a significant factor in costs increasing faster

than revenues. Salaries are handled centrally because units with budgets directed largely to salaries would find it difficult to cope with budget reductions, if the responsibility for salaries was decentralized, and because, in most units there are few opportunities for generating revenue. In order to pay the difference between costs and revenues overall, units are assessed an adjustment or “cut” to provide money centrally to pay for salary increases.

Dr. Barnard said some institutions are either using or considering using responsibility centred management (RCM), under which costs and proportionate revenues and the responsibility for making decisions are assigned to units. This would not resolve the problem of costs increasing faster than revenue. It would only move the problem and the responsibility for it to the units. The approach is applied more often in jurisdictions where opportunities for revenue generation are higher. Dr. Barnard said consideration might be given to using RCM in a limited way. For example, units might be allocated space and given responsibility for managing space allocations, including selling, trading, or buying spaces. Overall, however, the utility of RCM would be limited, as relatively low revenues do not allow local decision-makers much flexibility.

Dr. Barnard identified Academic Program Prioritization (Dickeson Methodology) as another possible way to respond where costs are rising at a faster rate than revenues. The approach involves developing institutional criteria to evaluate and rank academic programs and to eliminate those ranked lowest. Dr. Barnard said this approach has produced small payoffs relative to the work required where it has been applied at some Canadian institutions. He said it will be necessary to think about program sustainability, but this particular approach is not necessarily the right one for the University of Manitoba.

Mr. Kochan, Vice-President (Administration), responded to a number of questions and concerns that have been heard from various sources regarding the University's financial situation. In response to concerns about transparency, he said efforts would be made to be more transparent beginning with this presentation to Senate. In order to correct a misconception that the University has a significant surplus that is directed from operating to capital or held in reserve, Mr. Kochan explained why and when operating funds are transferred to capital and the purpose of the University's reserve funds.

Mr. Kochan said the University has chosen to use a restricted fund method of accounting, which means that revenue is restricted for a particular use, either externally by a funder (e.g. the government) or a donor, or internally by the Board of Governors based on recommendations made by Administration. Very little revenue is unallocated. Given that restrictions are placed on revenues, a series of funds has been established in order to track contributions and expenditures of revenues. At year end, transfers are sometimes made between funds. The largest transfers involve the transfer of revenue from operating to capital and from operating to reserves.

Mr. Kochan said that, in each of the last several years, between \$40 million and \$50 million has been transferred from operating to capital funds. He said the idea that these are surplus monies being held in reserve that are available for unrestricted spending is a misperception. He explained that these transfers

reflect a set of accounting entries made at the end of the fiscal year, to represent expenditures that have been made throughout the year, largely by academic departments and faculties but also by administrative units, on capital items such as laboratory and office equipment. Mr. Kochan said this transfer is necessary as capital grants (\$10 million - \$15 million) are restricted by the province to specific expenditures and are not sufficient to cover all of the University's capital expenditures. He noted, in particular, that library acquisitions, which are considered a capital expense, account for a significant proportion of the transfer of operating funds to capital (\$10.5 million). Revenues from ancillary and food services are also transferred to capital and, in 2014, were directed to the cost of renovations at the Bannatyne Campus and in the University Centre.

In response to the view held by some that the University has reserve funds that could be directed to academic programs, Mr. Kochan confirmed there are reserve funds but they are all internally restricted. Mr. Kochan noted that the University's unrestricted net assets have an accumulated deficit of \$76 million, which is an indicator of poor financial health. The total revenue held in reserve (\$62 million) is not large relative to the size of the University's budget. The Staff Benefits Fund represents excess premiums paid by employees and is intended to offset future increases in employee premiums. A significant proportion of the Specific Provisions is faculty-based carryover/provisions that have been approved centrally for specific items identified by faculty deans for their own units. Trust Funds are either unrestricted or internally restricted, including for debt servicing, students (\$3 million), and faculties (\$5 million).

Mr. Kochan said the University could elect to make these funds unrestricted so the revenue would be available for any general use, but this might not be prudent. He explained that another purpose of the reserve funds would be to allow the University to respond to an unexpected baseline reduction to its operating grant that the institution could not otherwise absorb. If the University were subject to a 7 percent cut to its operating grant, which recently happened in Alberta, its revenue would be reduced by \$25 million. If the University were to rely on reserve funds to make up the difference, the reserves would be drastically reduced over only a few years. Mr. Kochan said the University's reserves are lower than those held at peer institutions, including those in Ontario. In 2013, the reserve funds were equivalent to only 2.4 months of operating expenses.

Mr. Kochan said units have been asked to plan for a baseline budget reduction of 4 percent in each of the next two years. He said other parts of units' budgets, including one-time money, carryover/provisions, and reductions in capital spending, might be used to mitigate baseline reductions, but only for the short-term, as these reserves are finite.

President Barnard observed that, while the intensity of the conversation is different this year, the conversation itself is not different in nature than it has been at the University and at other postsecondary institutions over a long time. In order to deal with costs that are rising faster than revenues, it will be necessary to make reallocations, which is also desirable. Prioritization will always be important, as there never will be enough resources to support all of the good ideas and initiatives generated by academic units, for new activities and initiatives or to do existing things differently.

Dr. Barnard said that, throughout much of the University's 138-year history, there has been budget pressure. At times there have been appeals to government, for example, in periods of unusual growth. Dr. Barnard said substantial changes in funding from the province in the short term are not expected, but the University will continue its advocacy efforts. He said protecting academic budgets at the expense of budgets for academic support would not be sustainable, as the academic mission would not be appropriately supported. Dr. Barnard emphasized that every budget process, whether it occurs in departments, faculties, in support units, or centrally, requires making decisions.

Dr. Barnard said the budget process and conversations about the budget have been initiated earlier this year. He pledged to communicate about the process as it proceeds. He reiterated that there is some flexibility, as Mr. Kochan had indicated, but it must be used to manage the budget toward a sustainable future rather than consuming that flexibility without addressing the issue of rising costs. It will be important to do collectively what is sustainable for the University so it can continue to engage in learning and discovery and to carry out its mission over the long term.

Professor BingChen Wang asked whether consideration had been given to the feasibility of merging the Universities of Manitoba and Winnipeg, perhaps to create a system like the University of California, which might facilitate administration and interactions with the province. President Barnard suggested that, politically, such a merger would be difficult to accomplish. He said it would be worth looking at whether savings could potentially be realized by avoiding duplication of programs across institutions or if some processes might be merged where there are economies of scale. There is a spirit of collaboration among the presidents of universities in the province at present that might make some of these things achievable without the structural changes that would be involved with merging institutions. Dr. Barnard said university systems like that in California typically have local administrations at each campus in addition to a system-wide administration. Given the geographic distance between the cities of Winnipeg and Brandon, savings might not be realized by creating such a system in Manitoba.

Professor Gabbert questioned whether movement up the ranking of U15 universities on the basis of increased expenditures on administrative costs and external relations is positive. He contended that the necessity for increasing expenditures in these areas has yet to be explained in a compelling way.

