

UNIVERSITY NEWSBEAT

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On Fees and Finances

PRESIDENT REPORTS TO BOARD OF GOVERNORS

The following is a presentation made by York President H. Ian Macdonald to the University's Board of Governors on February 19, 1980.

The universities face each year the task of reconciling a number of equally unpalatable options. This year is no exception. However, each year the task becomes more difficult and this year we face, ironically, a further unpleasant option. For a number of years, we have complained about the limits imposed on our fiscal self-determination. Now, the Government has given us fee-raising latitude, and we have serious worries about its impact on that most basic of values — equality of educational opportunity and accessibility to university.

Therefore, I would like to discuss with the Board of Governors the situation, as we see it, and test your reaction to the possible courses available to us. Our objective had been to finalize a budget today, but we have some refinements still pending in our budgetary analysis and we also face a number of uncertainties about which we must make some basic assumptions.

For example, our 1979-80 financial performance could be more favourable than present information permits us to say. We could contemplate further postponement of certain expenditures. On the other hand, major new expenditure requests are still being placed before the Budget Subcommittee. We cannot be certain of the disincentive to enrolment that might result from higher fees, thereby countermanding the increased fee revenue. Nor can we be sure of the advantage that would accrue to us should we increase fees less than other universities, or the disadvantage of doing more.

The following remains to be done:

- I am asking our Budget Subcommittee for an early confirmation of the budgetary analysis for 1979-80 and the outlook for 1980-81; and
 - I will then ask the Policy Committee for further advice on the combination of options available to us.
- Meanwhile, we would appreciate guidance from the Board arising out of today's discussion.

Questions raised

On February 11, the Board Finance Committee and Executive Committee reconsidered the present situation, and arrived at certain conclusions, based on current information. However, a number of questions were also raised — questions which were in the minds of the administration as well. As a result, I believe there are other options to the one considered at those meetings, options which should be considered by the full Board, prior to final decisions.

I would like first to spend a few minutes in putting the issues in context in terms of the academic and budgetary planning process of York University. During the past few months, both the University Policy Committee and its Subcommittee on the budget have spent many hours considering the options and the alternatives in order to reconcile a number of competing claims. It is clear that there are no easy solutions to the

University's problems. We all may hold a number of ideals, but we must also ensure that the University is capable of meeting its responsibilities in the short-run. That requirement often involves some unpleasant choices, as you are well aware.

Source of problem Chronic underfunding

There is no doubt about the source of the problem. At the risk of boring you by repeating once again the litany which I have expressed on countless occasions, the basic problem originates with the chronic under-funding of the university system in Ontario in terms of the universities' and the public's legitimate needs.

This Board has been on record, as have members of the university administration along with faculty, staff, and students, in expressing concern about the extent of under-funding. We all know that, for the past eight or nine years, the universities have been obliged to live on income that is considerably less than the rate of inflation.

If I may quote from my own remarks to the November 1 Convocation last year: "Not the least because of the Chancellor's efforts, we in this province built a remarkable university system which is the envy of many parts of the world. We completed in the 1960's a system of fifteen provincially supported universities providing a diversity of education. However, in the period 1970-1979, Ontario has fallen from third to eighth place among the provinces in terms of university grants calculated on a per student basis, to the point where many of us share the belief that the fundamental quality and strength of the system is threatened."

Strong University essential

The plight of the university system has been further documented by the government's own Advisory Committee, the Ontario Committee on University Affairs, in its report *System on the Brink*. Again this year, the grant to universities, although greater than last year, has fallen behind what was recommended by the Committee. Let me repeat the position which I have taken consistently for the past five and one-half years: university funding should be based on the real and legitimate costs of providing high quality post-secondary education and not simply on the numbers in attendance. Why does that matter? It matters because I believe that strong universities are essential to the future economic, social, and cultural well-being of this country. Canada's sorry record in research and development has been documented over and over again. However, it is new knowledge that holds the key to coping with the complicated world ahead, and in making the transition from the kind of society which we have become accustomed to in the two hundred years since the industrial revolution to the new "post-industrial" society or "conservative" society, whatever term you may prefer.

During the past five and one-half

years, I have been asked two questions repeatedly: Why did you return to university at this time? or Why on earth do you remain? The answer is simple. I think universities are even more important than government. They constitute one of the most important assets which any nation, including Canada, can enjoy. Therefore, for all the disappointment, all the frustration, and all the sense of injustice which we may feel in the university, we continue to work towards our objectives for the simple reason that we believe in them.

The University's Obligations

*Environment
Reasonable salary
Security of employment
Equality of
educational
opportunity
To diminish barriers*

What are, then, the various objectives or responsibilities of the university:

• Surely of all the university's basic objectives, the responsibility to provide a high quality academic environment and education must remain pre-eminent. I believe that this objective is shared by everyone in York University. During the last few years, every debate and every public argument has been accompanied by the statement that the quality of education is our most important objective, and everything else must be secondary to it. That is a position with which I heartily concur and with which our university Policy Committee unanimously agrees.

