

The Board of Governors acknowledges and respects the Algonquin First Nation, on whose traditional territory the Carleton University campus is located.

**Minutes of the 583rd Meeting of the
Board of Governors**

**Thursday, March 27th, 2014 at 4:00 p.m.
Room 2440R, River Building**

PRESENT:	Mr. R. Jackson, Chair	Dr. R. O'Reilly Runte	Ms. D. Armstrong
	Ms. S. Bharadia	Dr. C. Carruthers	Ms. S. Cooper
	Mr. D. Craig	Ms. L. A. Daly	Mr. N. Falvo
		Mr. A. Golovko	Prof. R. Gorelick
	Ms. P. Griffin-Hody	Mr. B. Hobin	Mr. O. Javanpour
	Prof. T. Kunz	Ms. L. Levonian	Prof. M. MacNeil
	Dr. P. Merchant	Ms. M. Porter	Mr. M. Robinson
	Mr. A. Tattersfield	Ms. R. Thompson	Mr. B. Wener
	Mr. M. Wernick	Prof. C. Worswick	
STAFF:	Ms. A. Bauer	Ms. S. Blanchard	Ms. J. Bray
	Mr. D. Boyce	Mr. P. Chesser	Mr. D. Cumming
	Mr. E. Kane	Mr. K. Mann	Ms. A. Marcotte
	Dr. K. Matheson	Mr. R. Moher	Dr. P. Ricketts
	Mr. T. Sullivan	Mr. D. Watt	Mr. B. Winer
REGRETS:	Dr. C. Freedman	Mr. E. Greenspon	Mr. J. Ruddy
	Mr. A. Vered	Mr. B. Wolfenden	Ms. J. Gilbert

OPEN SESSION

1. CALL TO ORDER AND CHAIR'S REMARKS

The Chair called the meeting to order at 4:03 pm. He spoke of the success of Carleton's sports teams, notably those who won the OUA Championships (provincial): men's water polo, men's fencing, men's basketball and women's curling.

2. APPROVAL OF AGENDA

The Chair reported that a Governor submitted two motions with supporting documentation. These motions would be addressed under item 7.2: *Financial Update 2014-2015 Tuition Fees*, following the tuition fee presentation and motion from Finance Committee.

The Governor who submitted the motions requested that these take place prior to the motion to approve the tuition fees. It was moved by Ms. Cooper, seconded by Prof. Gorelick that the agenda be amended to revise the order of the motions under item 7.2. The motion to amend the agenda was defeated.

It was moved by Mr. Tattersfield and seconded by Mr. Wernick that the agenda be approved, as presented. The motion carried.

3. CONSENT AGENDA

The Consent Agenda was circulated with the meeting documentation. It was moved by Mr. Javanpour and seconded by Mr. Craig that the Consent Agenda be approved, as presented. The motion carried.

4. PRESIDENT'S REPORT

Governors received reports from Communications, Advancement and Student Support Services. Carleton's Strategic Mandate Submission (SMA) was also distributed. The Provost and Vice-President (Academic) provided highlights.

5. CHAIR'S REPORT

The Chair noted that there is a CCOU meeting in early May that he hopes to attend.

6. COMMITTEE CHAIR REPORTS

Those committee chairs and vice-chairs in attendance presented a brief overview of their respective committees.

7. ITEMS FOR INFORMATION

7.1 2014-2015 Proposed Budget for Ancillary Units

Governors received a working paper and the 2014-2015 proposed budget for Ancillary Units. The mandate is to break even in terms of generating sufficient revenues to fund the cost of providing service. The Assistant Vice-President (University Services) delivered a detailed presentation of each ancillary unit. Overall, the financial performance is solid and the general approach is to implement annual inflationary fee increases and to maintain the fund balance of at least 5% of annual income.

Physical Recreation and Athletics:

- There are 16 varsity teams and 13 competitive teams (including men's football and women's rugby programs with their inaugural season in Fall 2013).
- In September 2013, the first football home game took place at the newly renovated stadium. The Football Program is self-funded and is expected to have no impact on Athletics.
- In February 2012, students approved an increase in the athletic fee of \$12.50 per term which allowed Athletics to build a new 11,000 sq. ft. fitness center which was opened in the summer of 2013.
- The Department employs over 350 students as lifeguards, fitness instructors, camp counselors, event support staff and administrative staff.
- Athletics is working with FMP to address issues with existing buildings. The department is developing an Athletics Space Master Plan to serve the Department and the University.