Professor Gabbert surmised that, were the University to undergo several budgetary exercises that involved cut backs, it would be in a situation of financial exigency where institutional priorities, which are approved by Senate, plus new administrative and public relations costs might not be supportable within the current framework of this institution, which is anchored by the idea that programs should be delivered by full-time probationary and tenured faculty. He raised a concern that the University would move more toward an American system as a way to be sustainable, which in the view of many would not be desirable. He asked what the long-term vision for the University would be if budget cuts were to continue over a number of years. Given the University's minimal reserves, Professor Gabbert observed that, were the institution to be faced with a reduction



to its provincial grant in future, it might become necessary for the University to reconsider its strategic priorities and to make decisions about whether funds should be shifted to strategically stipulated priorities. He contended that, were this to happen, Senate should be involved in the discussion, including discussions of public relations and administrative priorities, and that Senate should be involved in such discussions on an ongoing basis.

President Barnard said the ranked order charts showing administration and external relations costs as a percentage of total operating costs are intended to relate that Administration has made explicit decisions to be in the middle of these rankings, relative to other U15 institutions, with respect to these types of expenditures. Increased investments to support functions in recent years have led to increased IT response times and reliable systems that are necessary for a variety of activities. Dr. Barnard noted, in particular, the positive feedback received from students setting up accounts and registering during the first week of classes this year, which is a direct result of recent investments. He said all of the administrative units that exist on campus contribute to supporting the academic mission.

President Barnard said the ideal would be to have a set of programs that is the right number and mix for the University and a set of faculty members that matches those programs. It would not be appropriate to leave, for the next president, a situation where the degrees of flexibility have been consumed by decisions that are relatively popular and easily done and the University is in a position that is not sustainable. Dr. Barnard reiterated that it will be necessary to ask if the University has the right number and mix of programs. The University offers a large number of programs relative to other universities. It will also be necessary to look at the effectiveness of program delivery, average time-to-completion, and the numbers of courses with limited enrolment, as all of these things have cost implications.

Dr. Barnard said there are three things the University might do in the short term. One is to consume short term flexibility and push financial pressures out to the future. A second would be to increase revenue by bringing more resources into the institution. Given the current political situation in Manitoba and looking at other Canadian jurisdictions, the University cannot count on an increase to its operating grant or tuition. A third possibility is to reduce costs, which might involve doing some things differently. Dr. Barnard said the University's current trajectory, which is not sustainable, is not unlike that of other Canadian universities. Responses at other places have been varied. Some institutions have elected to have fewer tenured faculty members teaching in the classroom over other options and some are consuming short term flexibility. Dr. Barnard said the University, collectively, needs to look closely at all of the possibilities and cannot say that some things cannot be reexamined.

Referring to the figure titled "Administration Costs as % of Total Operating Expenses Ranked by U15 University," Professor Hudson suggested that the graph obscures what is happening historically. While the figure shows that the University of Manitoba has moved up the ranking, it does not show that the proportion of operating expenses directed to administration costs has also risen during the same period at all of the universities included in the graph. Professor

Hudson said there appears to be a trend at North American universities for a rising proportion of administration costs within their budgets. He suggested that, while it is important to have supports in place, it is also necessary to ensure that frontline academic programs are adequately funded. If the objective is to reduce costs but without reducing administrative costs, he asked what other budget items might be reviewed other than academic programs, which are the front line mission of the University.

Dr. Barnard agreed that the delivery of academic programs is the frontline mission of the University. The point to be made is that it would be necessary to look as closely at costs associated with program delivery, as it would be to review costs associated with any other purpose, with respect to how effectively available resources are used. In response to the observation that there is a trend for increasing administration costs at postsecondary institutions generally, Mr. Kochan said this is true but all costs are rising not just administration costs. Ms. Gottheil, Vice-Provost (Students), observed that it is not only academic units that have been asked to submit budgets reflecting a four percent cut. Administrative units have been asked to do the same, including eighteen units in Student Affairs, which provide frontline services to students.

Referring to remarks about the need to consider the cost or stresses related to offering classes with high DFW rates and with limited enrollment, Professor Chen suggested that discussions should also take into account stress related to teaching high enrollment classes, which cannot necessarily be accounted for in financial terms. She suggested, in particular, that large classes limit instructors' ability to support students who are struggling because contact time with students is reduced. Dr. Barnard agreed there is a balance that must be struck.

Professor McMillan recalled the Academic Structure Initiative (ASI), which had resulted in the recent establishment of the Faculty of Health Sciences. She inquired about the status of the ASI and how that might factor into budgetary planning. She asked whether the amalgamation of the health sciences faculties into the Faculty of Health Sciences had been cost effective. Dr. Keselman said there is no costing on the Faculty of Health Sciences. She said the ASI, which began with the establishment of the Faculty of Health Sciences is ongoing. A number of faculties are exploring the possible benefits and risks that might be associated with a more integrated structure, including the Clayton H. Riddell Faculty of Environment, Earth, and Resources and the Faculty of Agricultural and Food Sciences, which continue to engage in discussions. Dr. Keselman reminded Senate that, when the ASI was launched, the focus was on reducing the number of free standing faculties and schools, but people were also encouraged to think about possible realignments at the department level. She said a number of faculties are looking at potential realignments at that level, and the three departments in Human Ecology have migrated or will soon migrate to other faculties.

Professor Judy Anderson welcomed the opportunity provided to Senate to discuss the University's financial situation. She said it is important to think about sustaining the management structure and allowing units to manage the flexibility. She made two suggestions for changes, to assist units to manage their revenues. First, she suggested that expenditures and revenues (for example,

research grants) be entered into the financial system in a more timely way so units can see what resources are available and can plan to spend those monies effectively before the fiscal year end. Second, she proposed that the rubric for the budget decisions might be made known so units could take this into account when planning the following year's budget. Dr. Barnard welcomed the suggestions and indicated that the details might be discussed further following the meeting.

Dr. Barnard thanked Senators for participating in the discussion. He said there would be further opportunities for discussion as preparation of the budget proceeds.

## **V QUESTION PERIOD**

Senators are reminded that questions shall normally be submitted in writing to the University Secretary no later than 10:00 a.m. of the day preceding the meeting.

The following questions were received from Ms. Kunzman, UMSU Assessor, on behalf of the Student Senate Caucus.

As a public institution, the students at The University of Manitoba are an essential and vital component of the University, and should be prioritized at all times. It is our understanding that the University administration has requested faculties and units to apply significant cuts in their budget proposals. With the exception of those members of our Student Senate Caucus who hold seats on their respective Faculty Councils, few have been engaged in direct consultation.

- 1) What steps has the University administration taken to directly consult with students on this issue, and what steps can students expect in the future, as the effects of these cuts become reality?
- 2) With these significant budget cuts proposed and already underway, what role have students had in setting priorities in the budget and developing proposed budget cuts?
- 3) Budget cuts will inevitably affect students in one capacity or another. As such, how do you plan to protect students' interests? For example, keeping class sizes down; protecting the quality of teaching and ensuring access to both academic and non-academic staff.

In response to questions 1 and 2, Dr. Barnard said he would encourage all members of the University community, including students, to provide questions and comments on the budget ([budgetinfo@umanitoba.ca](mailto:budgetinfo@umanitoba.ca)). Community members would also have an opportunity to provide input and raise questions at a town hall to take place on January 21, 2015, at 10:00 a.m., in the Senate Chambers. Dr. Barnard said students have an important, ongoing role in the University's governance processes, including those that relate to the budget. He noted that students comprise one-quarter of the membership of the Board of Governors. In addition, student representatives on Senate, on faculty and college councils, and on committees that provide input into the University's priorities, including the Budget Advisory Committee, have opportunities to voice opinions and raise questions on a range of issues, including the budget, on behalf of their constituencies.

