



UNIVERSITY
OF MANITOBA

**Minutes of the OPEN Session of the
Board of Governors
May 19, 2015**

Present: P. Bovey, Chair
J. Leclerc, Secretary

D. Barnard A. Berg R. Dhalla J. Embree N. Halden S. Jesseau
R. Khatkar J. Kopp R. Kunzman J. Lederman K. Mann H. Reichert
M. Robertson H. Secter R. Sherbo A. Sych-Yereniuk
J. Taylor R. Zegalski

Assessors Present: C. Morrill B. Stone

Regrets: T. Bock B. Passey S. Senkbeil

Officials Present: J. Doering S. Foster D. Jayas J. Kearsey J. Keselman
P. Kochan K. Sobie

Guests: J. Danakas

1. ANNOUNCEMENTS

The Chair announced that this was the final meeting for Joanne Embree and Romel Dhalla as members of the Board. She added that depending on the timing of government appointments it may also be the last meeting for Shelley Jesseau, Janice Lederman and Stacy Senkbeil and that the April meeting was the last meeting for Al Turnbull, Laura Rempel. Ms. Bovey commented that Ms. Lederman's work on behalf of this Board and this Institution, both as a member and as the Chair of the Board has been tremendous. She thanked all departing members for their thoughtful comments and questions and wished them the best.

The Chair welcomed Jeremiah Kopp, new President of UMSU and Kristjan Mann, new GSA President, and welcomed back Rebecca Kunzman, who was re-elected as Vice-President (Advocacy) of UMSU.

Ms. Bovey informed the Board that John Anderson has been elected to the Board by Senate to replace Joanne Embree, beginning June 1, and congratulated. Barry Stone on being re-elected as support staff assessor to the Board of Governors. She explained that the alternate assessor will be Randall Kinley who will attend should Mr. Stone need to miss any meetings. She welcomed Mona Forsen to the Board as a new member as well.

It was moved by Ms. Lederman and seconded by Mr. Kopp:

THAT the visitors who were disrupting the meeting be removed from the room.

CARRIED

The Chair informed the Board that there is an audio feed of this session of the meeting available in the Senate Chamber for anyone who wishes to listen.

FOR ACTION

2. APPROVAL OF THE AGENDA

It was moved by Mr. Robertson and seconded by Dr. Taylor:

THAT the agenda for the Open session of the May 19, 2015 Board of Governors meeting be approved as circulated.

CARRIED

3. MINUTES (Open Session)

- 3.1 Approval of the Minutes of the March 17, 2015 OPEN Session as circulated or amended

It was moved by Mr. Zegalski and seconded by Mr. Berg:

THAT the minutes of the Open session of the March 17, 2015 meeting be approved as circulated.

CARRIED

- 3.2 Business Arising – None

4. UNANIMOUS CONSENT AGENDA

The Chair asked whether any member had concern with any of the items on the Unanimous Consent Agenda. No items were identified for removal.

It was moved by Dr. Embree and seconded by Ms. Lederman:

THAT the Board of Governors approve the following:

- 6.2 a) That a \$2.25 per credit hour contribution be assessed against the students in the School of Dental Hygiene for a three year term commencing in the fall of 2015 as outlined in the letter from Mary Bertone, Director, School of Dental Hygiene, dated February 3, 2015.**
- 6.2 b) That a \$100 per student per year be assessed against the students in the College of Medicine for a two year term commencing in the fall of 2015 as outlined in the letter from Brian Postl, Dean, College of Medicine, dated February 26, 2015.**
- 6.2 c) That a \$4.00 per credit hour contribution be assessed against the students in the Faculty of Kinesiology and Recreation Management for a three year term**

commencing in the fall of 2015 as outlined in the letter from Douglas Brown, Dean, Faculty of Kinesiology and Recreation Management, dated February 12, 2015.

The Board of Governors received for information the following:

8.1 Suspension of Admissions to the Master of Science in Family Social Sciences Program

CARRIED

5. NEW BUSINESS

5.1 President's Report

Dr. Barnard noted that he had submitted his report in writing and he would welcome any questions or comments. He reported on the recent Distinguished Alumni Awards event, hosted by the Alumni Association, which was an outstanding event. He added that he had received a lot of positive feedback and complimented Mr. Kearsey and his team for organizing the event. Ms. Bovey echoed Dr. Barnard's comments.