Bookstore:

- The Bookstore is managed by Follet Canada and this arrangement is working well.
- The Bookstore offers new, used, rentals and e-books. A 5% discount is offered for purchases made by the Campus Card.
- The Bookstore employs over 80 students throughout the year and sponsors the Carleton University Short Story and Poetry contest.

Health and Counselling Services:

- HCS offers health care to students, staff, faculty and retirees and employs 16 general practice physicians on fee for services contracts. There are approximately 27,000 medical visits per year.
- HCS also offers counseling services to students and has 12 staff dedicated to counseling including 3 counselors located within residence and one counselor dedicated to international students.
- HCS is funded through the student health fee, OHIP and UHIP billings.

Housing and Conference Services:

- Provides on-campus accommodation for over 3,000 students.
- During the summer months, residences accommodate visitors, conventions and seminars.
- HCS expects to spend \$3.8M on necessary renovations this summer: renovation of the Stormont/Dundas Building; installation of wireless internet in Leeds House Residence; and new beds for Russell/Grenville Building.
- Dining Services are managed by Aramark Canada and this arrangement is working well for all parties.
- Dining Services offers a variety of convenient options to the University community. A total of 15 food outlets are on campus.

Parking Services:

- Parking Services operates 6 parking lots, 3 garages and several pay-and-display parking areas.
- The new parking structure currently being built over the O-Train tracks will initially hold 600 vehicles and is expected to be occupied in mid-2014
- Parking Services will be performing routine scheduled maintenance on a number of its structures and lots, including P9, the Library Garage and P2.

University Center:

- The University Centre is a student-oriented building that serves as the hub of campus.
- The building is managed by FMP and operates on a cost recovery basis.
- Due to the age of the building, FMP will be performing necessary renovations over the next few years. Accumulated surplus will be used for future maintenance and renovations of this aging building.

Graphic Services:

- Graphic Services provides offset & digital printing, photocopying, and laser printing to the University community.
- Campus Card provides a comprehensive ID card that can be used to make purchases, access services, and gain entry to buildings.
- Management has made a concerted effort to reduce costs in an effort to improve profitability while continuing to service the University community at a high level.

Ancillary Property Rentals:

- Property rentals consist of the CTTC building, the NWRC building and space within the HCI building. The space within the HCI building has a 4-year lease with OVPRI which commenced on August 1, 2013.
- The CTTC building is 96% occupied by a mix of commercial tenants and University Operations.
- These property rental arrangements continue to be beneficial to the University. Any surpluses generated by these operations are applied against the principle related to the costs of the construction of the CTTC building. The loan balance at the end of 2014 is expected to be \$1.8M and it is expected to be paid off in the next 3-4 years.

Ancillary Capital Fund:

- Established to support future ancillary capital projects.
- Housing is the largest contributor, with \$1.1M per year. Additional revenues come from Graphic Services, FMP, and university third-party leasing arrangements.
- The ACF currently supports Alumni Hall, the Ice Arena and the Field House.

- In 2013-14, the Ancillary Capital Fund made a one-time payment of \$500K to meet the University's obligation towards new stadium stands.

An observation was made regarding the accumulated surplus and how the University plans to manage it. It was explained that there are plans to renovate one residence annually and these costs are estimated at \$3.2 million. There are also outstanding deferred maintenance costs and \$94 million in outstanding loans.

It was noted that the Housing and Conference figures are combined. As these are three very different kinds of businesses, it was requested that these figures be separated, going forward.

It was moved by Dr. Carruthers and seconded by Mr. Wener that the Ancillary Budget for 2014-2015 be approved, as presented. The motion carried with one opposed and one abstention.

7.2 Financial Update and 2014-2015 Tuition Fees

The Chair reported that a Governor submitted two motions: one dealing with the freezing of tuition fees and the other motion related to Carleton University and the Board of Governors lobbying for increased government funding for Ontario universities.

Clarification was sought on the order of the motions to approve the tuition fees. Concern was expressed that the recommendation from Finance Committee to approve the tuition fees would occur first and subsequently the two new motions would be redundant. The student Governor requested permission to speak to the two motions prior to the Board's voting on the motion noted in the working paper. The Chair stated that he would allow the second motion to be voted on and that the member could address the Board during discussion on the original motion.

The Vice-President (Finance and Administration) provided an update on the Operating Budget. He reviewed the 2013-2014 Operating Revenue and Expenditures noting that most of the revenue is received from tuition fees and that salaries are the largest expense. The Board was updated on Carleton's applications for fall 2014/2015 admission. As of March 21, 2014, there is a 1.9% increase in first year applicants from the GTA with a decrease of 2.8% from Ottawa and Eastern Ontario. International student applications are up by 10.1%.

