



**Minutes of the OPEN Session of the
Board of Governors
Held by Web Conference on May 19, 2020 at 4:00 p.m.**

Present: J. Lieberman, Chair
J. Leclerc, Secretary

J. Anderson D. Barnard K. Clarke J. Dela Cruz L. Hyde J. Knysh
K. Lee J. Linden C. Loewen A. Mahon T. Matthews K. Osiowy
S. Prentice L. Reimer S. Sekander K. Smith J. Taylor

Regrets: M. McNicholl

Absent: D. Hunter Officials Sending Regrets: C. Cook

Assessors Present: S. Woloschuk M. Hudson

Officials Present: N. Andrew S. Foster D. Jayas J. Kearsey
J. Ristock L. Zapshala-Kelln

Guests: M. Benarroch G. Martell T. Mondor

Observers: E. Brohman M. Novak

1. ANNOUNCEMENTS

The Chair welcomed and thanked everyone for joining the meeting. He also welcomed Dr. Benarroch to the meeting and congratulated Dr. Taylor on being re-elected to the Board by members of Senate at its recent meeting.

The Chair reminded participants to have their microphone and video muted until invited to speak and noted that the BlueJeans Chat function should be used only to indicate a question or comment.

FOR ACTION

1. APPROVAL OF THE AGENDA

It was moved by Mr. Knysh and seconded by Dr. Reimer:
THAT the agenda for the May 19, 2020 meeting be approved as circulated.

CARRIED

2. MINUTES (Open) Session

2.1 Approval of the Minutes of the April 21, 2020 Open Session as circulated or amended

It was moved by Dr. Reimer and seconded by Dr. Anderson:

THAT the minutes of the April 21, 2020 Open session be approved as circulated.

CARRIED

2.2 Business Arising – none

FOR APPROVAL

3. FROM FINANCE, ADMINISTRATION, & HUMAN RESOURCES

3.1 2020/21 Proposed Tuition and Course Fees

Ms. Lee stated that the Finance, Administration, and Human Resources Committee considered this proposal at its meeting on May 5 and recommends it to the Board of Governors for approval. She noted that the University's tuition remains low in comparison to other western Canadian universities, which is one of the factors considered in developing this proposal.

Dr. Ristock introduced Dr. Mondor, Deputy Provost, who developed the proposal and would present it to the Board. She stated that this is a formal proposal for a variable rate increase in undergraduate tuition fees by an average of 3.75 percent, a 3.75 percent increase on graduate tuition, and an increase to the graduate continuing fee. She added that the proposal also includes a 3.75 percent increase to university-wide fees and the restructuring of lab fees. She noted that the increases comply with provincial legislation, and will result in approximately \$2.7 million in additional revenue for 2020/2021. She recognized the impact that increases have on students, and said the University is aware of the additional challenges resulting from COVID 19 and the transition to remote learning. She added that the University would continue providing bursaries, scholarships, and emergency funds to students who need financial assistance.

Dr. Ristock explained that there are significant gaps between tuition fees at the University of Manitoba and other comparable universities in western Canada. She noted the importance of reducing these gaps in a measured way, and remaining compliant with provincial legislation requiring that average provincial tuition not exceed the lowest average tuition west of Manitoba. She added that the Minister has the ability to reduce the University's operating grant if it does not meet this requirement.

Dr. Ristock said that, compared to other western Canadian universities, the proposed tuition increase is modest, and the University's tuition will remain among the lowest rates in Canada. She added that expected decreases in enrolment make the additional tuition revenue particularly important in supporting the budget.

Dr. Mondor said that the Financial Planning Office and the Office of Institutional Analysis did a good job comparing tuition across comparable programs in other western provinces. Referring to the chart on page 42 of the meeting materials, Dr. Mondor said larger increases are proposed for those programs in which a significant discrepancy was found, and a smaller increase of only one percent is proposed for those programs where the gap was smaller. He noted that all proposed increases fall within provincial government maximum tuition increases of five percent plus the Consumer Price Index (CPI) of approximately two percent.

Dr. Mondor noted that the impact of the proposed increases on individual students would be dependent on their program of study and their course selections. For example, he said that the increases for a student taking a full course load would range from \$200 for domestic students in engineering, to \$640 for students in medicine. He added that most students in the faculties of arts and science would pay approximately \$250 more per year for a full course load. He explained that this would be equivalent to an average increase of \$6 per credit hour, depending on the program.

Regarding graduate programs, Dr. Mondor said the proposed tuition and fee increase is 3.75 percent, in all programs except the Master of Business Administration and the Master of Finance programs in the I.H. Asper School of Business. He explained that the Dean requested that those fees not increase because both programs are quite competitive and tuition is already comparable to other institutions in western Canada. He added that those two programs operate essentially on a cost recovery basis.