In response to question 3, Dr. Barnard said individual faculties and departments are entrusted with providing the highest quality educational experience possible, with the resources available. The University is committed to this principle and is confident in the ability of academic units to provide a valuable experience for students. Dr. Barnard reiterated that the University is constrained by the reality that costs are rising faster than revenues. Also, many years of low provincial grants and frozen or controlled tuition rates have created a structural challenge related to the University's revenue streams that would require provincial intervention to rectify. Dr. Barnard indicated that he and his counterparts at other postsecondary institutions in Manitoba will continue to advocate the provincial government for a different funding model and that he will continue to work together with students on advocacy efforts. In the meantime, the University will focus on delivering a balanced budget for 2015/2016, beginning with an institutional conversation about how to better align the University's expenses with its revenues while maintaining a commitment to institutional priorities.

Dr. Barnard said that student interests have been a key consideration in difficult funding decisions that have already been made. He observed that, since 2009/2010, more than \$20 million in baseline funding has been reallocated to the student experience and an additional \$10.6 million has been allocated to improve institutional infrastructure that is necessary to support the University's core academic mission. Student interests will continue to be a priority with the implementation of the new Strategic Plan, which reiterates the University's commitment to an outstanding educational experience for students. Students' needs are also central to the five priorities established for the Comprehensive Campaign to raise \$500 million, which include graduate student support, an outstanding experience, research excellence, Indigenous achievement, and the University's places and spaces.

The following question was received from Professor Austin-Smith, Faculty of Arts.

In view of what has happened at Dalhousie University, what steps is this administration taking to review and reconcile the various codes and protocols-- some of them general, some of them associated with professional programs-- designed to shape and govern behaviour on campus?

Ms. Gottheil assured Senate that the University is committed to providing a culture of respect, safety, and well-being for all students, staff and faculty. She said there are four university-level policies governing student, staff, and faculty behavior, including the policies on Respectful Work and Learning Environment, Inappropriate and Disruptive Behaviour, and Violent and Threatening Behaviour, and the Student Discipline Bylaw. The latter document provides for a full suite of penalties up to permanent expulsion and banning from Campus.

Ms. Gottheil said the existing policies are collectively robust but perhaps are not user-friendly. She reported that a review of the policies is underway. A working group under the leadership of Office of Fair Practices and Legal Affairs was struck in the summer to gather and review other institutional policies from across Canada and relevant case law. The recently established Respectful Learning and Working Environment Advisory Committee, which is co-chaired by the Vice-Provost (Students) and the Associate Vice-President (Human Resources), will launch a community consultation to gather input to be considered when revising the Respectful Work and Learning Environment policy and to better define common expectations of behavior for all members of the University

community. Ms. Gottheil said she anticipates that the revised policy will continue to contain a University-instituted investigation mechanism, to ensure that it is possible to handle matters in the absence of a formal complaint, and include procedural changes that would allow the University to deal with concerning behavior more efficiently and quickly. Ms. Gottheil reported that the recently established Sexual Assault and Violence Working Group and the Digital Identity Working Group are also involved in policy review and development, as well as community-wide education. They will continue to provide on-going advice and recommendations to inform the institutional priority for ensuring a respectful work and learning environment. Ms. Gottheil said the revised documents would be brought forward for consideration and approval.

Ms. Gottheil said that many of the professional faculties and colleges have established professional unsuitability by-laws, to ensure appropriate behaviour in programs where students are preparing for professional certification and are working in a clinical and/or practicum setting. She noted that these unit-level policies do not replace or supersede the institutional policies.

Mr. Thapa asked what the University is doing to address the issue of cyber-bully, which he identified as a serious issue that affects both students and instructors. Ms. Gottheil replied that this is the focus of the Digital Identity Working Group. She said the University does take steps to investigate cyber-bullying and indicated instances of inappropriate digital behavior should be reported to the Vice-Provost (Students), Security Services, or to the Office of Human Rights and Conflict Management.

**VI      CONSIDERATION OF THE MINUTES  
OF THE MEETING OF DECEMBER 3, 2014**

**Professor McMillan MOVED, seconded by Professor Judy Anderson, THAT the minutes of the Senate meeting held on December 3, 2014 be approved as circulated.**

**CARRIED**

**VII      BUSINESS ARISING FROM THE MINUTES - none**

**VIII      REPORTS OF THE SENATE EXECUTIVE COMMITTEE  
AND THE SENATE PLANNING AND PRIORITIES COMMITTEE**

**1.      Report of the Senate Executive Committee Page 20**

Dean Doering said the Executive Committee met on December 10, 2014. Comments of the committee accompany the reports on which they were made.

**2.      Report of the Senate  
Planning and Priorities Committee**

Ms. Ducas said the Senate Planning and Priorities Committee is considering a proposal for a Master of Science in Genetic Counselling.

**IX      REPORTS OF OTHER COMMITTEES OF SENATE,  
FACULTY AND SCHOOL COUNCILS**

- 1.      Report of the Senate Committee on Awards – Part B:  
Revised Financial Aid and Awards Regulations  
on the Release of Information** Page 21

Mr. Adams said the Financial Aid and Awards Regulations on the Release of Information had been updated to ensure that it is consistent with privacy legislation, including the Freedom of Information and Protection of Privacy Act (FIPPA). The revised policy had been reviewed by Financial Aid and Awards, Access and Privacy, and the Office of Fair Practices and Legal Affairs, and had been endorsed by the Senate Committee on Awards.

**Acting Dean Frankel MOVED, seconded by Professor Austin-Smith, THAT Senate approve the revised policy on Financial Aid and Awards Regulations on the Release of Information, effective upon approval.**

**CARRIED**

- 2.      Report of the Senate Committee on Admissions  
RE: Revised First Year Admission Process, Faculty of Law** Page 27

Ms. Gottheil said the Faculty of Law is proposing changes to its first year admission process. The current process is administratively unwieldy making it difficult to predict and manage enrolment. The revised process would result in applicants receiving admission offers earlier in the year, which is beneficial in a competitive enrolment environment.

**Ms. Gottheil MOVED, on behalf of the committee, THAT Senate approve the Report of the Senate Committee on Admissions regarding a revised First Year Admission Process, Faculty of Law, effective for the September 2016 intake.**

**CARRIED**

- 3.      Reports of the Senate Committee on Honorary Degrees**

- (a)      RE: Revision to Recommending Candidates for  
Honorary Degrees Policy** Page 32

Mr. Leclerc said that, at the request of the Senate Committee on Honorary Degrees, he had undertaken a review of the policy on Recommending Candidates for Honorary Degrees, which included a review of similar policies at other Canadian universities. The objectives were to make the policy clearer, particularly with respect to the process for making nominations, and to add definitions for some terms used in the policy.

**Professor Young MOVED, seconded by Dean Wittenberg, THAT Senate approve the Report of the Senate Committee on Honorary**

**Degrees concerning revisions to the policy, Recommending Candidates for Honorary Degrees, effective upon approval.**

**CARRIED**

**(b) RE: Revision to Naming of Academic Units Policy**

Page 43

Mr. Leclerc said the policy on Naming of Academic Units is being revised to make explicit what is already understood at the University, that academic units should not be named for an individual working in the unit.

