

APRIL 15, 2020 TOWN HALL Q&As

Performance-based funding model

Why is the University not strongly opposing the performance-based model?

There are many people who are unhappy with the performance-based model. The fact is this government was elected with a mandate to reduce its costs, and that is what it is doing. That means that we, like all Alberta post secondary institutions and many other sectors, must also reduce our costs. The board and senior leadership agree the most productive thing is for us to work with the government, always remembering to take every opportunity to advocate for the University ensuring the government knows what MRU does well and what makes us unique in our contribution within the system.

How long are performance metrics set for? Can they change over the next three years?

The specifics of the performance metrics are part of a three-year Investment Management Agreement (IMA) between the Government of Alberta and Mount Royal's Board of Governors. The government has signalled that targets will be for each year of the three-year period, to help institutions plan with greater certainty. We should assume that targets will not change over the three-year period of the IMA, but may change for future IMAs. We can also anticipate that the mechanism of performance metrics as a component of provincial grant funding will remain.

What are the IMA targets for increased domestic FLE and international headcount? Are there different targets by programs?

The targets have not been finalized yet; however we know what the weighting will be for each target and these are 25 per cent for increasing the number of full-load equivalent domestic students, 10 per cent for increasing the number of self-identified Indigenous students and 5 per cent for increasing enrolment of international students. These targets are not different by programs. We believe we will be able to meet these targets.

Is post-graduation employment from our programs still a government priority and how are we gathering this information and having it impact our programs?

Our best information indicates that employment in a related field continues to be an important metric for the government, and that it is projected to come into effect in the second year of the IMA, 2021/22. The target has not been set. For the past decade, the data has been collected via a mandated survey of all postsecondary graduates in the province. Mount Royal performs very well on this measure, a credit to the high quality education students receive here. We anticipate doing well on this measure in the IMA.

What would happen if we didn't meet our targets in the IMA? What do you mean about our funding being 'at risk'?

Each target applies to a certain portion of the performance-based funding within the overall Campus Alberta Grant (CAG) and comes with a variance tolerance. The government has communicated that for the first year of implementation, 2020/21, 15 per cent of our CAG will be tied to the achievement of the targets in the IMA. If we were to make our target within the variance tolerance set by the government, we would continue to receive 100 per cent of that portion of the CAG. In the event we reach 75 per cent of the target, we would get funding for 75 per cent of that portion of the CAG.

Is the government going to measure graduation rates too? Who will do this research?

While early reporting indicated that graduation rates would be benchmarked, it appears that this is no longer the case. It should be noted, however, that for the last two decades, all Alberta post-secondaries have submitted detailed enrolment data to the province, which allows for the tracking of completion rates. The government has indicated that they will benchmark time to completion, however it is also possible for them to measure this using the same dataset.

Will employees be able to provide feedback into the Investment Management Agreement?

No. The IMA is an agreement between the Government of Alberta and Mount Royal's Board of Governors. The process was the same for all post-secondary institutions in

Alberta, whereby the government provided us with a framework and the terms, and then senior leadership discussed the draft IMA further with the government. We are required to finalize it soon. The original deadline was March 31; as has been publicly reported, this deadline was extended to May 30. What employees can do is talk to their managers, directors, associate vice-presidents and deans about opportunities for savings or efficiencies in their own areas or other parts of MRU.

Expense reduction target

Are presidents and board chairs in post-secondary institutions across Alberta sending a united message on budget matters?

Yes. The presidents and board chairs of all the post-secondaries in Alberta expressed to the government a strong concern about the application of expense reduction targets. While expense reduction targets were included within the information first shared by government on performance-based funding, the heavy weighting of this single metric, at 50 per cent for MRU, and the impact of these expense reduction targets on operations is a concern for all Alberta post secondaries.

Is it possible to cut more expenses without seriously jeopardizing our ability to provide students with an education with academic rigour and the services and supports they need to succeed?

It is very challenging but at this point we believe it remains possible to reduce costs while still preserving the quality of education and supports for students. As has been publicly communicated, for example in the MacKinnon Report, the government has compared Alberta's spending on post-secondary institutions to other provinces, and concluded that we spend relatively more. We are going to need to find new ways of providing relied upon services and supports to ensure Mount Royal's standards of rigour, accessibility and quality.

What is the purpose of having cash on hand if we can't spend it? Does the government want us to have a nest egg?