Dr. Mondor explained that tuition in graduate programs is assessed for each year of a program, generally one to three years, after which a continuing fee is assessed until completion of the program. He noted that although the continuing fee was previously assessed only in the fall and winter terms, the addition of a continuing fee for the summer term is part of the proposal, as is an increase to the fee from \$414.52 per term to \$500 per term.

Dr. Mondor said that the proposed increases to graduate tuition and fees would result in an increase of \$193.00 per year for students paying the standard graduate program fee, plus the additional \$500.00 continuing fee assessed in the summer term. He added that students who only pay continuing fees would see an increase from \$829.04 to \$1,500.00 per year. Overall, he said, students would see an increase of approximately \$680 each year over the course of their program.

Dr. Mondor stated that the University of Manitoba's graduate tuition fees are by far the lowest in Canada, except for the rates paid for Quebec students at universities in their province. He added that the University of Winnipeg's graduate tuition fee structure is similar to this university, but the fees are significantly higher. He said after implementation of the proposed tuition and fee increase, the graduate tuition at the University of Winnipeg will be approximately twice as much as it is at this university. He noted that that as the cost of program delivery increases continually, the revenue must also rise to cover those increased costs and provide the services that students need. Dr. Mondor noted that graduate tuition and fees would increase by the same

amount for international students, however the international differential fee would be eliminated for Ph.D. programs.

Dr. Mondor explained increases to the lab fees assessed, noting that an intensive study was undertaken to determine how to align those fees with the actual cost of offering labs. He added that the fees are currently tied to credit hours, which is not an accurate way to determine these fees. He noted that lab fees do not cover much of the cost associated with labs.

Regarding unit specific course fees, he said that most would not change, or would change by a limited amount, as outlined in attachment two of the submission. He noted one exception in the Desautels Faculty of Music, where a significant increase to the Major and Minor Practical Study fees from \$50 to \$500 will be phased in over a four-year period to bring these into alignment with significantly higher fees in music programs across the country.

It was moved by Mr. Knysh and seconded by Dr. Anderson:

THAT the Board of Governors approves increases for tuition fees and university-wide fees for 2020/21 Academic Year as follows:

- Undergraduate domestic tuition rates increase using a variable tuition framework, with an average increase of 3.75 percent.
- Graduate domestic tuition rates increase 3.75 percent with the exception of no increase for the MBA and Master of Finance programs.
- International tuition differential rates increase consistent with domestic rates and differential fees for Ph.D. students be eliminated.
- Continuing fees increase to \$500.00 per term and that students be assessed the fee in each term of study where they are not assessed program or tuition fees (including the Summer term beginning in 2021).
- That university-wide fees increase 3.75 percent.
- That a revised lab fees rate structure based on lab delivery costs be approved with four categories set at the following rates for 2020/21: \$35, \$60, \$85, and variable (approved on a course-by-course basis).

Discussion ensued around three main areas of concern expressed by members of the Board:

- The need for, and impact of the proposed increases on students who are already experiencing unprecedented hardships;
- The impact of the pandemic on enrolment; and
- Communication of the need for and value of tuition increases.

The need for, and impact of the proposed increases on students who are already experiencing unprecedented hardships

Members of the Board expressed appreciation for the thorough presentation and for the recognition of the extraordinary financial and psychological challenges faced by students,

particularly international students. It was noted that graduate students do not support the plan to increase the continuing fee. The challenges faced by the University were acknowledged; however, a question arose about the possibility of a delay in implementing the proposed increases.

In response, Dr. Mondor reiterated the University's commitment to supporting students in need by providing scholarships and bursaries, and the student emergency fund. He noted that graduate students as a group are a net recipient of funding from the university. He said funds are needed to provide the academic programs and to continue or enhance the supports and services that students need more now than ever before. He noted that the most significant part of the increase for graduate students is the addition of continuing fees for the summer term, which will not be implemented until the summer of 2021, a year away from now.

It was noted by some that the increase to the continuing fee seems drastic, and delaying the implementation would ease the burden on parents of international students who are facing financial hardship. Dr. Mondor stated that the University is sympathetic to students and their families, yet revenue must increase in order to maintain and enhance programs, supports, and services. Regarding bursaries, Dr. Mondor indicated that bursaries would increase as much as possible within the constraints of the budget.

