



AGENDA

SENATE BUDGET COMMITTEE MEETING

Friday, November 20, 2020

11:00 am – 12:30 pm

Online via Zoom:

<https://emilycarru.zoom.us/j/89506696198?pwd=SlhEQVR0SHBxNnBXUVJxeS9QUkJsUT09>

Meeting ID: 895 0669 6198

Passcode: 255352

By phone: +1 778 907 2071

LAND ACKNOWLEDGMENT

I. ADMINISTRATIVE BUSINESS

1. Call to Order T. Kelly, Chair
2. Roll Call Chair
3. Adoption of the Agenda Chair

II. BUSINESS

1. Financial Presentation M. Clifford,
VP Finance + Administration
 - **Attachment:** *Senate Tuition Freeze Analysis* (pp. 2 - 10)

2. Postponed Motion: Chair

Be it resolved that due to the unprecedented financial pressures facing students because of Covid-19, that Senate recommend to the Board of Governors to begin preparations to create a budget for the 2021-2022 fiscal year with a freeze on tuition and ancillary fee increases for all undergraduate and graduate students.

- **Attachment:** *Approved Senate Budget Committee Meeting Minutes of Oct. 9, 2020* (pp. 11 - 13)

III. ADJOURNMENT

**Tuition Freeze Analysis
Presentation to the Senate
November 20, 2020**

TABLE OF CONTENTS

Preamble: Structural Deficit	4
Schedule A: Structural Deficit	6
Schedule B: Deficit Mitigation Financial Summary	7
Schedule C: Q2 Forecast – as submitted	8
Schedule D: Q2 Forecast – adjusted for tuition freeze	9
Schedule E: 2021/22 Tuition Freeze Analysis	10

Preamble - Structural Deficit

Background

The University has experienced structural deficits over recent fiscal years due in part to the higher cost of program delivery at ECU compared to other BC universities. Through ongoing review and discussion with Ministry of Advanced Education, Skills and Training (Ministry), submissions have been made detailing these financial challenges and requesting adjustment to Base Grant Funding.

In considering such requests, Ministry appointed external financial consultants BDO to conduct a review of our financial structure. Through this process, it was established that ECU's annual structural deficit was approximately \$7.1M for fiscal years 2019/20 through 2022/23 (Schedule A).

Deficit Mitigation Plan/Schedule B

Under Ministry guidelines, post-secondary institutions (PSI) projecting annual or multi-year deficits are required to:

- (i) obtain Ministry approval to operate under deficit and
- (ii) submit a Deficit Mitigation Plan (DMP) detailing proposed remedies to address deficit.

In line with the above requirement, the University submitted a DMP for fiscal years 2019/20 through 2022/23 identifying initiatives or mechanisms which would mitigate the projected deficits by 50%.

The DMP was submitted to Ministry in January 2020 (Schedule B) and outlined the proposed mitigation initiatives reducing the annual structural deficit of \$7.1M to \$5.4M, \$4.4M and \$3.6M in fiscal years 2020/21 through 2022/23.

The mitigation initiatives outlined in Schedule B include Collaboration, Facility Rental, Research and Strategic Enrolment Management.

Q2 Forecast/Schedule C

Under Ministry reporting structure, the University is required to project current and future year surpluses/deficits on a quarterly basis. This information is used by Ministry to determine funding requirements over next four years.

The University submitted Q2 Forecast to Ministry on October 1, 2020 (Schedule C), which indicated a significant increase in projected deficits as outlined in DMP due mainly to:

- (i) delay in implementation of Deficit Mitigation Strategies due to COVID-19 and
- (ii) increased Operational costs and reduced revenue due to COVID-19.

The 2020/21 deficit originally projected at \$5.4M has been reduced to \$925,701 due to Ministry's one-time funding allocation of \$5.5M. Ministry has not indicated that one-time funding will continue. Consequently, deficits of \$6.8M and \$4.9M are projected for fiscal 2021/22 and 2022/23.