6. FROM FINANCE, ADMINISTRATION, & HUMAN RESOURCES

6.1 Operating Budget and Financial Plans for Research and Special, Trust and Endowment, and Capital Funds – 2015/2016

The Chair reminded the Board of the process of developing the budget and the Board's role in that. She stated that the Board has been kept apprised throughout the process since it began last summer with the estimates document prepared for the government and on discussions held with the provincial government. She added that the Board has been brought up to speed as the budget has come together, including through the work on the new strategic plan which is an important guiding document for the University now and in the future. Ms. Bovey reminded the Board also that the decisions made today are important for the University now and in the years to come and the Board must be careful to consider the future as well as the present during these deliberations.

Mr. Zegalski acknowledged the hard work involved in developing this budget, noting that it was especially challenging this year with the provincial budget being released on April 30. He added that the Finance, Administration, and Human Resources Committee unanimously recommended this budget.

Dr. Barnard stated that the University began the budget process earlier this year and has held a number of town halls and discussions with many different groups, including Senate, the Student Experience Committee, and the UMFA Executive. Additionally, he reminded the Board of the extensive information on the website about the issues faced by this University. He explained that the University's costs are growing faster than its revenues and the budget must take that into account and remain consistent with the strategic plan.



Mr. Kochan thanked his staff for all their work preparing the budget in a difficult year. He explained that one year ago his team had looked at a 10% shortfall over the coming three years. He added that last year there was a cut of nearly 2% and it will be 4% this year and very likely 4% next year. He noted that 4% is a prudent reduction because of unknown government funding for the next year.

Mr. Kochan reminded the Board of the extensive and transparent consultation process that began in September which should ensure that people are generally aware of the fiscal situation at the University. He explained that the University is presenting a balanced budget with an average baseline reduction of 4%. He echoed Dr. Barnard's comments that costs exceed revenues notwithstanding the increase to the provincial operating grant and that he expects these challenges will remain for a number of years. Mr. Kochan added that there will be an increase in international graduate student differential fees and a tuition fee increase of 1.9%.

Mr. Kochan stated that the process began in late summer of 2014 with the estimates document reviewed and approved by the Board of Governors in September of 2014 and culminated in discussions and presentations in January of 2015. He explained that the budget is aligned with the institutional priorities, stated in the new strategic plan. Mr. Kochan noted the increase to the operating grant amounts to approximately \$8.2 million and the remaining resource requirements are based on the assumptions listed in submission:

- The University of Manitoba will develop a balanced budget;
- Strategic investments are required to support strategic planning priorities;
- Baseline reductions in fiscal years 2016/17 are anticipated, given projected financial constraints in future years;
- Academic Position Management Program (APMP) baseline salary savings of \$900,000 will be used to partially offset Academic Unit budget reductions. APMP baseline salary savings of \$1,200,000 will be directed to areas of strategic priority;
- Increased revenue emanating from increased international student enrolment, increased international student differential surcharge fees, and from the International College of Manitoba (ICM) contract will fund fiscal only allocations as it is not prudent to fund continuing commitments from these sources. The ICM contract is up for renewal and the current undergraduate international student SEM targets have been exceeded;
- Centrally managed funding that will not be fully utilized in 2015/16 will be allocated in support of fiscal only strategic priority allocations. Base funding for mandatory pension payments, for example, will be maintained at existing levels however, due to the favourable December 31, 2013, actuarial valuation actual payments in 2015/16 will be lower. We anticipate the December 31, 2016 actuarial evaluation will result in a significant increase in mandatory payment levels. Utilities expenses are also subject to volatility due to fluctuating demand and world markets;
- \$24,926,314 in fiscal only allocations are recommended as follows:
 - allocations to areas of strategic priority \$22,196,314
 - unit-specific allocations \$2,730,000



Mr. Kochan reported that the summary of first claims indicates a shortfall of \$14.5 million, necessitating a four per cent decrease in spending. He noted that Charts A and B show a breakdown of salary allocations on page 18 & 10. In response to a question, Dr. Keselman stated that International College of Manitoba revenues will be used for fiscal only allocations, as it is not prudent to rely on such a funding source for baseline funding. Mr. Kochan referred to page 17, noting that the APM process generates savings used to allocate to strategic priorities. He explained that of the \$2.1 million in savings, \$900,000 will be used to help offset baseline reductions in certain units and the balance will be used to allocate to strategic priorities.