Current Pension Status:

- The last valuation was filed as of July 1, 2010: the plan value was \$688M with a wind-up deficiency of \$168M and a going-concern deficit of \$48M.
- Preliminary results for the July 1, 2013 valuation: the plan value of \$850M with a wind-up deficiency of \$159M and a going-concern deficit of \$87M.

Government Grant Reductions:

- "Efficiency Reduction" of \$1,300,000 in each of 2013-2014 and 2014-2015 for a total of \$2,600,000.

- “International Student Fee Reduction” of \$643,000 in 2013-2014 and \$600,000 in 2014-2015 for a total of \$1,243,000.
- Municipal tax grant reduction of \$167,000 in 2013-2014 and \$15,000 in 2014-2015 for a total of \$182,000.

2014-2020 Planning Assumption:

Revenue

- Retention at current rate.
- Domestic tuition fees will increase 3% per year.
- First year enrolment will decrease by 1% in 2014-2015 and then remain constant.
- Discounted government funding to university sector for undergraduate growth

Expenditures

- Annual reduction in expenditures of \$2.0 million (suspended for 2014-2015 only).
- Extraordinary pension payments (started in 2010-2011)
- Annual base fund of \$1 million for mission critical initiatives
- Enrolment-Linked Budget Allocation model in place that provides 40% of net new income from undergraduate growth to faculties

Tuition Fee Increases for 2014-2015

	Domestic	International
Overall Increase	3.0%*	8.0%**
BAS, BID, BPAPM, BENG, BCS:		
• First Year, Second Year	5.0%	8.0%
• Third Year, Fourth Year	4.0%	8.0%
BComm, BIB:		
• First Year, Second Year	3.0%	8.0%
• Third Year, Fourth Year	4.0%	8.0%
Other Undergraduate:		
• All Years	3.0%	8.0%
Master's:		
• First year	5.0%	8.0%
• Upper years	0.0%	8.0%

MBA: All Years	5.0%	0.0%
PhD:		
• First year	5.0%	8.0%
• Upper years	0.0%	8.0%

* According to new provincial government tuition framework using MTCU methodology.

** Note: approximately 2% of the international student increase will be rebated to province.

Miscellaneous administrative fees will also see an inflationary increase of 0.98%, rounded to the nearest \$0.25.

The Vice-President (Finance and Administration) presented a slide that showed examples of tuition fee changes experienced by Fall 2010 entrants. He then reviewed Carleton's "net" tuition increase from 2009 to 2013. These figures included Carleton scholarships/bursaries, OSAP grants (federal and provincial) and Ontario Tuition Grant in 2013/14 – i.e. all non-repayable government and Carleton awards. It was noted that the figures do not include the impact of provincial and federal education tax credits. For the period shown, the average 'net' fee increase was 1.5%/year for Ontario students.

He presented a slide on the impact of 0% tuition fee increase. The loss of income would represent approximately \$9.2 million. In order to address this loss, the University would have two possible options: undergraduate enrolment would be increased substantially and the second option would involve cutting costs, i.e. laying off faculty and professional services staff.

It was explained that there are future financial uncertainties such as: demographics, special payments to the Pension Plan, Operating Grant reduction, provincial election and CUPE grievances regarding Pension Plan changes.

In response to a question, it was noted that approximately 50% of students qualify for the tuition rebate. It was pointed out that not all students are aware of these rebates or know how to access them.

The Student Governor spoke of the hardships students face with the current cost of tuition fees. Many graduate with a high debt load and prospects for meaningful employment are slim.

The Administration was asked what the average student debt is when he/she graduates. That figure was not readily available and will be provided later.

The Board held a discussion on ways to reduce tuition fees without impacting the operating budget. One option suggested was to hold off on making additional payments

to the pension plan. However, the University would need to find other ways to fund the required payment of \$36 million. The following comments and observations were made:

- The University has \$51 million excess over revenues and the Board was not consulted as to where to allocate it. The amount is, however, in the budget and financial statements.
- There are options on how to freeze tuition fees for one year or multiple years. Raising fees to the maximum allowable is not the only option.
- The reason why the University does not apply the 3% for all programs is that professional programs are more expensive to deliver.