Tuition Freeze Proposal/Schedule E

Senate is considering proposal to Board of Governors to freeze tuition increases of 2% Domestic and 4% International for fiscal year 2021/22. If implemented, this tuition freeze would increase the 2021/22 Operating deficit by \$393,381. Operating deficits for 2022/23 and 2023/24 would also be increased by \$410,807 and \$429,035 respectively (Schedule E).

In summary, implementation of the proposed tuition freeze would increase overall projected deficits for fiscal years 2021/22 and 2022/23 to \$7.1M and \$5.3M respectively (Schedule D).

Structural Deficit

Based on preliminary budget requests
Year ending March 31, 2020

Schedule A

	2019/20 Requests
REVENUE	
Grants	
Provincial annual block funding	\$ 14,320,224
One-time funding	
Less: capital allocation	(75,000)
Less: capital lease allocation	(423,000)
Less: library collection allocation	(40,000)
Add: Annual Service Payments	2,041,650
Add: Parking grant	178,000
Add: BC TECH funding	60,000
Subtotal Provincial Grants	16,061,874
Other	
SSHRC - Indirect Costs	200,000
Emily Carr contributions to Research	(30,000)
Industry funds from Research	12,000
Subtotal Other Grants	182,000
Total Grants	16,243,874
Tuition Fees	
Domestic	4,809,365
International	6,863,682
Pathways Program	59,200
Graduate Studies - MFA	603,764
Graduate Studies - MDSI	755,559
Graduate Studies - Low Residency	200,748
Graduate Studies - MDSX	75,591
Other Fees (application / learning access / lynda.com)	624,361
Continuing Studies	1,562,431
Total Tuition Fees	15,554,701
Deferred Contributions	66,480
Other	1,010,273
Total Revenue	\$ 32,875,327
EXPENDITURES	
Salaries + Benefits	
Faculty - Credit Program	\$ 9,697,257
Support - CUPE	7,482,088
Administration	7,226,377
Faculty - Continuing Studies	500,656
Hourly Support	391,330
Benefits	5,534,605
Total Salaries + Benefits	30,832,313
Other Expenditures	
Other Expenses	9,132,790
Total Expenditures	\$ 39,965,103
Structural Deficit	\$ (7,089,776)

	2020/21	2021/22	2022/23
Structural Deficit (Schedule A)	7,089,776	7,089,776	7,089,776
Adjustments to Revenue:			
AEST One-time Funding	-	-	-
Other Provincial Funding	-	-	-
Federal Grants	-	-	-
Miscellaneous Adjustments to Revenue	140,700	140,700	140,700
Adjustments to Expenditures:			
Personnel cost increases	163,574	385,088	531,695
Non-personnel savings	(204,984)	(115,906)	(25,938)
COVID-related costs	-	-	-
Revised Deficit before Draws on Deferred Contributions	7,189,065	7,499,657	7,736,233
Use of Deferred Contributions:	(85,000)	(60,000)	(33,140)
Deficit Mitigation Initiatives (see note 1) :			
Building Utilization Plan:			
Collaboration Initiatives: NUIN	(213,137)	(477,791)	(477,791)
Facility Rental - Movie Industry	(182,000)	(200,200)	(220,220)
Research:	(100,000)	(200,000)	(350,000)
Strategic Enrolment Management:			
Projected Tuition Adjustment	(755,562)	(1,375,499)	(2,085,464)
Tuition adjustment - 3D Animation (new program)	(72,000)	(144,000)	(216,000)
Tuition increase - Masters International Students:			
Masters of Fine Arts	(21,900)	(43,800)	(43,800)
Masters of Fine Arts - Low residency	(9,840)	(19,680)	(19,680)
Masters of Design - Interdisciplinary	(53,500)	(107,000)	(107,000)
Masters of Design - Interaction	-	-	-
Continuing Studies Program expansion	(46,873)	(97,027)	(150,645)
Tech-Programming Expansion	(240,000)	(340,000)	(400,000)
Revised Deficit	5,409,253	4,434,660	3,632,493

Notes:

1. Due to the structural deficit the Ministry requested that the University identify initiatives to reduce the deficit by a minimum of 50%.

