

Budget Narrative

Since becoming a university, Capilano has continued to strive to provide quality learning opportunities that are relevant for today's students and tomorrow's economy. The University has made great strides in shared governance practices, improved relationships with the Ministry of Advanced Education, local municipalities, industry and other decision-makers who will influence the future of this organization. We have made program modifications to keep pace with the business and legal communities, expanded and deepened our offerings in STEM (Science, Technology, Engineering and Mathematics) and strengthened our connections with BC's creative industries. We have also met the requirements of government and accreditation through accounting and accountability reporting practices.

Additionally, we have dedicated learning spaces for students, such as *Kéxwusm-áyakn*, the Aboriginal Gathering Place and the Trainer/Wong Centre for International Experience, building on the mission and reputation of the University. We have also achieved major milestones such as the creation of the Nat and Flora Centre for Film and Animation, and have received recognition for our accomplishments in environmental stewardship, to name a few of our achievements.

The full story behind these accomplishments is that we have done this as a team that has kept its eye on the prize... the students. It is with a sense of hope and pride that we submit the 2016-17 proposed budget that will take us many steps closer to fulfilling our potential as a teaching university.

Background

The preparation of the 2016-17 budget was again not an easy task due to the \$1.3 million shortfall, but the much improved collaboration around the process of decision-making alleviated many challenges. The process for reviewing the budget (that includes the involvement of the Senate Budget Committee and an opportunity for the campus community to comment prior to the Board's approval of the budget) is much more clearly defined as a result of recent policies in keeping with the University Act. Following the February 16, 2016 meeting of the Board of Governors, the detailed 2016-17 budget was made available to the campus community. There was not much correspondence about the proposed budget from the broader campus community and the few questions that have come to Cindy Turner or President Bulcroft have been for clarification purposes.

Precisely one week prior to the Board's meeting scheduled for March 16, a few letters were submitted and requests to speak to the Board were sent to Chair Shelley McDade. In keeping with recent policy on public presentations at Board meetings, all members of the campus community who asked to speak were invited to do so, and any materials they could provide for the Board agenda packet were included under "Correspondence".

The process has gone smoothly this year, although the significant shortfall has once again resulted in difficult decisions that have left some members of the campus community justifiably upset due to job loss and uncertainty about the long-term stability of their academic programs. It goes without saying that the administration has sought solutions that ensure quality learning environments for all students

at the University, as well as incrementally beginning to build the strategic plan that was developed as part of a long consultative process.

The Board, while required by Provincial statute to pass a balanced budget, must also consider a number of underlying factors that will continue to shape the long-term future of Capilano University. The 2016-17 proposed budget builds on the Strategic Plan and addresses a path forward with regard to enrolment and program offerings.

The following narrative is offered as a means to assist the Board in understanding the underlying assumptions and factors that have contributed to the budget as proposed.

1. Declines in Domestic Enrolments. Declines in Arts and Science programs throughout most PSE institutions in BC is the trend. The fact that Capilano has endured several years of negative press, coupled with job action, may have contributed to domestic student enrolment declines, particularly in areas in which peer institutions within the Lower Mainland (i.e., Douglas, Kwantlen, Langara, SFU, etc.) offer comparable credentials and offerings. Due to demographic declines in students younger than 25, poor representation of Capilano in the press, and the cancelation of last spring's pinnacle recruitment event due to labour action, it stands to reason that domestic enrolments may have been impacted, particularly in those programs in which students have ease of transfer and comparable options elsewhere.

Capilano's location on the North Shore has become increasingly problematic due to the lack of affordable student housing, and public transit to the North Shore has become a more serious threat to enrolments due to traffic congestion and lack of express, direct bus routes to the campus.

Data show that the decline in total FTE (including both international and domestic) students from 2008/09 (5601 FTE) to 2015/16 (5164 FTE) is 7.8%. As one might suspect, declines are most pronounced starting in 2013/14 due to program cuts, negative press, and demographic shifts in the student-age population.

The proposed budget has added new funds to help alleviate the slump in domestic enrolments and to increase efforts in further building international numbers. We have indicated those line items in the 2016-17 Non-FTE Add-on list that directly reflect additional efforts in recruitment of students by "R" designation. You will note that all the student FTE Add-ons in the proposed budget are dedicated to increasing recruitment and enrolment.

Of course, there are many ongoing items in the proposed budget that support continuing efforts to recruit and retain students. Some new items may not have direct impact on recruitment, such as Capilano's 50th Anniversary events, but may indirectly improve Capilano's image in the community and ultimately bring students to the university. In the last year the University allocated \$1.4 million on marketing and recruitment efforts, and a major rebranding campaign is now underway with the goal of supporting recruitment.

The University's efforts in support of strategic enrolment management are a direct consequence of concerns about slumping enrolments in some programs, with an eye toward the holistic approach to recruitment, admissions, retention, and completion that is intended to stabilize and increase enrolments in the future. These efforts have already involved many members of the campus community and the Board has endorsed the goals and plan as outlined.

Strategic and dedicated resources have been increased in the recruitment and retention of international students. Gains in international numbers could not have been accomplished without buy-in and support across the campus, as well as additional funds. The international marketplace is an increasingly competitive environment that will require greater investments of time and financial resources if the university is to continue increasing market share in this arena.