**Professor Botar MOVED, seconded by Professor Booth, THAT Senate approve, and recommend that the Board of Governors approve, the Report of the Senate Committee on Honorary Degrees concerning revisions to the policy, Naming of Academic Units.**

**CARRIED**

**4. Report of the Senate Committee on Nominations**

Page 50

Professor Edwards referred Senators to the Report for the slate of nominees identified to fill vacancies on several Senate committees that are the result of resignations or committee members having been granted leave.

The Chair called for further nominations. Professor Judy Anderson nominated Professor Peter Graham (Faculty of Science) to serve on the Senate Planning and Priorities Committee (SPPC).

On a motion duly moved and seconded, nominations were closed.

An election was conducted by secret ballot to fill two vacancies on the SPPC. Professor Wang and Professor Watt were **ELECTED** for terms ending on May 31, 2018

**Professor Edwards MOVED, on behalf of the committee, THAT Senate approve the Report of the Senate Committee on Nominations [dated December 11, 2014].**

**CARRIED**

**X ADDITIONAL BUSINESS - none**

**XI ADJOURNMENT**

The meeting was adjourned at 3:17 p.m.

These minutes, pages 1 to 15, combined with the agenda, pages 1 to 51, and the presentation, "U of M's Financial Situation," comprise the minutes of the meeting of Senate held on January 7, 2015.

ADVENTURER EXPLORER ADVENTURER TRAILBLAZER REBEL PIONEER CREATOR EXPLORER REBEL PIONEER  
PIONEER CREATOR EXPLORER DEFENDER TRAILBLAZER REBEL PIONEER EXPLORER ADVENTURER TRAILBLAZER REBEL EXPLORER PIONEER DEFENDER TRAILBLAZER CREATOR

# U of M's Financial Situation



UNIVERSITY  
OF MANITOBA



## Lessons from UM History

### Some circumstances are unique

- Where to locate the University
- Visionary (re)Generation
- Choices are made

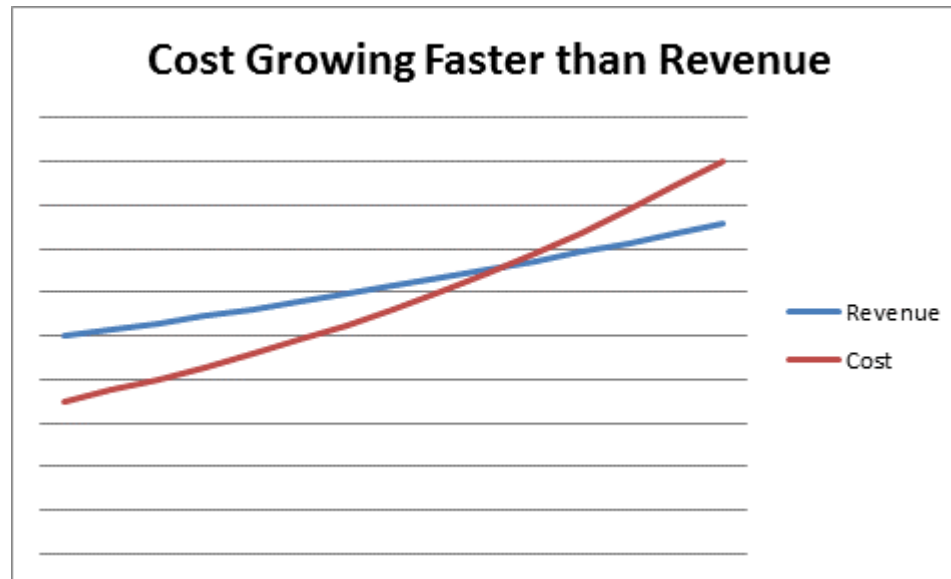
### Some are recurring

- Financial pressures
- Stress induced by classes with very low enrolment
- Natural tendency for each person, group, unit to optimize locally

**We must sustain the fabric of the University during times of financial difficulty, now and for future generations.**



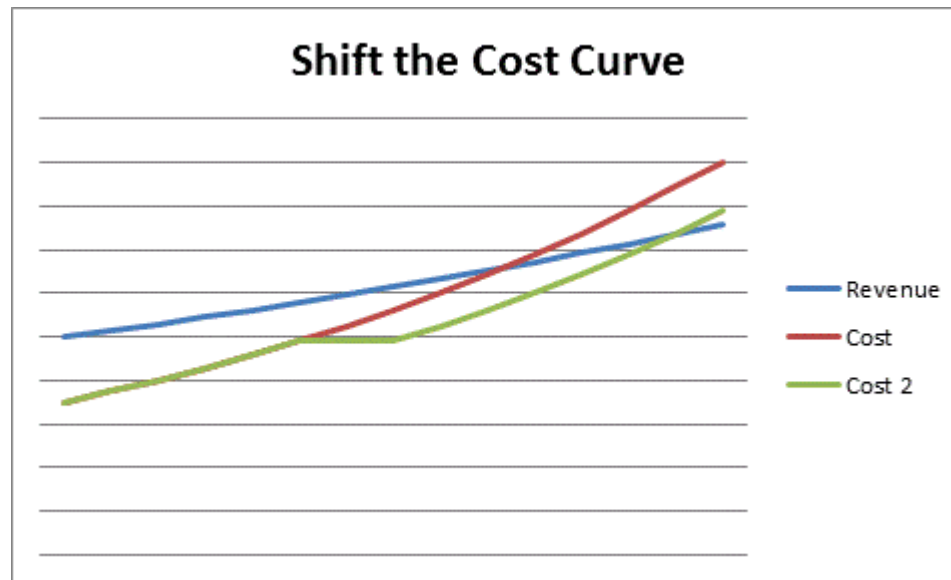
## What is the issue?



- Higher Education Price Index exceeds Consumer Price Index
- Driven by salaries: not a bad thing, simply reality.
- Right thing for University to be competitive (with U15 peers)
- Not new



## Possible Responses (1 of 3)



- Reducing costs of services, supplies, travel, etc.

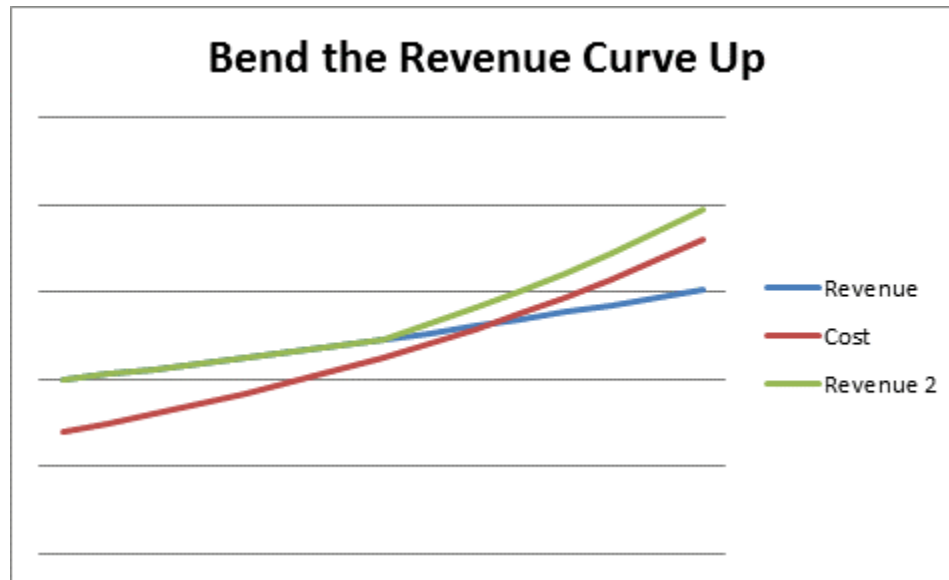


## Necessary But Not Sufficient

- We should certainly look for such savings, and have done so
- But there are limits to this approach so it is not sufficient
- **Examples**
  - Transfer ongoing costs to soft dollars (e.g., technical support)
  - Establish new revenue streams
  - Consolidate departments
- **Unwise to push it too far:**
  - Department heads, deans, directors, etc. need flexibility
  - All have used it to advantage
  - If we remove all the flexibility now, our successors will be unable to manage without more severe measures