2. The Deficit Mitigation Plan included a request to adjust Faculty Workload and Teaching Mix, increasing reported costs by:

	2020/21	2021/22	2022/23
	1,220,705	1,831,058	1,831,058

As submitted to the Ministry October 1, 2020

	2020/21	2021/22	2022/23
Structural Deficit (Schedule A)	7,089,776	7,089,776	7,089,776
Adjustments to Revenue:			
AEST One-time Funding (see note 1)	(5,500,000)	-	-
Other Provincial Funding (ASP, parking)	(245,251)	(437,382)	(717,045)
Federal Grants	(29,600)	(41,376)	(41,376)
Miscellaneous Adjustments to Revenue (including lost revenue related to COVID-19)	240,242	63,247	63,247
Adjustments to Expenditures:			
Personnel cost (deferrals) increases	(488,456)	750,188	1,009,961
Non-personnel (savings) costs	(128,158)	(43,096)	64,843
COVID-related costs	1,527,019	1,480,000	700,000
Revised Deficit before Draws on Deferred Contributions	2,465,572	8,861,357	8,169,406
Use of Deferred Contributions:	66,480	37,640	37,640
Deficit Mitigation Initiatives:			
Building Utilization Plan:			
Collaboration Initiatives: NUIN	-	(213,137)	(477,791)
Facility Rental - Movie Industry	(95,500)	(182,000)	(200,200)
Research:	(100,000)	(200,000)	(350,000)
Strategic Enrolment Management:			
Projected Tuition Adjustment	(1,617,303)	(1,042,360)	(1,642,952)
Tuition adjustment - 3D Animation (new program)	-	-	-
Tuition increase - Masters International Students:			
Masters of Fine Arts	(8,400)	(12,800)	(12,800)
Masters of Fine Arts - Low residency	(3,500)	(21,600)	(21,600)
Masters of Design - Interdisciplinary	(16,800)	(35,200)	(35,200)
Masters of Design - Interaction	(5,600)	(12,800)	(12,800)
Continuing Studies Program expansion	480,752	(79,095)	(163,726)
Tech-Programming Expansion	(240,000)	(340,000)	(400,000)
Revised (Surplus)/Deficit	925,701	6,760,005	4,889,977

Note:

1. The University is working with the Ministry to obtain a permanent lift to its base funding. To remain viable in the interim the Ministry provided one-time funding.

Adjusted for 2021/22 tuition freeze

	2020/21	2021/22	2022/23
Structural Deficit (Schedule A)	7,089,776	7,089,776	7,089,776
Adjustments to Revenue:			
AEST One-time Funding	(5,500,000)	-	-
Other Provincial Funding (ASP, parking)	(245,251)	(437,382)	(717,045)
Federal Grants	(29,600)	(41,376)	(41,376)
Miscellaneous Adjustments to Revenue (including lost revenue related to COVID-19)	240,242	63,247	63,247
Adjustments to Expenditures:			
Personnel cost (deferrals) increases	(488,456)	750,188	1,009,961
Non-personnel (savings) costs	(128,158)	(43,096)	64,843
COVID-related costs	1,527,019	1,480,000	700,000
Revised Deficit before Draws on Deferred Contributions	2,465,572	8,861,357	8,169,406
Use of Deferred Contributions:	66,480	37,640	37,640
Deficit Mitigation Initiatives:			
Building Utilization Plan:			
Collaboration Initiatives: NUIN	-	(213,137)	(477,791)
Facility Rental - Movie Industry	(95,500)	(182,000)	(200,200)
Research:	(100,000)	(200,000)	(350,000)
Strategic Enrolment Management:			
Projected Tuition Adjustment	(1,617,303)	(648,979)	(1,232,145)
Tuition adjustment - 3D Animation (new program)	-	-	-
Tuition increase - Masters International Students:			
Masters of Fine Arts	(8,400)	(12,800)	(12,800)
Masters of Fine Arts - Low residency	(3,500)	(21,600)	(21,600)
Masters of Design - Interdisciplinary	(16,800)	(35,200)	(35,200)
Masters of Design - Interaction	(5,600)	(12,800)	(12,800)
Continuing Studies Program expansion	480,752	(79,095)	(163,726)
Tech-Programming Expansion	(240,000)	(340,000)	(400,000)
Revised (Surplus)/Deficit	925,701	7,153,386	5,300,784
As per Q2 Forecast (Schedule C)	925,701	6,760,005	4,889,977
Difference (Schedule E)	-	393,381	410,807