2. Changes in Program Offerings. Over the course of the past six years many program changes have been made to better meet the needs of students and the labour market. Many of the drivers of program change have been internal to Capilano (low demand coupled with high cost, faculty expertise and interest, emerging partnerships with other PSE institutions and industry, international student visa requirements, and such). Other factors have been external, such as the B.C. Skills Plan and changes in Degree Quality Assessment Board as a system of vetting prospective degrees within the Province of BC.

Faculty are justifiably concerned about the reduction of section offerings due to declining enrolments, although data since 2008/09 (2120 sections) to 2015/16 (2223 sections) shows there has actually been an increase of 4.8% in section offerings. Coupled with the 7.8% reduction in FTE over this same time period, one can conclude that a concomitant increase in sections was the result of the fact that student access and quality is at the core of the budget decisions. Sections were added in those areas in which student demand was high, while modest reductions have occurred in low enrolment, high cost areas. Provincial changes in tuition policy in Adult Basic Education have also resulted in section reductions in this area.

Cap has also been putting time and resources into program redesign, resulting in some enrolment increases for areas such as Animation and Visual Communications. Last year resources were devoted to the investigation of a new approach to developmental education, building degrees in stewardship and allied health, and revising our signature degree in Jazz Studies (still awaiting ministry approval). In the proposed budget, we look forward to a redesign of the cinematography program, the development of a degree in adventure tourism, and the establishment of two new post-baccalaureates in adventure tourism and tourism management. We are also anticipating enrolment increases as a result of retooling elements of the Bachelor of Business Administration and ABA Autism. And of course, we continue to support development of our new general education program and the Cap Year Experience, as outlined in the Strategic Plan.

3. The Strategic Plan and Its Role in the Budget Process. Nearly three years ago the Board of Governors asked the President and her executive team to draft a Strategic Plan that could be used to clarify the future direction of the University as well as provide a backdrop for subsequent budget decisions. After 18 months of campus-wide consultation the Board endorsed

that Strategic Plan in November, 2014. Since that time, budget decisions have been made through the lens of the goals and objectives of the Plan. To clarify those 2016-17 Non-FTE additions that directly relate to the Strategic Plan, those items in the budget that do so are indicated by “S” on the line item. Again, there are many budget items that are ongoing and new that do not directly tie to the Strategic Plan but, nonetheless, are important elements of the holistic experience of students and the campus infrastructure. For example, the capital list for the 2016/17 proposed budget has a number of software and hardware purchases that support existing academic programs or are required for new program offerings that will bring additional, new enrolments to the University. Campuses that have lapsed in their routine maintenance of facilities due to budget shortfalls, have largely come to regret these decisions as the campus infrastructure has suffered to such an extent that health and safety issues now impact employees and deter enrolments.

Some may view such budget items as extraneous to the core mission of the University and argue that any funds dedicated beyond direct classroom instruction are not justified in times of tight fiscal constraints. However, the executive team and the Board must consider the complete array of academic programs/student support services and campus employees/facilities as part of the larger picture that will contribute to quality and institutional reputation. The Capilano Faculty Association has argued that funding has increasingly been dedicated to “administration” rather than “instruction”. Their schema, however, has classified line items such as student orientation, section reserve and software support as administration. We would argue that these items, as well as others identified by CFA, contribute to the educational experience of students and support faculty in their teaching.

4. The Bigger Picture. Since 2008/09 the Provincial operating grant has remained stable, although more of the funding that comes to the University is now provided through dedicated grants and contracts which direct how the funds may be utilized and holds higher levels of reporting and accountability for the funding. The expenses of the University have, however, increased over this period of time. Revenues have been increasing in some programs and activities, but expenses generally outpace revenue generation.

In 2008/09 approximately 86% of the budget was spent on salaries and benefits, while in the 2015/16 academic year the percentage dedicated to salaries and benefits was 82%. Greater costs associated with IT, as well as program costs associated with high-need program offerings, energy costs, janitorial and security contract increases, legal costs associated with collective bargaining and union grievances, and increased classroom renovation/IT instructional support have absorbed the funds formerly dedicated to salaries of staff, faculty and administrators.

Capilano, by comparison with other universities in Canada as outlined in the HESA Report, shows that in 2013/14 Capilano falls below the Canadian national average in terms of the number of positions in central administration (Cap = 11%, National average = 23%), physical plant funding (Cap = 2%, National average = 11%), and student services (Cap = 10%, National average = 11%). Only in the area of instruction does Capilano outpace the Canadian average (Cap = 63%, National average = 32%). For a complete comparison review the report provided to the BOG, November, 2015. Granted, the mission of a teaching university differs from a research university, but the argument that budgetary decisions have left Capilano out of sync in terms of

instructional versus administration funding is specious and unsupported in national comparisons.

The context in which the 2016-17 proposed budget was prepared is offered as a means of providing background on those areas that warrant further clarification given the concerns expressed by the Board and other stakeholders. I want to thank the Board and the campus community for engaging in the budget process in meaningful, thoughtful dialogue that will, undoubtedly, result in the best decisions for the University and the students we serve.

Kris Bulcroft, President