A special meeting of Faculty Board was held on Wednesday, May 7, 2014 at 10:00 a.m. in School of Kinesiology and Health Studies Building, Room 101. Mr. Ascough was in the Chair.

1. Adoption of the Agenda
   Moved by Mr. Grotsky, seconded by Mr. Butler and carried “that the agenda be adopted”.

2. Update on the New Budget Model (NBM)
   a. Presentation by Mr. Tanner
      Mr. Tanner presented the new budget model and noted that is a revenue attribution model (or activities based revenue model) where the revenue is attributed to the units that produce it. Queen’s adopted this model for the 2013-14 and Faculties received their budgets based on the new model. Department budgets for 2013-14 and 2014-15 were based on the old model. This is because the Faculty is still working on how to allocate the budgets for departments and what was presented is the proposed method. He then presented a summary of the proposed budget model. His presentation included the 4 main recommendations of the New Budget Model Advisory Committee. They were:
      1) No desire to retain the status quo
      2) The objectives of the faculty’s budget allocation model
      3) That the model align with the objectives
      4) The implementation/transition process is still to be determined

      Mr. Tanner highlighted that the model as presented cannot implemented fully today. There must be a transition process.

      Mr. Tanner then presented an overview of the budget model from the University’s perspective that shows revenue flowing into the Faculties and costs flowing out, with the remaining funds available for program delivery.

      The Faculty’s budget model mirrors that of the University with the Departments and Programs at the centre rather than Faculties. This was followed by a description of the distribution of revenue and the drivers used to allocate the revenue.

      The numbers used in the presentation were those for the 2013-14 budget. Funds available to departments from student tuition and government grants are reduced by the University shared costs (which include student bursaries, the libraries, IT services, etc), faculty shared costs (which include the Faculty office and student services) and cross-faculty teaching expenses (which is paid to other faculties for teaching Arts & Science students, mostly to Heath Sciences for teaching in the Life Science Program). The one element in question is the creation of a Faculty Fund, which would be used in the transition process and once transition is complete, to support new program and initiatives.
Mr. Tanner made the point that the full revenue could be allocated to departments and then the departments would pay their share of the University and faculty costs. This would be a much more complex model, require more work to implement while still ending up with very similar departmental budgets. The proposed model is much simpler and accomplishes the same goal.

One source of funds to departments is cross-faculty teaching revenue which comes to the Faculty for teaching students in other faculties. Of this revenue 60% goes to Arts & Science and 40% goes to the student’s home faculty. These funds go directly to the department that does the teaching. Research overhead, and the earning of departmental level trusts and endowments also go directly to the departments.

The largest portion of the budget comes from tuition and grant revenue. Since graduate students account for approximately 19% of this revenue, 19% is allocated based on graduate enrollment (this percentage will change each year based on graduate enrollment). Departments receive funding for each student weighted by year and degree type. The remaining 81% is divided between Continuing and Distance Studies (CDS) and undergraduate student enrollment. CDS receives funds for each student in each course and covers all its costs (instructors, TAs, infrastructure, staff, etc.) with the remainder going to the departments responsible for the courses delivered.

Of the undergraduate funds, 25% are allocated based on faculty member complement (defined as the salaries of faculty and continuing adjuncts) and 75% based on enrollments. The 25% linked to the faculty member complement acknowledges the historical nature of departmental growth and lends some budget stability to departments. Of the 75% based on enrollments 60% is allocated based on classroom enrollments and 40% is based on plan counts. Plans are weighted so that Majors and Areas of Specialization count as 1.0; Medials count 0.5 to each department; Minors counts as 0.3.

Cultural Studies is a graduate only program not a department but it still has costs. It will receive an allocation based on enrollments. From these funds it will cover its TA budget. The remaining funds will be split 60/40 with 60% going to the supervising department and 40% staying with Cultural Studies to pay its costs (office staff, Director’s stipend).

Mr. Tanner then presented the budget using the 2013-14 budget numbers. He then noted that the main change is that the departments have more control over their budget and with that comes responsibility for all costs.

Outstanding issues to be resolved in the budget model are:
- To communicate the model to all faculty and finance staff
- Determine the implementation process
- Timeline and approach for space charges
- The Faculty Fund
- Update the model for 2014-15 and forecast out to 2016-17

Mr. Tanner elaborated on the issue of space and how it will be charged. There are 3 types of space common space, shared teaching space (centrally booked space – a university shared cost)
and assigned space (space attributed to each department). In the proposed budget model space is charged 100% to each department. How space charges will be implemented is under discussion.

In the proposed model, no amount was set aside for a Faculty Fund, which still needs to be determined.

Changes/updates to the model include

- The need to determine the significance of interdisciplinary graduate studies, similar to that applied for the Cultural Studies program.
- The Deans of Health Science and Arts and Science have an agreement in principle to deal with the Neuroscience program, delivered in part by Psychology.
- Who covers the shortfall in revenue of a CDS course?
- Who covers deficits in Research Chair accounts?

Mr. Tanner pointed out that the model does not solve our budget problems, it is an allocation tool. Our budget problems can only be solved with new revenue.

b. Questions

Mr. Vertegaal asked how it will be possible for departments to operate with the budgets proposed by the new model. Mr. Tanner agreed that it was not possible to blindly implement the model today. Departments will need support as we transition to the new model.

Mr. Vertegaal asked, in an effort to increase transparency, for details on the $66M that goes to administration.
Mr. Vertegaal asked why enrollments are limited to the number of students that can be housed in residence.

Mr. Akl asked why $77M of the $151M, more than half, goes to non-academic units. Mr. Tanner suggested that a large portion of the $77M is in support of academic units. One large portion is the $30M (University-wide) that goes directly to student support and student awards. The library is another significant cost.