## Possible Responses (2 of 3)



- Increasing fees, government grants
- Unrealistic, not happening anywhere. e.g. ON, AB, QC



## UM Revenues Compared to Others

Effectively determined by government – uncertainty until budget

- Less \$ per student overall
- Tuition fees
- Professional fees: nominally movable but practically not
- Support for graduate students
- Support for research
- (Support for innovation)
- Grants increasing faster than elsewhere, on low base by \$10M

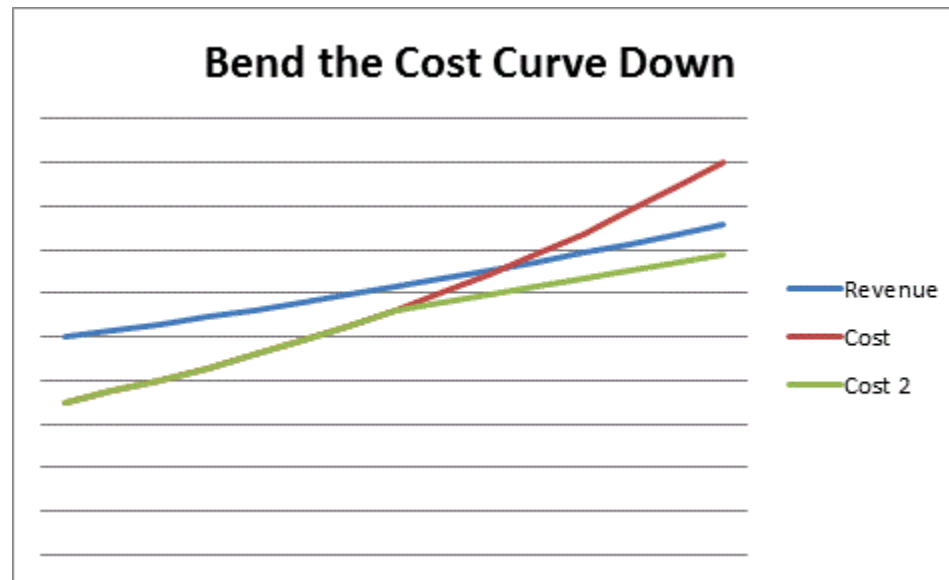


## Advocacy Efforts

- Regular processes with Minister and Department officials
- Additional meetings (some regular, some for specific topics) with Minister(s), Premier, officials, caucus, community leaders (e.g., Business Council)
  - Address all of the issues already mentioned
  - Comprehensive campaign a significant focus
  - About 30 formal connections along with numerous informal contacts annually by the President as part of a continual process of engagement and advocacy.
- Also regular advocacy in Ottawa for U of M, AUCC, U15 with officials, ministers, caucus members, Minister of Finance, Prime Minister
  - Support for research, special projects
  - Support for Indigenous achievement



## Possible Responses (3 of 3)



- Managing differently





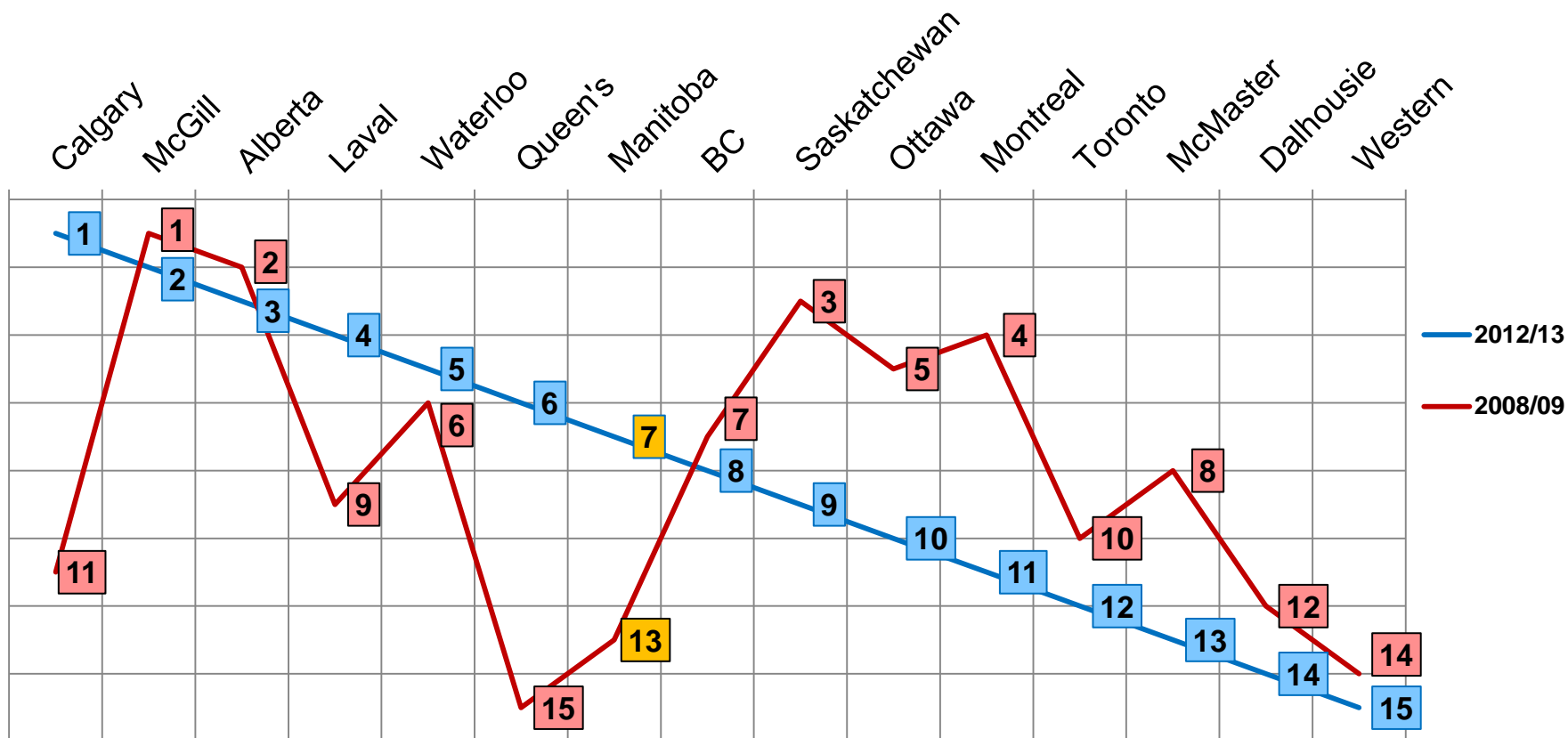
## UM Costs Compared to Others

Largely determined by us

- Competitive salaries: high priority
- Balancing academic and non-academic expenditures:
  - Necessary to support our students and our activities
  - Will not head to either extreme in comparison to others
- Number of programs? Right mix of programs?
  - We have *many* – are they the right ones?
- Effectiveness of program delivery?
  - Some high DFW rates
  - Above average time to completion
  - Number of classes with limited enrollment