Dr. Ristock stated that she understands that students are concerned. She noted that the University would make strategic allocations to increase the number of bursaries available, based on need, as well as the student emergency fund. She noted this would be discussed during the presentation of the budget later in the meeting. Dr. Ristock said that she hears the needs of students and recognizes the stress they are currently experiencing; however, the University must go forward with increases to better reflect the cost of program delivery. She noted that it is unknown whether the provincial government would allow increases in future years, which would leave the University with no further opportunities to increase tuition.

In response to a question about the benefit of lower fees to the University, Dr. Mondor noted that the current financial reality stems from historical circumstances and many years when no tuition increases were permitted.

The impact of the pandemic on enrolment

Members of the Board spoke of their general understanding of the financial challenges faced by the University and its students. One member cited a recent article in the Toronto Star that indicated one third of post-secondary students are not expected to return to their programs due to the transition to remote learning. Dr. Ristock said it was too early to tell if that will be the case. She noted that today was the first day of registration for summer remote courses, and fall enrolment is uncertain. She added that Universities Canada has estimated that one-half of students will return. In short, she said, it is premature to make predictions or assumptions about enrolment for summer, fall, or winter.

Dr. Mondor said that offers of admission were sent before the scope of the pandemic was recognized and the resulting graduate student intake remains undetermined. He noted that in the first day of summer session 2020 registration, enrolment appears to be similar to the summer of 2019. He suggested that most students appear to be unconcerned about remote learning. He noted that spring registration was higher this year than last. Dr. Mondor said that enrolment in the International College of Manitoba (ICM) is unknown, although the expectation is that its enrolment of new students will be down by 25 percent from last year.

Dr. Mondor stated that the plan to offer primarily remote classes in the fall was announced early so that students have sufficient time to plan their courses.

Communication of the need for and value of tuition increases

Board members noted the immense challenge faced by the Board and University leadership in the face of fee increases that are necessary but not desirable. A comment was made that there could be no worse time to raise fees, yet the Board understands the necessity of doing so. It was noted that the sustainable future of the University relies on tuition and fee increases and it seems clear that increases alone are not the answer and deeper and strategic discussion with the Board should occur in the near future.

The Board agreed that the necessity and rationale for raising fees must be communicated carefully and with appropriate context to help students understand that there is more to it than the need to catch up to other universities. One member noted that it would be helpful to communicate how the University invests in students, programs, services, and supports so that discouraged students may feel some hope.

Dr. Ristock agreed that communications around the increase should emphasize why the increase is necessary and important for students in challenging times. She added that allocations in the operating budget demonstrate the University's commitment to preserving and enhancing student success; however, this cannot be done without additional tuition revenue. She suggested that presentations to the Board about student success and student engagement might be welcome to enhance the Board's understanding.

Students on the Board indicated their appreciation of the University's commitment and the unprecedented work done for the continuation of classes and services to support students and for the health and safety of the broader University community. They expressed agreement that most students do not have the information to help them to understand the need for the tuition increase. One member commented that some students are uncomfortable with the new dynamic of teaching and are not comfortable voicing that publicly, consequently, some will likely defer their studies.

Dr. Ristock stated that communication would emphasize the University's commitment to student success and to offering high quality programs, both of which require an increase in fees. She agreed that communication is important to help students understand and indicated that she would be happy to work with student leaders to assist in communicating that to students.

The motion was CARRIED.

Ms. Dela Cruz, Ms. Sekander, and Ms. Smith opposed the motion.

3.2 2020/21 Budget

Ms. Lee said the Finance, Administration, and Human Resources Committee considered the budget proposal at its meeting on May 5 and recommends it to the Board of Governors for approval. She noted that the budget looks different from previous years because of the transition to full Public Sector Accounting Standards. She added that the proposed budget does not reflect reductions necessary in response to the COVID pandemic because the University has not yet received details in writing from the Province. She requested ongoing updates to the Board on the cost measures implemented throughout the year. Ms. Zapshala agreed that would be a good idea, stating that she would provide updates on the reduction measures taken, and how the University is doing in relation to the budget.

Ms. Zapshala-Kelln noted that, amidst a year of uncertainty and significant change, the proposed budget would serve as a starting point, based on assumptions made at a particular point in time. She added that uncertainty in the range of probabilities is very wide, notably the unknown impact of the pandemic on tuition revenue. She added that the University still awaits written confirmation of the amount of the provincial operating grant. She said that, based on information received verbally from the Province, a reduction to the grant of four percent for this year only and an ongoing one percent reduction were factored into the proposed budget.

Ms. Zapshala-Kelln said the budget development process began almost a year ago with the following preliminary planning parameters:

- 1) Provincial operating grant would be unchanged from 2019/2020;
- 2) Tuition would increase 3.75 percent; and
- 3) Enrolment would be static, consistent with last year's trends.