Note:

The projections above represent the Q2 forecast with a tuition freeze in 2021/22.

	Tuition per FTE			FTE Projections- Q2 Forecast	Total Lost Revenue
	Forecast	2021/22 Freeze	Lost Tuition		
2021/22					
DOM	\$ 4,351.93	\$ 4,266.60	\$ 85.33	1,113.93	\$ 95,053.87
INT	17,959.03	17,268.30	690.73	431.90	298,327.15
					\$ 393,381.03
2022/23					
DOM	\$ 4,438.97	\$ 4,351.93	\$ 87.04	1,113.93	\$ 96,954.95
INT	18,677.39	17,959.03	718.36	436.90	313,852.04
					\$ 410,807.00
2023/24					
DOM	\$ 4,527.75	\$ 4,438.97	\$ 88.78	1,113.93	\$ 98,894.05
INT	19,424.49	18,677.39	747.10	441.90	330,141.60
					\$ 429,035.65

Assumption:

- 1.. The tuition freeze applies to 2021/22 only.



SENATE BUDGET COMMITTEE MINUTES

FRIDAY, OCTOBER 9, 2020, 10:00 AM

Online via Zoom

Trish Kelly, Chair	Geoff Plant
Gillian Siddall	Louise St. Pierre
Kevin Bird	Suzanne Rackover
Ruth Beer	Danielle Zandvliet
Cybèle Creery	Cissie Fu
Hélène Day Fraser	Celeste Martin
Heather Fitzgerald	Jorma Kujala
Steven Lam	Jacob Brennan
Erin Lucey	Kajill Aujla

Regrets: Keith Doyle, Mimi Gellman, Keith Kerrigan, Martin Rose, Kyla Mallett, Mark Igloliorte,
Erick Jantzen

Guests: Michael Clifford, Mark Douglas, Philippa Mennell, Carina Clark

I. ADMINISTRATIVE BUSINESS

1. Call to Order – Trish Kelly, Committee Chair, called the meeting to order at 10:04 am.
2. Adoption of the Agenda. A Committee member asked to add “Planning for the 2021/22 Budget” to the agenda.
Moved / Seconded to approve the amended Agenda. **Carried.**
3. Senate Budget Committee Terms of Reference. Trish Kelly referred to the circulated Terms of Reference. The Senate Budget Committee is comprised of all Senate members. A member referred to the language in the Committee Terms of Reference that cited section 62 (2) of the University Act, which states, “The President must prepare and submit to the board an annual budget in consultation with the appropriate standing committee of the senate,” and noted there is also language in the University Act [under 37 (1)] “to establish a standing committee to meet with the president and assist the president in preparing the university budget.” The committee member proposed that Senate Budget Committee should be more involved in ongoing preparation and planning of the budget. The Senate Governance Committee will be reviewing the mandate and terms of reference of the Senate Budget Committee this year.

II. BUSINESS

1. Presentation of the 2020/21 Final Operating Budget

Michael Clifford, VP, Finance + Administration referred to the circulated presentation, and noted that this is an unusual year due to Covid-19. The pandemic has affected all areas of the university including budget planning.

The university began developing the 2020/21 budget under pre-Covid conditions and, early on in the process, anticipated an operating budget surplus of \$8,863. Budget assumptions were significantly impacted by the Covid-19 pandemic. The full extent of the impacts were not known by spring 2020 so a Provisional Budget was prepared. This was reviewed by Senate (June 1) and approved by the Board of Governors (June 4), with the understanding that a final budget would be presented following the add/drop period in mid-September.