Dr. Doering reviewed the proposed increase in international student fees, explaining that the proposed increases would net approximately \$3.6 million in new revenue. He explained further that approximately 30% of this new revenue would be allocated to international undergraduate student financial supports, 20% to other international student supports and \$1 million would be allocated to teaching laboratory renewal and \$800,000 for classroom renewal. Dr. Doering noted that international students often require additional supports and this increase would fund those supports. He added that even with the increase; the University of Manitoba has the least expensive international student fee tuition among the U15 and that, in comparison, the University of Winnipeg's fees are two and a half times more than the University of Manitoba's. Dr. Keselman echoed Dr. Doering's comments, noting that at the graduate level virtually all the additional revenue will be directed to student bursaries and scholarships, as has been the University's practice.

It was moved by Mr. Zegalski and seconded by Mr. Robertson:

That the Board of Governors approve:

- **a tuition fee increase of 1.9% effective Regular Session 2015;**
- **an increase to the international graduate student differential fee multiplier from 2 to 2.2 effective Regular Session 2015;**
- **increases to the international undergraduate student differential fee surcharges ranging from 10% to 18% effective Regular Session 2015;**
- **a balanced fiscal operating budget based on total revenue, fund transfers and**
- **expenditures of \$701,816,581, and;**
- **financial plans for Research and Special, Trust and Endowment and the Capital Budget for the year ending March 31, 2016 as set out in Attachment 5 and 6.**

The Chair invited questions and comments from the Board. Mr. Kopp stated that he thinks highly of the priorities in the new strategic plan and asked how allocations to those priorities are determined. Dr. Keselman explained that part of the resource allocation process purpose is to hear from the deans and directors about their fiscal challenges and needs and make decisions about the allocations based in part on those conversations.

Mr. Kopp then asked about the way international differential fees are calculated and what portion of those fees goes toward student aid. He said he would like UMSU to work with the Administration to ensure that international students can see how their money is being spent. Dr. Keselman explained that in comparing these fees to other U15 institutions, it was found that

typically 30% of increased fees are allocated to student bursaries and scholarships, while 50% is invested in classroom renewal and lab renewal. With respect to Mr. Kopps's statement that UMSU would like to work with Administration in this area, she explained that her plan is to sit down with deans of the faculties with high international student enrolment to discuss how best to use the funds. She added that she would like to engage in consultations with faculty, students, and staff on this question as well.

Dr. Morrill referred to page 35, asking for more information about the reference made to "smoothing" in the operating budget funding summary. Mr. Kochan explained that the University only needs a 3 per cent reduction to balance the budget this year, but the additional one percent will help to smooth next year's cut which is anticipated to be in the neighbourhood of 5 per cent.

Dr. Morrill noted that carryover allocations are being incorporated into operating budgets for first time. Ms. Sobie remarked that the carryover was previously put into reserves and allocated later in the fiscal year. She explained that this change will be more consistent in showing actual carryover and will improve reporting for Financial Services. Dr. Morrill also noted that the percentage reductions vary considerably from faculty to faculty and asked how those figures were determined. Dr. Keselman replied that for academic units, the most frequent percentage was four per cent for most units. She stated that the faculties of Environment, Earth, and Resources; Education, and Music received smaller reductions because their small size would make a four per cent reduction difficult to manage. She added that the Faculty of Engineering received a two per cent reduction and the Faculty of Science and Asper School of Business each received a two and one half per cent reduction. Dr. Keselman explained the smaller reduction to Engineering was due to the fact that more engineers are needed in the province and a four per cent reduction would force that faculty to reduce student intake. She noted that it was similar for the Asper School of Business where there is difficulty meeting salary costs in a competitive market and issues with capacity. The Faculty of Science carries a very large service commitment to other faculties and is substantially underfunded relative to other faculties of science.

Dr. Morrill remarked that the budget cuts in 2014/15 of 1.82 per cent across units resulted in the business school closing 20 sections of a course which were fully subscribed. He added that in the Faculty of Arts, 54 sections were closed and in University 1 a number of courses were not offered. He asked what effect will this year's cuts have compared to last year's cuts with the University facing reductions totaling \$8.5 million. Dr. Keselman said the actions that will be taken this year will be the same as those used last year to manage the cuts. She added that some faculties are trying to maintain technical positions by transferring them from baseline funding to research grants and other faculties are considering administrative hubs to share services, reducing sessional appointment costs, or not filling academic positions. She said that all faculties will be exploring their course offerings and looking at low enrolment courses to find a better way to deliver those courses. Dr. Keselman noted that this has been occurring for many years. Dr. Morrill informed the Board of his observation that in 2013/14 the Drake Centre was jammed with classes and it was impossible to book a room, but after last year's budget cuts there were many empty classrooms in the middle of the day. Dr. Morrill then expressed his