She noted that these assumptions reflect direction provided by the Province for development and submission of the 2020/2021 Estimates. She added that the assumptions were revisited when the significant impact of the pandemic was understood, resulting in the following revised assumptions:

- 1) Summer tuition revenue would decrease by 40 percent;
- 2) Fall winter tuition revenue would decrease by 20 percent; and
- 3) Core revenue sources would decrease by one percent.

Ms. Zapshala-Kelln said the fiscal situation would evolve and would be monitored closely. As she stated earlier, the Board will be updated along the way.

Ms. Zapshala-Kelln noted another major change in that this is the first budget developed under the full public sector accounting standards, now required by provincial directive. She noted the

further complication of the balanced budget mandate of the province, which previously required a balanced operating budget, but which now requires a balanced consolidated, all-funds budget. She explained that this is particularly challenging for the University due to the timing of recording research revenue and expenditures. She added that the 2020/2021 operating budget is balanced; however, this accounts for only 75 percent of total budgeted revenues.

Regarding the consolidated budget, Ms. Zapshala-Kelln noted the following:

- It reflects revenues of \$904.6 million, expenses totaling \$922.9 million, and endowment revenues of \$14.7 million.
- The net result of the revenues and expenses as budgeted is a consolidated projection of \$(18.3) million before endowment revenues.
- This projected net result is, in large part, related to the changes in accounting standards, highlighting the gap in timing revenues recognized and expenses incurred.
- This change is occurring at the same time that the University is experiencing decreased one-time revenues for capital projects, increases in amortization from those capital projects, decreases in new sponsored research revenues, and decreased operating grant revenues from government and other sources, in addition to the added challenge of dealing with a pandemic.
- Even so, the general operating budget is balanced; however, the university cannot mitigate the timing pressures in research and capital by further re-directing operating funding to produce a balanced consolidated result.

Ms. Zapshala-Kelln said that the details of the consolidated budget would be found in Attachment 1, on page 28 of the meeting materials. She noted the following:

- 2019/20 figures were not restated so remain as presented in May of 2019.
- Projected revenue is approximately \$14 million higher than last year, but is primarily a reflection of the transition in accounting standards.
- The proposed tuition revenue of \$2.7 million is included in the revenue projections.
- Also reflected are potential increases in grant funding, offset by provincial reductions.
- Consolidated expenses will increase by almost \$40 million over last year. Projected increase of \$12 million in research grant funding.
- Scholarships and bursaries will increase by \$7.5 million over last year.
- Other expenses will be funded by reprioritization.
- The bottom line is a deficit of \$3.6 million in the consolidated budget.

Ms. Zapshala-Kelln reviewed highlights of the general operating budget, shown in Attachment 2 on page 29 of the materials. She noted the following:

- Tuition and grant revenues are allocated to academic units, based on pre-determined drivers, to support their expenses.

- A portion of the allocated revenue is contributed to the university fund to support net expenses of the central support units. This amount is determined by the participation rate (tax), which remains at 17.75 percent for the upcoming fiscal year.
- Unit revenues include tuition and grant revenue allocated within the budget model as well as revenues they budget directly, including salaries, benefits and other operating expenses, as well as net transfers necessary to support both operating and non-operating expenses, such as debt repayment, capital projects, scholarships and bursaries, staff benefits, and research projects.
- General operating revenues are projected to decrease 0.1 percent compared to the 2019/20 budget, but overall, academic units' net operating budgets will see an increase. There will be some unit budgets increasing, while others will be decreasing. This is due in part to the impacts of the budget model and strategic subvention adjustments for 2020/21.
- Most central support cost pool budgets have decreased in order to mitigate the budgetary pressure on academic units.
- Layoffs are not anticipated as a result of measures taken to manage budgetary reductions, which include deferral of hiring for vacant positions; re-prioritization of spending to critical areas; and reduction of the 2020/21 deferred maintenance budget allocation. However, further action that may be taken in response to additional revenue deterioration, direction from government, or other pressures are not included in the proposed budget.
- The University Fund also reflects the impacts of the projected revenue assumptions and budgetary measures taken to manage fiscal constraints by reduced strategic investment in university priority areas.

In closing, Ms. Zapshala-Kelln emphasized that the projections above are soft, and the University will rely heavily on continuing monitoring of funding and tuition revenues.

Dr. Ristock spoke to the proposed strategic allocations, noting that these would be considered alongside other budget reductions that may be needed. She said that with the underlying uncertainty in funding, revenues would be allocated to faculties to allow them flexibility to address their own strategic priorities, noting that faculty priorities generally align with the University's strategic priorities. She added that subventions, targeted investments in specific areas, would be made where needed, as indicated on Attachment 3 on page 30 of the materials.