The Chair announced that he would call for a motion. Guidance from the Chair was sought as to which Governors were eligible to vote, as there could be possible conflicts of interest. The Chair stated, that in the past, all Governors voted on tuition fee matters. As such, he ruled that this past practice would prevail. It was moved by Mr. Wener and seconded by Mr. Wernick that the tuition fees be increased, as presented. An amendment was put forward to have a 0% increase. It was moved by Ms. Cooper and seconded by Prof. Gorelick that the tuition fees be adjusted to reflect a 0% increase. The amendment to the motion was defeated. The original motion carried.

Governors agreed that a working group should be created to explore ways to minimize tuition fee increases. It was moved by Mr. Wernick and seconded by Ms. Cooper that the Board of Governors create a working group. The motion carried with one abstention. Governors discussed the composition of the working group, which should be broad, and be comprised of students, faculty and members of the Finance Committee. The working group's mandate would involve reviewing student debt, as well as budget scenarios and strategies to deal with possibly limited tuition increases.

The Student Governor spoke to a second motion for the Board of Governors and Carleton University to lobby the Government for an immediate, fully funded reduction in tuition fees that includes increases in government funding for institutions across Ontario. A letter will be drafted by Ms. Cooper, in consultation with the GSA and CUSA for sending to all three political parties. It was moved by Dr. Merchant and seconded by Prof. Kunz that, subject to agreement as to the wording, that Carleton University and the Board of Governors become signatories to the letter. The motion carried with six abstentions. Ms. Cooper will provide a draft to the President. The Board of Governors requested that the draft letter then be provided for final approval.

7.3 Tuition Fee Administration

In December 2013, the MTCU issued revisions to the guidelines concerning tuition payment dates, and associated late fees. The major change for Carleton relates to the charging of fees by term (two installments) without any financial penalty. The MTCU has dictated the following:

- Students must be given the option of paying in two instalments, without being charged a fee.
- Universities may require a deposit of 10% or \$500 whichever ever is less.
- Deadlines for payment of the fees can be no earlier than 1 month before the study period.
- For students with an OSAP entitlement as of one month prior to the student period, the due date must be deferred until the start of term. A fee cannot be charged for this later payment date.
- MTCU also states that fees should be reasonable and transparent.

The major change relates to the charging of fees by term as opposed to an annual charge due at the beginning of the 1st semester, which is Carleton's current practice. If rates/practices remain as they are currently, the two installment requirement would reduce the revenues from the late payment fee (lump sum) and extended payment charge (percentage).

The following proposal would allow the University to adhere to the new requirements and maintain the same level of revenues, while applying fair and reasonable incentives for student to pay their fees. The University could apply a late payment fee of \$100 and charge an extended payment fee of 10% on daily outstanding balances charged at the end of each month, up to the month before the account is sent for collection. The University currently charges \$157 as a late fee and interest at a rate of prime + 1% (currently 4%) on outstanding month end balances. The extended payment charge is only levied if the student is registered.

The rebalancing (decreased lump sum, increased percentage) recommendation is the result of an informal survey of Ontario Universities, where it was found that Carleton's lump sum fee was relatively high, while the rate charged on outstanding balances was relatively low.

As the deposit issue has systems and registration issues it is recommended that further study be performed before implementation is recommended in future years. The due dates for fee payments can be one month before the start of the study period. Due to course selection, change, policies and practices, it is not recommended that we set the date one month before study starts. It is recommended that the due dates for non OSAP students be August 25th for the fall term fees and November 25th for the winter term fees. These dates will allow for all payments to be credited to accounts by September 1st and December 1st after which time late fees apply. For OSAP students the deadline would be five business days after the first day of study, with late fees being applied at that time. This will allow for OSAP processing.

It was moved by Mr. Tattersfield and seconded by Mr. Craig that the late payment fee application methods and amounts/rates be approved. The motion carried with three abstentions.

7.4 Review of Appointment Guidelines

Due to time constraints, this item was deferred to the April Board of Governors meeting.

8. ITEM FOR INFORMATION

8.1 Results of the Board Elections – Undergraduate and Graduate Students

Governors received a report on the Board of Governors student elections. For 2014-2015, two undergraduate student seats and two graduate student seats were available. The University Secretariat conducted an election for one undergraduate and one graduate student, to be nominated by the respective constituents-at-large. An online election was held on March 10-12, 2014. Harrison Boyd (undergraduate) and Christina Muehlberger (graduate) received the most votes. The Board of Governors will be asked to ratify the nominations at the June 25th, 2014 meeting.

9. OTHER BUSINESS

9.1 Question Period

The Chair noted that one question was submitted and would be deferred to the April Board of Governors meeting.

There being no further business, the Open Session was adjourned at 7:10 p.m.