Surely of all the university's basic objectives, the responsibility to provide a high-quality academic environment and education must remain pre-eminent.

• We must provide an environment in which such an education can take place, including the support services offered to the faculty and students as well as the basic environment. A clean and well-appointed classroom may not be essential to a good education, but it certainly supports the main objective.

• We should pay our employees a reasonable salary and provide them with acceptable benefits. No one takes any satisfaction in seeing employees' salary increases fall behind the rate of inflation, or seeing one's own institution fall behind the general average, even for the purpose of maintaining a more favourable faculty-student ratio or an academic environment that encourages quality as we have tried to do in this University. However, to take a simple statistic, it is obvious, in a year such as 1979-80 when our income went up by 4.2 percent and when we have just arrived at a salary settlement of 10 percent with the faculty, that a huge gap exists. Therefore, pressure exists on the other variables in the financial equation. For the next year, our grant income will go up by 6.6 percent which falls far short of the expectations we are facing in our current salary negotiations.

• As far as possible, the university should provide security of employ-

ment to those who have given a large part of their lives and their commitment to it. The number of lay-offs in this university have been remarkably few relative to the financial pressure. That does not mean that anyone can be sanguine about the prospects for lay-offs in the future, unless a more secure financial footing is placed under the university.

• In my view, it is essential that there be equality of educational opportunity and maximum accessibility to the university. Whereas we have made great strides in this province in terms of equality of opportunity, we have not achieved perfection and not simply for financial reasons. I am still amazed at the number of people who think that university is not a place where they belong, and yet one should not be too surprised at this situation. I recall very well, when growing up myself, that universities were looked upon as places for other people and not for us.

With the great transformation in the population in this province and the number of people coming from other societies and backgrounds, it is essential to do everything possible to create an environment in which everyone feels that he or she has an opportunity to go to university if able to benefit from it, and that language disabilities or other impediments should be minimized. Therefore, it is essential that, whereas in our system students must pay a reasonable share of the costs, fees policy should be progressive and not regressive and should ensure that those who are able to pay share a greater part of the burden and thereby relieve those who are unable to pay.

• The university should attempt to diminish the barriers between it and the community and regard itself as a public service institution at all times. The fulfillment of that objective imposes heavy demands on the time of individuals, but that should not be treated as an impediment.

Current decisions

In discussing the various alternatives before it, the Policy Committee unanimously established one clear priority. In order to protect and enhance the academic quality at York University, and to permit adequate time for the completion of the major planning exercise now underway, we believe a pause in the cuts, characteristic of the past few years, is essential. Therefore, the recommendation which I regard as essential is the maintenance of our current base budget for 1980-81.

What this means is that we will not be taking a one-year arithmetical look at budgets and budget deficits, but rather a longer-term look. In the past five years, this University has demonstrated a high degree of fiscal responsibility evidenced by the elimination of the 1.6 million dollar operating deficit incurred in 1971-72 and 1972-73, and the reduction of our capital

debt from \$4.5 million in May, 1974 to approximately \$1.9 million by April 30, 1979.

Again, these reductions were taking place at the same time as inadequate grants were obliging us to make punishing cuts. For example, in 1977-78 we absorbed an in-year cut of about 1.25 million dollars, in 1978-79, a 3.4 million dollar cut in the base budget, another 1.9 million dollar cut this year, and next year by the conversion of one-time only items and other structural changes to the base budget there will, in fact, be an implicit reduction of a further one million dollars worth of activities.

Longer-term Academic-planning

Over the next few months, Senate, through its APPC will undertake a major planning exercise, supported by the work of Vice-President Found, on a whole number of matters to give us a set of academic planning goals and requirements for the next five or six years.

One of the advantages of a pause in budget-cutting will be the creation of a time period during which this academic-planning exercise may proceed, unfettered by simultaneous reductions in academic programs. This is important for three reasons:

• One must anticipate a future of continuing cuts (unless we can effect a significant change in government attitude), but it is extremely dangerous to administer those cuts if our academic priorities are not clear. Our current academic planning is seeking to determine those priorities. For example, we are undertaking a major study of the library to determine if we should or can protect the acquisitions budget from inflation (at the expense of other programs), or if we can use quickly eroding dollars for fewer acquisitions in limited academic fields.

Cuts administered differentially

• Historically, budget cuts have been administered on an equal percentage basis to all academic sectors of the University, with "special pleading" allowing for some relief after-the-fact in the form of special allocations. As we cut "closer to the bone", and as enrolments among the Faculties change significantly from year to year, there is a growing belief that future cuts should not be "across-the-board", but should be administered differentially according to a formula which will measure basic "entitlement". Developing and applying that formula requires time. A year free from cuts will give us the time needed.

• A third and very important advantage gained in a no-cut year is that we can shift existing resources into growth areas that will generate new income. Traditionally, deans have "made their cuts" through a combination of natural savings (e.g. through retirements) and enforced savings (e.g. through terminations). In a no-cut year it will be relatively easy to capture some natural savings and redirect them to growth areas, such as economics or computer science.

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