Dr. Ristock reviewed the funding allocated to strategic priorities, noting that:

- 89 percent, or \$92.8 million, of the total university fund of \$109 million, would be allocated to academic units through subvention;
- Three multi-year commitments will continue, \$1 million for research initiatives (year six of a seven year commitment), \$900,000 to the National Centre for Truth and Reconciliation (last year of a five year commitment), and \$500,000 to the Network Switch Replacement project (year five of a six year commitment);

- Support for Canada Research Chair programs would be paused, as some planned hiring has not occurred;
- \$600,000 for scholarships and bursaries;
- \$350,000 for the second year to support the new Sexual Violence Support Centre;
- \$300,000 for student counselling in support of the University's commitment to mental health and wellness;
- \$1 million to begin funding for the Hydro Power Re-Servicing project to address power insufficiencies on the Fort Garry Campus;
- \$700,000 to support Learning Spaces Renewal and Enhancement, particularly for informal learning spaces;
- \$600,000 for Pandemic Response and Relief to support both students and instructors in adapting to and succeeding in remote learning.
- \$10 million in contingency funds to the Strategic Priorities Reserve. This is an increase of \$3 million over last year and is equivalent to 1.5 percent of operating revenues.

Dr. Ristock explained that the contingency funding is intended to mitigate loss of revenue due to the pandemic and to make mid-year adjustments if necessary as the situation evolves. She added that the relative importance of these strategic investments would be assessed over the year.

It was moved by Ms. Lee and seconded by Ms. Dela Cruz:

That the Board of Governors approves a consolidated budget for the year ending March 31, 2021 that includes:

- **total revenues of \$904,583,000;**
- **total expenses of \$922,851,000; and**
- **a balanced general operating budget of \$674,627,000.**

Members of the Board discussed the proposed budget and asked a number of questions related to the Province's recent request to reduce expenditures by five percent. Ms. Zapshala-Kelln explained that the University has not yet received written confirmation of that request. In addition, she noted that the Province did not provide direction on implementation of the reduction. Dr. Ristock added that the Province has stated verbally that the University will have flexibility in implementing the reduction; however, that too has not been provided in writing.

Board members expressed appreciation for the conversation and collaboration with students, and for the University's clear commitment to strategic investments.

In response to a question, Ms. Zapshala-Kelln explained that what may look like a \$7 million increase in the Provincial Grant is a result of the change in accounting standards. She added that it relates to the gap between recording revenue and making expenditures, in this case, interest on capital loans, offset by a reduction in the grant of \$3.4 million.

Regarding specific expenses recorded in the pandemic line, Dr. Ristock said the strategic allocation of \$600,000 to Pandemic Response and Release is to fund expenditures that are not

yet known. She explained that future expenditures may be needed to support the quality of courses delivered remotely. She noted that additional instructional designers and software may be necessary, and additional training workshops may be offered. Dr. Ristock added that there would be an intense orientation period in August to help students be successful in remote courses.

In response to a question about the role of the President's Budget Advisory Committee when adjustments to expenditures are contemplated throughout the year, Dr. Ristock said that has not been considered. Dr. Barnard added that it seems reasonable to consult the Budget Advisory Committee when substantial changes or reductions are considered. He said that he would give the possibility some thought and would get back to the Board with a decision.

A Board member stated their hope that the Board and Board committees will be part of the discussion of the coming reductions, adding that, in their opinion, the challenging request from the Province seems to have blurred the line between administration and oversight. Dr. Barnard agreed with the suggestion that the Board and its committees can be involved in a robust discussion when the University has received confirmation of the reductions in writing.

The motion was CARRIED.

FOR INFORMATION

4.1. Report from the President

Dr. Barnard commented that the budget process this year has been unusual in the need to achieve difficult results in extreme times, without the ability to extrapolate from existing data. He noted that all who were involved worked more than their usual to get this done. He thanked the vice-presidents and their teams for their excellent work under particularly challenging circumstances.

Dr. Barnard highlighted an item in his written report, on page 38 of the meeting materials, regarding the engagement of a client advocate to advance the Fort Garry Campus Power Reservicing Project. He noted the significance of making this important step and expressed his appreciation for those who made that happen.

MOTION TO MOVE TO CLOSED AND CONFIDENTIAL

It was moved by Ms. Loewen and seconded by Dr. Reimer:

THAT the meeting move into Closed and Confidential Session.

CARRIED

Chair

University Secretary