The government is concerned primarily about total spending. It is true that if we meet the revenue and expenditure targets, there would be a significant surplus; however,

spending that surplus would still be restricted. Further, at this time the revenue targets are not weighted among the performance-based funding metrics. The University's focus is to ensure we meet the expenditure targets and maintain a balanced budget plan; not planning for surpluses.

Do sponsored research expenditures fall under the expense reduction mandate?

Yes, despite funding not coming from the government these expenses would be part of the expense reduction mandate. Post-secondary institutions across Alberta, including MRU, are very concerned about the impact this will have on research and are communicating this to the provincial government.

Do donor- and sponsor-funded projects fall under expense reduction mandate?

Yes, despite funding not coming from the government these expenses would be part of the expense reduction mandate. Post-secondary institutions across Alberta, including MRU, are very concerned about the impact this will have on many valuable programs and are communicating this to the provincial government.

Even if we were more entrepreneurial wouldn't it be pointless because the expense targets would restrict us from spending it?

Unfortunately yes, there is a disincentive to increasing revenue in areas if expenses would also increase. Post-secondary institutions across Alberta, including MRU, are very concerned about the impact this will have on many valuable programs and are communicating this to the provincial government. Nevertheless, there is still value in continually improving our programs and services to best meet the needs of the MRU community.

Is it correct that the expenditure reduction target is based on the whole operating budget not just the Campus Alberta Grant?

Yes, it is based on our total budget because the government is looking at all our expenses, as these also are part of the government's consolidated or total reported expenses.

What is the definition of 'administrative expense' in the Investment Management Agreement and what is the target ratio?

The “administrative expense ratio” is the proportion of the total operating budget spent on the category of “institutional support.” The expenses included in this category are defined by provincial financial guidelines, and include various central supports, such as human resources, financial services, marketing and communications, legal services and executive offices. The target has not yet been set, and will be part of the final IMA with the province, due at the end of May.

There is wear and tear on our physical assets. Is there money set aside to replace and extend the lives of these assets?

The government reinstated the Infrastructure Maintenance Program, so we will be able to use these funds for maintenance and improvements that will extend the lives of our aging infrastructure.

Has the government indicated infrastructure funding could be accessed for priority capital renovations?

This is something we continue to actively pursue with the government. They have announced infrastructure spending to stimulate the economy and we have put forward a proposal for renovating existing unused spaces on campus for student use. These spaces include the old Library and Conservatory area in the main building.

How will we engage all leaders to find expense savings?

This is an ongoing part of budget development. Vice-Presidents and the Deans' Council are working with their direct reports to identify opportunities for cost reductions.

Impact on budget from COVID-19

Will GOA consider and has MRU advocated for changes to the IMA given the impact of the pandemic on things like the ability to generate revenue and enrolment targets?

We have expressed this concern. At this time, the government has delayed the timing of when these performance metrics start (to the end of May) and may consider some leeway to enrolment targets, especially considering the impacts of the pandemic. Indications are there will be little to no flexibility on expense reductions — the most challenging metric for us.

Are we considering temporary layoffs due to COVID? Would these be different than those necessitated by the budget?

Yes, these are being considered primarily because some people do not currently have enough work or cannot do their work remotely because of COVID-19 circumstances. These are temporary in nature, so not part of the longer-term cuts required because of the budget.

Has a scenario been considered where COVID-19 goes out further than one year?

We are monitoring the situation closely, looking at the different scenarios being contemplated by the authorities. We are planning for these scenarios and will be prepared for delivery of classes online, in-person or a mix of the two.

Employees are at home using personally-owned software and hardware. Is there any thought of providing support for alternative/online delivery as needed?

Given the extraordinary circumstances and the financial impact this is having on the University, we are asking employees to use their own software and hardware, wherever possible. If this is not possible, the University will arrange for computer equipment on a loaner basis, but these are extremely limited because we are also providing computers to students. Please speak to your supervisor if you require computer software and hardware.

Will the government allow a budget with a deficit given the COVID-19 situation?

No. We are required to submit a balanced three-year budget plan, including 2020/21 which will be impacted by COVID-19. While much of our revenue losses are offset by reduced expenditures, there will likely still be a gap and we will need to make up for this difference in the budget we submit by reducing costs.

With COVID-19 would MRU be eligible for any stimulus help from either the provincial or federal government?

We are not aware of any stimulus funding available to post-secondary institutions from either level of government at this time, but would certainly apply if something became available.

Budget related decisions

Is MRU in a “financial emergency”?

No, regardless of how it is defined (generally or within our Collective Agreements), MRU is not in a “financial emergency.” We are still able to offer a robust undergraduate education to our students.