Mr. Akl pointed out that the model suggests that non-departmental staff are protected, in that they are paid first, and then funds flow to department whom if they have the budget, can then pay their staff. Mr. Tanner explained that the shared services must make a case to the Provost advisory Committee on Budget, which includes all Deans, for the level of service and the budget to deliver that service.

Mr. Taylor asked if the proposed transition timeline of 3-5 years is enough the balance departmental budgets given that those budgets are due mainly to salary costs and if retirements are expected to help in containing costs. Mr. Tanner said that their 5-year forecast have shown movement from a deficit to surplus in the Faculty, which will allow to fund those with a higher allocation while supporting those with a lower allocation.
Mr. Whitney asked about the role of course units in determining teaching revenue. For example, the Faculty of Engineering and Applied Science has a course-based units system, course that are more work intensive are worth more units. This is not the case in Arts and Science. Mr. Horton clarified that students in engineering pay a program fee while those in Arts and Science pay based on the number of courses they take and so, while they are not equivalent, the difference is captured in the basic income unit (BIU) cost, which differs based on the course plan.

Ms. Tolmie asked for clarification on tracking graduate co-supervision. Mr. Tanner felt that in many cases the student’s enrolled department is also the department doing the supervising and while there are some instances where this is not the case, there is a need to determine how prevalent this might be and if it needs to be tracked. The trick is to balance accuracy with simplicity.

Mr. Stewart noted that the model does not indicate that different courses cost different amounts with, for example, lab-based costing more than pure lecture courses. Mr. Tanner replied that the revenue generated is linked to the BIU amounts. A science student, a higher BIU, taking a lab course, or any course, generates more revenue than an Arts student, which accounts for difference in mounting science courses.

Mr. Greenfield asked how budget model encourages quality teaching and is it not just a model to encourage huge courses taught by adjunct faculty. Mr. Tanner responded that a drop in a course’s teaching quality would result in a drop in course enrollment and therefore a drop in revenue, so the model does, in a way, encourage quality teaching. Ms. Ravenscroft added that the Faculty has made a commitment to improve quality in large courses.

Mr. Macartney observed that for the physical science program where the BIU is the same the revenue is the same for a 3 unit course in Math and versus Chemistry but the cost to deliver the courses is different, with Chemistry requiring lab instructors as well as lab space. Mr. Tanner agreed that these differences are not captured in the model but will take the issue under advisement.

Mr. Morelli, who agreed that the 50% allocation to university shared costs seemed high and were not transparent, asked where the incentive was for the senior administration to become efficient. Mr. Tanner suggested that the proposed budget model is more transparent than the previous. The Dean responded saying that she understood the concern over the cost of administering the university, a nearly universal concern at universities. She suggested that Queen’s costs for shared services were reasonable given that some universities report up to 50% costs for shared services, noting that $9M of the $66M is returned to undergraduate as awards, while another $9M goes to graduate student support. One of the main drivers of the increase in shared services is the demand for increased student support services, which will only grow as enrollment rises. Finally, shared services are the only unit in the university that are making voluntary redundancies to keep costs in check.

Mr. Collins, while concerns that the budget seems to ratify poor government decisions, asked which other institutions are using the model and how does faculty budget compare. Mr. Tanner
replied that Queen’s looked at the University of Michigan, University of Toronto and McMaster University. Mr. Collins followed by saying that the model incentivises large classes and adjunct instructors and asked if Michigan or Toronto fund their Arts and Science faculty this way. Mr. Tanner stated that he was unsure how those institutions operate at the faculty level. Ms. Atkinson suggested that there would something to gain by asking those institutions that have already implemented this model how their course offering and teaching quality have changed since the model was implemented.

Ms. Atkinson asked what percentage of the department’s costs were due to salary. Mr. Tanner replied that across the Faculty it would about 70%. Ms. Atkinson added that considering a large portion of a department’s budget is salaries the concerns raised about course weight and cost of delivery might not be a detail that is worth tracking.

Mr. Wanless suggested that since the model is more complex and the departments will have more responsibility that many departments may not have the expertise to implement the model. Mr. Tanner agreed that this might be the case and is more than willing to work with the finance staff and provide support.

Mr. MacKinnon expressed his concern that Deans might try to reduce their cross-faculty teaching debt by bringing those courses back into their own faculty and asked if this issue has been addressed by the Deans. On a number of occasions, was Mr. Tanner’s reply.

Mr. Vertegaal suggested that a budget overhead of 43% when compared to companies in the private sector was ludicrous.

Mr. Whitney observed that the budget model provides incentives to increase revenue and decreases costs. One way a department can do this is to drop labs and tutorials, which reduces costs while maintaining revenues. Mr. Tanner agreed that this was a solution, but that is was short-sighted because students will go to universities where they have labs and tutorials – the program will suffer.

Mr. Akl pointed out that student do not come here for large first year course, they come to join specific departments and that rewarding large courses is misguided. He asked for examples of the control that departments have over their destiny. Mr. Tanner suggested taking on more graduate students but that the key difference is the in the old model there was no cause and effect, taking on and teaching more students had no effect on your budget allocation.

Mr. Morelli asked if there was any plan to consider long term fluctuation in enrollment and has any thought been given to cutting student support. Mr. Tanner responded that the most common suggestion is to average enrollment numbers over 3 years and that some of the student support is mandated by government and Queen’s also wants to ensure that qualified students have access.

Ms. Soini pointed out that without shared services much of the work that they now do would fall to faculty members.
Mr. Grotsky commented that 1st year residence was an important experience especially in the transition from high school to university.

Mr. Tanner is willing to receive question and comments through email at tanners@queensu.ca

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Chair, Faculty Board

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