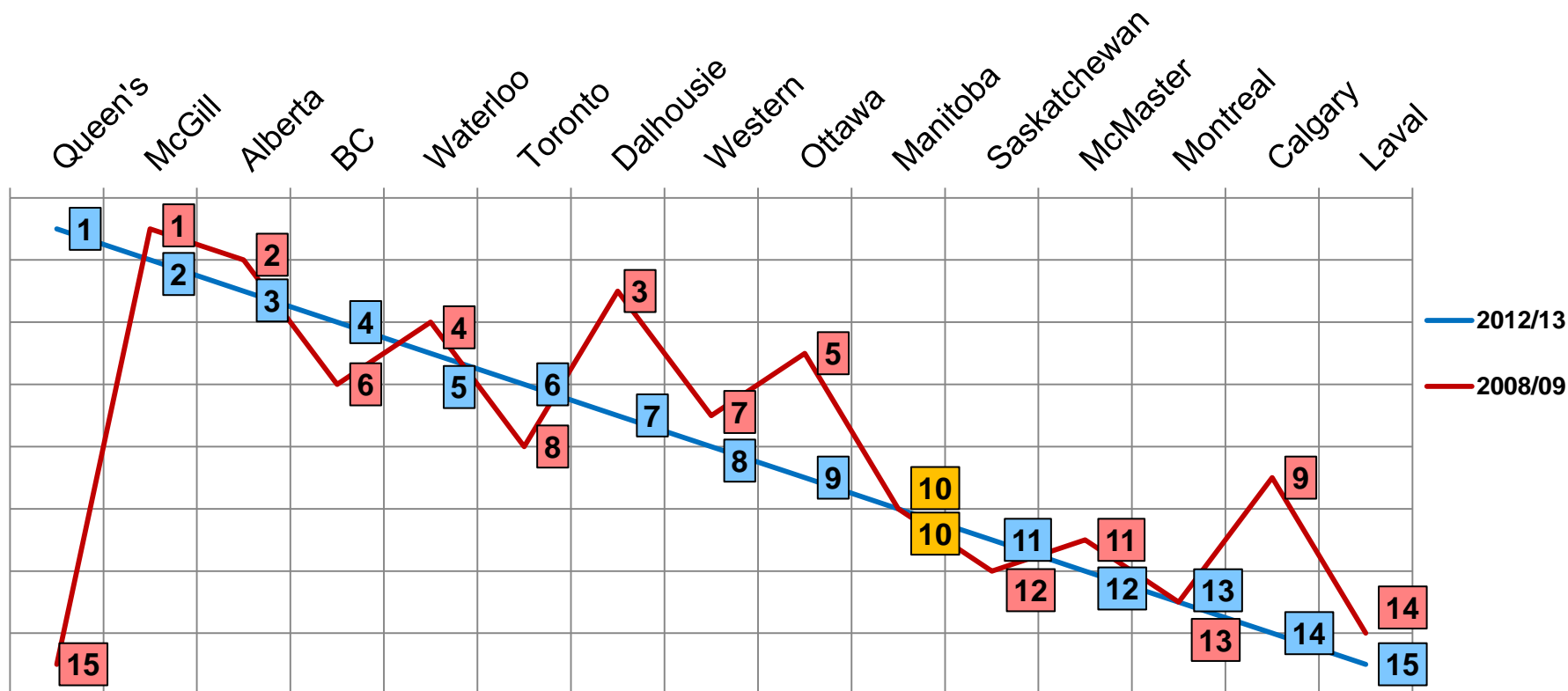
## Administration Costs as % of Total Operating Expenses Ranked by U15 University



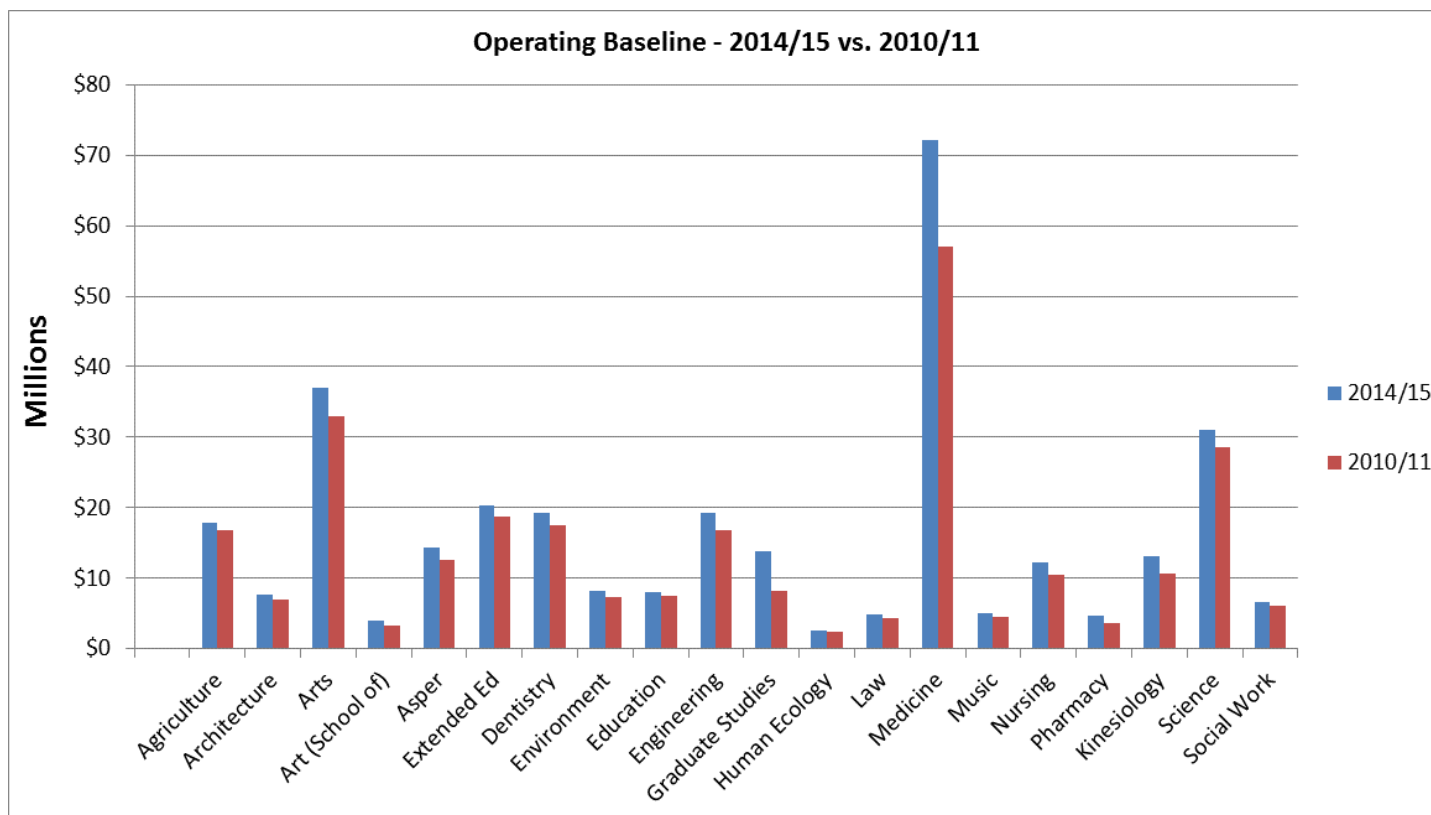
Source: [http://www.caubo.ca/resources/publications/financial\\_information\\_universities](http://www.caubo.ca/resources/publications/financial_information_universities)