Michael Clifford presented the schedules for the 2020/21 Final Operating Budget for the Year ending March 31, 2021:

2020/21 Final Budget	Projected Deficit (\$925,701)
2020/21 Provisional Budget	Projected Deficit (\$623,294)
2020/21 Pre-Covid Budget	\$8,863
Difference Final Budget to Pre-Covid	Projected Deficit (\$934, 564)

Operating Budget Assumptions

Summary: The University's pre-Covid Budget surplus of \$8,863 has been adjusted to reflect all known Covid-related costs and offsetting savings and additional revenue. The effect of Covid on the Operating budget amounts to \$1,527,018, with offsetting increases in tuition revenue of \$286,667 and expense reduction and additional revenues of \$323,513, resulting in a final net Operating deficit of \$925,701.

Final Tuition Revenue Projections

Spring registration for domestic and international undergraduate students has been estimated at 85% projected fall registration. There is a projected decrease in domestic registration and an increase in international registration. Continuing Studies projections show a decrease in general programming, which is offset by strong numbers in Design and Interaction Design Essentials programs.

Additional Salary Request Summary Net

A detailed list of all new hires in faculty and administration, and new position requests was provided on a pro-rated basis. This includes additional Covid-related salary expenses.

Change, Pre-Covid to Final Budget

A summary of additional costs and lost income due to Covid was presented as well as identified savings and additional revenue.

FTE Projections Year Ending March 31, 2021

2020/21 Projections	Percent of Target 87.2%
2019/20 Actuals	Percent of Target 98.9%
Difference	-11.7%

All Funds – Budget Summary

Revenue and Expenditure projections were reported for All Funds:

Operating, Special Purpose, Contingency, Capital, Trust, GNW Campus Trust

Projected annual surplus (deficit) \$ (754,596)

There was discussion, which included the following points:

- A Senator raised a question about the interest revenue reported as part of Miscellaneous revenue adjustments: what was the principal amount and in what fund is it reported? The VP Finance + Administration replied that it is reported in the Operating fund and he will provide further information on the amount of the principal.
- It was noted that the reduction in FTEs is largely due to lower credit levels.
- Research expenditures represent infrastructure costs related to research grants.
- Institutions must seek permission from the Ministry of Advanced Education, Training and Skills, to run a deficit budget. The Ministry accepts that most post-secondary institutions will run deficit budgets this year due to Covid-19. Budgets are due for submission to the Ministry by mid-October.
- ECU is involved in a multi-year Deficit Mitigation Plan that was submitted to and approved by Ministry. This exercise goes back a couple of years. Covid-19 has delayed some of the initiatives of the Deficit Mitigation Plan.

Motion: That Senate Budget Committee recommend the Board of Governors approve the 2020/21 Final Operating Budget as presented.

Moved/Seconded.

Carried.

2. Planning for the 2021/22 Budget – Kajill Aujla presented a motion to the Committee as follows:

Motion: Be it resolved that due to the unprecedented financial pressures facing students because of Covid-19, that Senate recommend to the Board of Governors to begin preparations to create a budget for the 2021-2022 fiscal year with a freeze on tuition and ancillary fee increases for all undergraduate and graduate students.

Moved/Seconded.

A student member spoke to the motion. It is an unprecedented time, due to Covid-19, for all students. However, tuition fees were still raised this year, as per usual process. The financial aid, offered by the Government, was delayed and this caused additional hardship for many students.

There was discussion. The proposal would have impacts for budget planning and the Deficit Mitigation Plan; so, information and analysis of the implications should be presented and reviewed at a further meeting. Financial aid opportunities for students should also be presented. The Senate Budget Committee agreed that a follow up meeting of the committee should be scheduled as soon as possible.

Motion: To postpone the proposed motion to a follow up meeting of the Senate Budget Committee.

Moved/Seconded.

Carried.

III. ADJOURNMENT – the meeting adjourned at 11:30 am.