concern that cutting funding to academic units while increasing funding for laboratory and classroom renewal by the same amount (roughly \$8.5 million) does not make sense. Dr. Keselman responded that there are significant issues with modernization of teaching labs and the intent is to continue renewal by setting aside one-time funding because of a demonstrated need. She added that renewing one science laboratory can cost \$2 million.

Ms. Kunzman requested more information about alternatives to this budget cut. Mr. Kochan cited competing priorities, classroom and lab renewal, and renovations to physical infrastructure as being necessary to support students. Dr. Keselman stated that the intention is to find a balance between directly supporting academic programs and supporting the infrastructure that underpins those academic programs. She added that the University has underinvested in infrastructure but it key to student success in academic programs.

Ms. Reichert referred to Attachment 5, asking why, in some cases, baseline funding appears higher than it was in 2014/15 in spite of there being cuts. Dr. Barnard responded, stating that this is due to the way the University manages some of its costs including salary costs which are centrally funded. Mr. Dhalla added that the University received more money every year; however it does not keep pace with the salary increases negotiated in collective agreements. He added the University negotiates these salary deals and then cannot pay for them because the grant increase is insufficient and the tuition increase allowed is inadequate. He commended management for bringing together this budget in a difficult year. Dr. Barnard told the Board that in results of student surveys, the need for technological renewal in classrooms and labs really stands out as being important to students. He added that the challenge is to listen to and balance all of these competing needs.

Mr. Sherbo commented on the budget process, noting what he perceived as a lack of transparency and engagement with students and faculty. He acknowledged the difficulty in this, but observed that Board members received this document only recently and that students are not given adequate time to understand the impacts of the cuts that will be made. He stated that, for his part, the lack of community feedback is a problem because students need to know they are being heard. He commented that in balancing priorities, given the constraints that exist, the balance should fall more heavily on the academic side of things. Ms. Bovey shared information about the Board's role in the budget process, explaining that a great number of discussions were had at the Board table and that Mr. Sherbo will be part of these discussions in the coming year. She stated that the feedback, ideas, and concerns of Board members are always important to be heard. Ms. Bovey informed the Board that there are two students on the Budget Advisory Committee who would have been involved in the early stages of this process but acknowledged that it is difficult to join the discussion late in the process at the approval meeting. Ms. Bovey also reminded the Board that the provincial budget came down at end of April so presenting this budget to the Board only three weeks later is a mammoth task. Mr. Sherbo stated that he understands the process and suggested that there should be conversations with the University community starting in June for the following year. Mr. Kochan stated that although Management has been very transparent throughout the process, the actual cuts are determined



by the faculties so it will be some time before the effects are known. He added that choices must be made, and it is inevitable that some people will not be pleased with them.

Ms. Bovey stated that any ideas on how to make the process more open would be welcome. Mr. Sherbo observed and Dr. Morrill agreed that some details, although open and transparent, are not obvious to students and should be highlighted. Dr. Morrill added that having students and faculty members on the Budget Advisory Committee is of limited use because the meetings are confidential and cannot be discussed with others. He suggested that perhaps these meetings could be more open. Mr. Kopp suggested that UMSU could help facilitate a process for students, such as focus groups, email discussions, and the like. He noted that there is much that UMSU and the Administration could do to make sure students feel involved.

Dr. Barnard stated that discussion with deans & directors seemed to reveal a universal sentiment that nobody likes the budget process the way it is. He added that senior management had made a commitment at a recent retreat to establish a working group to look at other budget models that might work at the University of Manitoba. He reminded the Board that although a different model may improve the process, there will remain difficult decisions to be made.

Dr. Embree observed that the entire process was much more transparent than was it had been some years ago. She suggested that a ten year summary of previous investments in strategic initiatives would give the Board a better idea of progress over time. Ms. Sobie commented that she did have some documents going back about six years relating to strategic planning allocations.

Chancellor Sexter said that he appreciates the comments on transparency and openness but noted the importance of differentiating between this compendium of many budgets and the individual budgets that are determined within the faculties. That is where the decisions are made about things that really impact students directly. Dr. Halden echoed the Chancellor's comments, adding that the increased transparency has led to greater engagement and more questions at faculty and department council meetings where decisions are made.