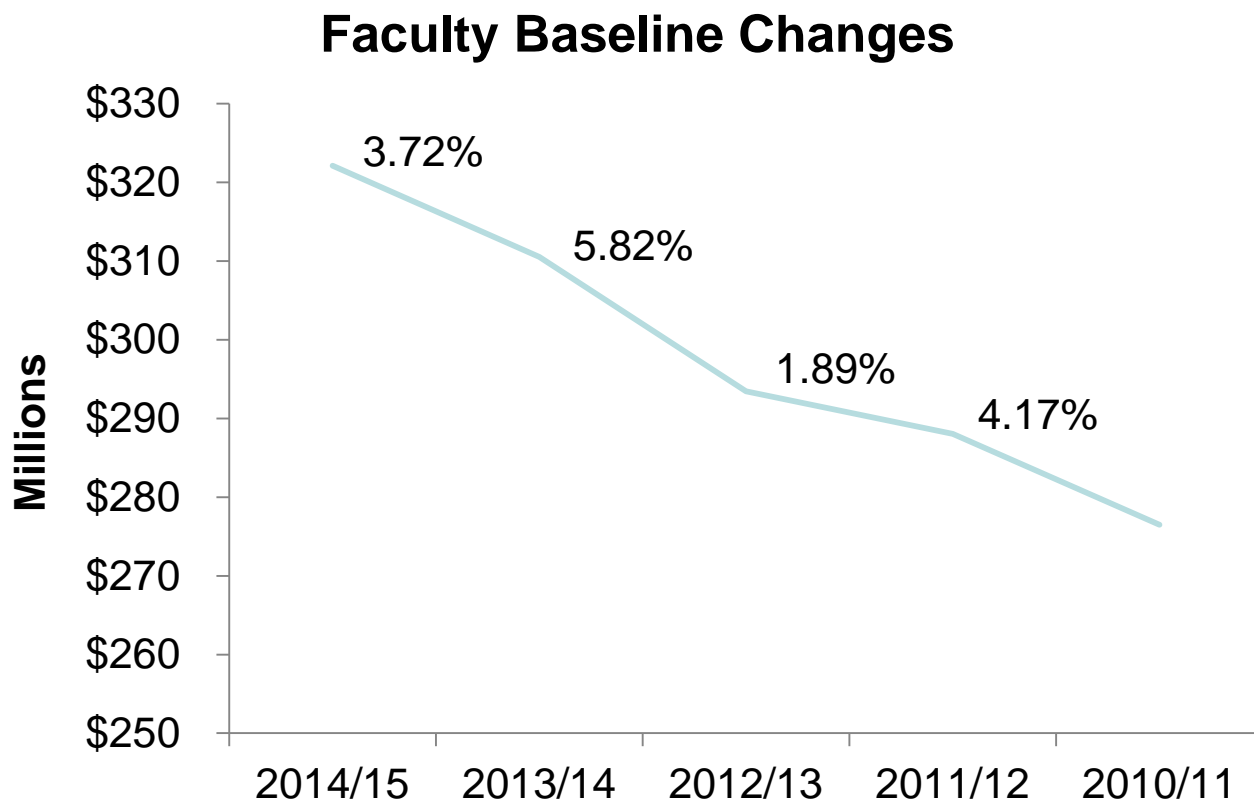
## External Relations Costs as % of Total Operating Expenses Ranked by U15 University



# Budgets of Faculties Have Increased



## Budgets of Faculties Have Increased



## Why do we talk about baseline “cuts”?

- UM is required to manage to a balanced budget
  - This is always achieved
  - It will be achieved again this year
- Some costs (e.g., increases in salaries) are handled centrally
- Recall: costs increasing faster than revenues
- Why? Units with budgets largely in salaries have little flexibility
- There are few opportunities for revenue generation (fees low)
- To pay the difference between costs and revenues overall, units are assessed an adjustment or “cut”



## What other approaches are used?

- Another possibility: Responsibility Centred Management (RCM)
  - Several Canadian universities use this to a greater or lesser extent
  - Assigns costs and revenues (specifically, tuition) to units
  - Limited value when there is limited room for revenue generation (i.e., when fees are relatively low and constrained, Canada vs. US, U of M vs. most of Canada)
  - Could also have a “partial market”, e.g., for space
- And another: Academic Program Prioritization (Dickeson Methodology)
  - Develop criteria for program value
  - Rank programs by institutional criteria, eliminate those of low rank
  - Others have worked hard, produced relatively small payoffs
  - We do need an appropriate means of ensuring program sustainability



## Summary: Some Budget Questions

- Transparency is important: capital, reserves, choices
- Annually, units spend \$40 - \$50m on capital from operating funds, which we recognize for accounting purposes at year end.
- The University's reserve funds are virtually all committed, mostly for faculty use.
- Even ignoring existing commitments, reserves are insufficient for financial health.
- There is flexibility to manage within units but it is not a long-term strategy.





## Fund Accounting

- Choice between deferral method & restricted fund method – UofM has chosen the latter
- Means that revenues (and relevant expenses) that are:
  - Externally restricted by funder/donor, or
  - Internally restricted by the BoG, are then
  - Recorded in the appropriate fund so that imposer of the restriction can better track the contribution, and
  - In practice also results in inter-fund transfers, primarily as a means to record planned or already spent monies in the appropriate fund
- Two significant transfers:
  - Operating to Capital (largely determined by units)
  - Operating to Reserves



## Operating Funds Transferred to Capital (spent or planned)

- At the past several year-ends, approx. \$40-50m has been transferred from the operating fund to the capital fund due to insufficient capital funding from provincial grants (\$10-15m)
- Recognizes expenditures already made or planned, largely by units
- For year end 2014, the amount was \$42m for such items as:

Description	Amount	Description	Amount
Library Acquisitions	\$10.5m	MIM	1.0m
Computers	2.4m	Food service*	1.0m
Research Equipt	1.3m	37 Innovation Dr.	2.2m
Other Faculty Equip	2.7m	Ancillaries*	5.5m
Construction	5.4m	Other	3.0m
Deferred Maint	4.7m		
Boiler	3.0m	* From Ancillaries	Revenue