Before calling the questions, the Chair thanked the presenters and the members of the Board for their insight, observations, and questions.

The motion was CARRIED.

7. FROM THE GOVERNANCE & NOMINATING COMMITTEE

7.1 Committee Chairs for Board of Governors Committees

Ms. Bovey reported that the Committee had met and discussed at length the proposed amendments to the terms of reference of a number of committees. The proposal is to change the way in which chairs and vice-chairs of committees are elected or appointed. She explained that this would help to broaden the engagement of board members on committees.

Mr. Dhalla suggested an amendment to the membership of the Finance, Administration, and Human Resources Committee to require at least one member with a Certified Financial Analyst designation as, in his view, this is the most significant, highest, and most esteemed designation in the financial industry. He suggested that a certified financial analyst is more likely than an accountant to have current knowledge of portfolio managers and can advise the Committee in their deliberations. The Chair noted that the proposed changes are not related to the committee membership so asked that the Board consider the motion as written, and then Mr. Dhalla's suggestion could be brought to the next meeting of the Governance & Nominating Committee for consideration. Ms. Bovey asked that Mr. Dhalla send her more information about his idea.

It was moved by Mr. Zegalski and seconded by Dr. Taylor:

THAT the terms of reference of the Audit and Risk Management Committee, the Finance, Administration, & Human Resources Committee, the Distinguished Service Award Committee, the Executive Committee and the Governance & Nominating Committee be amended to provide that:

- **The Chair and Vice-Chair of the Audit and Risk Management Committee be appointed annually by the Board on recommendation of the Governance & Nominating Committee;**
- **The Chair and Vice-Chair of the Distinguished Service Award Committee be appointed annually by the Board on recommendation of the Governance & Nominating Committee [the Chair and Chancellor will remain on the Committee as members];**
- **THAT the Chair and Vice-Chair of the Finance, Administration and Human Resources Committee be appointed annually by the Board on recommendation of the Governance and Nominating Committee;**
- **THAT the Chair and Vice-Chair of the Board of Governors continue to be the Chair and Vice-Chair of the Executive Committee;**
- **THAT the Chair of the Board of Governors continue to be the Chair of the Management Resources and Compensation Committee;**
- **THAT the Vice-Chair of the Board be the Chair of the Governance & Nominating Committee with the Chair of the Board as a member of the Committee.**

Concurrent with these changes it is proposed that:

- **the Chair of the Audit and Risk Management Committee be added to the membership of the Executive Committee;**
- **the Vice Chair of the Board be added to the membership of the Governance and**
- **Nominating Committee;**
- **it be noted that normally, committee chairs will be independent Board members, and that vice-chairs may be internal or independent Board members.**

CARRIED

9. FROM THE CHANCELLOR'S COMMITTEE

9.1 Revisions to the Emeritus Policies.

Chancellor Selter stated that in past years these titles were presented at Convocation in the spring; however this practice has evolved into a separate event held every spring to allow that Convocation could focus more on the students. He remarked that this event has really become one of the highlights of the year. He explained that the purpose of the proposed change is to move the annual deadline for nominations for Emeritus titles from December 31 to March 31 in order to facilitate scheduling the event annually in the fall. He also explained that this timing would better align the nomination process with the timing of retirement announcements for the nominees.

It was moved by Chancellor Selter and seconded by Ms. Lederman:

THAT the Board of Governors approve revising the terms of reference of the Chancellor's Committee and the policies related to the honorary titles Professor Emeritus/Emerita, Dean Emeritus/Emerita, President Emeritus/Emerita, Librarian Emeritus/Emerita, and Chancellor Emeritus/Emerita to reflect a change in the nomination deadline to March 31.

CARRIED

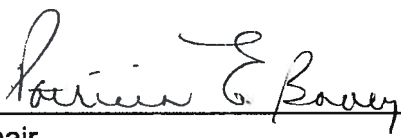
The Chair thanked Board members for their thoughtful questions and discussion and thanked everyone involved in developing the budget.

MOTION TO MOVE TO CLOSED AND CONFIDENTIAL SESSION

It was moved by Ms. Lederman and seconded by Mr. Zegalski:

THAT the meeting move into Closed and Confidential Session.

CARRIED



Chair



University Secretary