## Reserves

Balance Sheet Reserves (one-time)•	March 31, 2014
Unrestricted Net Assets	\$(76m)
• Specific Provisions (\$46m for Faculties Carryover/Provisions, \$10m IST, rest is pension, self-insurance, special projects, etc.)	77m
• Trust Funds (not restricted by external donor) ○ (\$36m for debt servicing, \$3m students, \$5m faculties)	48m
• Staff Benefits Fund (not restricted by external donor)	4m
• Research Fund	<u>9m</u>
<b>Total</b>	<b><u>\$62m</u></b>

- All are internally restricted for specific purposes
  - Total trust funds at Mar 31/14 - \$184m



## Financial Health Ratios

- The U of M's reserves are low compared to its peers, as is its flexibility.
- The U of M can continue operating for 2.4 months with no further resources (2013); to achieve 0.4 in 2013, reserves would have needed to be \$296m
- A 7.0% cut (like implemented in AB) would reduce revenues by \$25m in year one, excluding future potential draws

### Resources:

*Cowan, C., Mezzina, L., Prager, F., Salluzzo, R., & Tahey, P. (2010) Strategic Financial Analysis For Higher Education – Identifying,*

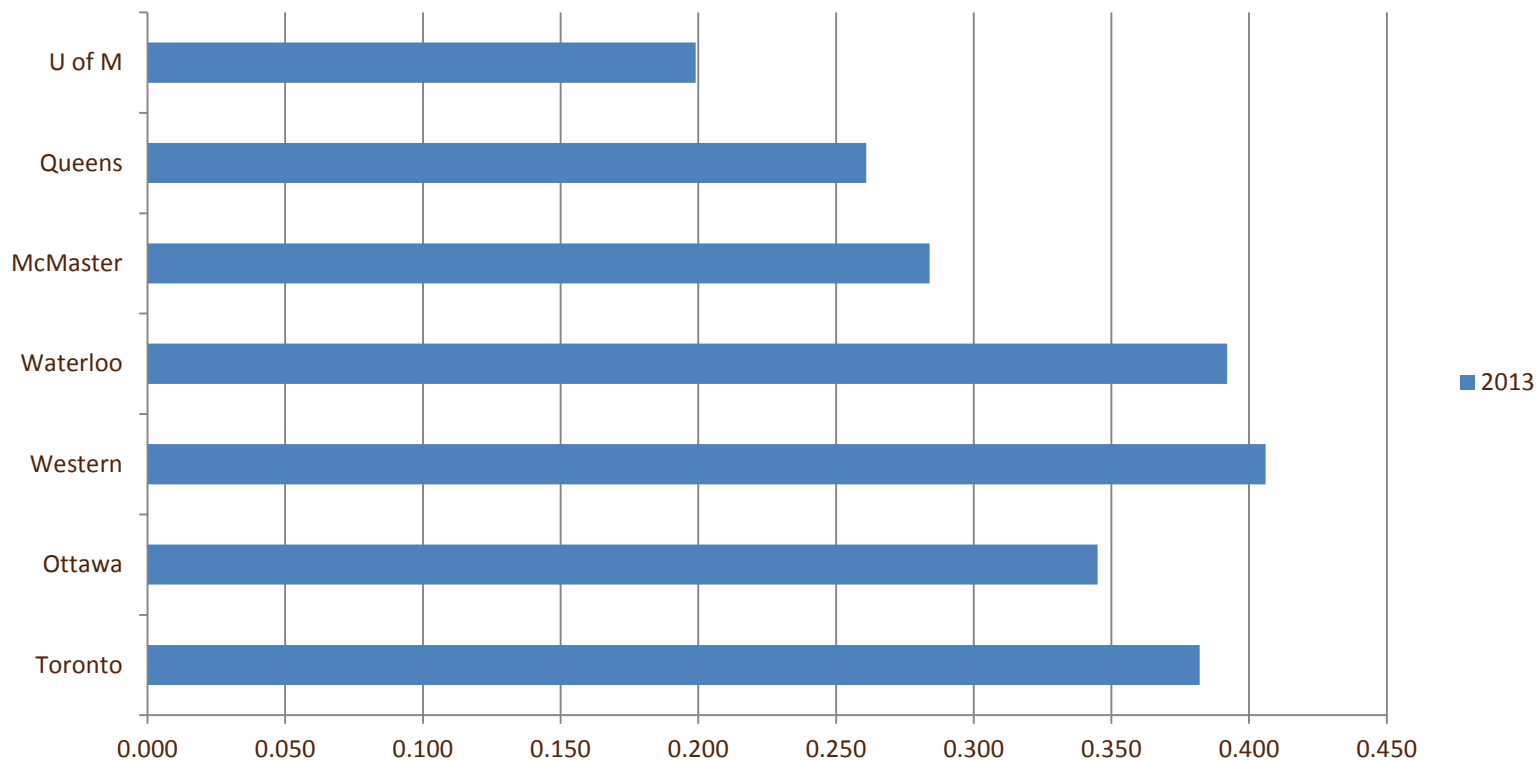
*Measuring and Reporting Financial Risks, Seventh Edition. Prager, Sealy & Co., LLC, KPMG LLP, and Attain LLC., p.111*

*Strategic Financial Analysis For Higher Education – Identifying, Measuring and Reporting Financial Risks, p.113*



# Financial Health Ratios

## Primary Reserve Ratio<sup>1</sup> (%)



## Managing to Budget

- SRP instructions include a reduction to baseline budget of 4% in each of the next 2 years
- Salary increases are managed centrally, outside of this process.
- However, there exist (at least temporary) mitigating alternatives:
  - One-time (fiscal only) money
  - Carry-over/Unit-based provisions
  - Reductions in capital spending
- To repeat: these alternatives are available in the short term to provide some flexibility. Baseline budgets will eventually have to be addressed assuming continuation of the revenue/cost curves.



## Reallocations: Necessary and Desirable

- We will never have enough resources for every good thing we can think of
- Prioritization will always be necessary
- No unit (faculty, academic department, service department) wants to do exactly the same things from one year to the next
- **Examples**
  - Meet new external requirements (e.g., for reporting to grantors)
  - Mount new programs
  - Stop some activities that are no longer as important as others
  - Respond to opportunities for resources, collaboration, etc.
  - IT, facilities, graduate and undergraduate student support
  - \$32.5 m baseline reallocated since 2009/10, including \$4.9M for graduate student support, \$3.8M for IST, \$1.2M for student awards, \$2.1M for research support
  - Invest in support for comprehensive campaign



## Reallocations: Necessary and Desirable

- UM is 138 years old, for most years there has been budget pressure
- Appeals to government in times of growth: but massification, costs
- Protecting “academic” by squeezing “support”: not sustainable
- Periods of incremental change interspersed with substantial change
- We need a repeatable approach that is sustainable
- Every budget process requires making decisions
  - True in departments, faculties, support units, UM overall
- Have made decisions, will continue to do so
- Early in the normal process of reviewing budget submissions
- Will communicate
- Some flexibility but must be used to manage toward a sustainable future.
- Important to do what is sustainable: deliver on our mandate (broad, long)





EXPLORER INNOVATOR ADV

REBEL ADVENTURER TRAILBLAZER

INNOVATOR CHALLENGER REBEL VISIONARY

REBEL PIONEER CREATOR EXPLORER TRAILBLAZER INNOVATOR

ADVENTURER EXPLORER ADVENTURER TRAILBLAZER REBEL PIONEER CREATOR EXPLORER REBEL PIONEER

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