How will budget decisions be made?

Like other budget years, broad direction on what we must prioritize and assumptions for the future will be provided by senior leadership to each division. For example, we must prioritize our academic pursuits to meet our mandated requirements as an undergraduate university. Then the budget managers in each division will be tasked with working on how to achieve cost reductions that align with our priorities. We will strive for as little job loss as possible, but there will be job losses.

What roles do the Mount Royal Faculty Association and Mount Royal Staff Association have in budget decisions?

Any budget decisions that are made must align with the commitments in the MRSA and MRFA collective agreements.

How will you engage MRU stakeholders in the six planning priorities shared at the end of the Town Hall presentation?

The six planning priorities are part of the budget decision making process which is described above.

What will the magnitude of layoffs be? Will they be just staff or also faculty? Will they be evenly divided among areas? What is the timeline?

At this time we know there will be layoffs this fiscal year, but we are still finalizing how many layoffs will be needed, and in what areas they might occur; however all staffing decisions will be made by June 30, the end of our fiscal year. Any layoffs to be carried out will be handled with the utmost care and dignity.

Will positions that were already eliminated meet our budget challenge this year? What about in future years?

Unfortunately, additional positions will have to be cut to meet this and future years' budgets.

Will you consider furlough days, voluntary packages, wage rollbacks or other alternatives?

Working within the parameters of our collective agreements, all options are being considered. This includes the recently announced Furlough Leaves for MRSA members as a result of COVID-19 and also requested unpaid leaves of absence for all employees to consider in concert with their supervisors.

What supports are in place for people who are laid off?

All employees are treated with compassion. The employees are provided with continuous access to their benefits and further supports are determined on a case-by-case basis depending on the circumstance, the employment group and the employee.

Some jobs have come to an end because contracts ended. When will a decision be made on whether these are terminated or are going to be reopened for hiring?

These decisions will be made on a case-by-case basis depending on the nature of the work and the impact of both COVID-19 and the budget.

What structural changes do you envision?

There are no examples of changes being contemplated beyond the need to do things differently to be more efficient.

How will layoffs and restructuring be communicated?

We will communicate to the campus community as soon as decisions are made and we have information to share. We try to be as transparent as possible, while respecting the privacy of individual employees who are directly affected. While most of us are working remotely, face-to-face communication will not be possible to the extent it normally would be.

Cost saving ideas**Will we consider eliminating academic programs?**

Our strength is in the breadth of our programs and that goes to our core values as a university. All of our programs have been carefully developed over time and are in high demand. As much as possible, we will preserve academic programs.

Will students still take GNED classes, electives and minors?

Changes to curriculum still require approval through the regular processes, including Faculty Councils and the General Faculties Council. As well, our commitment to General Education as part of our degrees is captured in an academic policy, which also cannot be changed without GFC approval. There is no plan to change curriculum or our General Education policy for budgetary reasons.

Will there be changes in courses provided in Fall/Winter 2020/21?

We are currently looking at a number of scenarios for the fall term that could include alternative delivery, a return to face-to-face teaching or a blended model. Ultimately the health authorities and the Government of Alberta will advise us on what we need to do in light of COVID-19.

Who determines and how do we define discretionary expenses?

In January, we defined discretionary expenses to include travel, conferences, professional development, external hosting, internal catering and gifts. A list of how other expenses are handled is articulated on MyMRU under Financial Matters, in the Resource Planning and Budget section linked [here](#).

Are we reducing lighting, heating and air conditioning on campus while buildings are mainly empty? Are we looking at energy- and cost-saving opportunities in our building operations?

Yes. We are taking the opportunity to adjust our building operations systems and services to buildings while recognizing there are still people working on campus because they are doing critical functions. Also our Facilities Management group has done a lot of work already on energy and cost-saving with our building operations, not just over the past few weeks, but over the past few years. Wherever there are opportunities to reduce hard costs associated with heat, light and water, we have and will continue to take advantage of them.

Why are we directing money to bursaries when the University needs it?

Students are also facing the financial burden associated with budget cuts and the pandemic. When we raised tuition and fees, we rightfully agreed to share some of this increase with those students in most need. We continue to raise additional money for bursaries, as a bursary will often be the deciding factor for a student to enrol or continue at MRU.

Where should ideas on ways to reduce costs be sent?

Employees can speak directly with their manager, dean or associate vice-president, or can submit ideas to budget@mtroyal.ca.

What happened to some of the suggestions for cost savings that employees submitted beginning last November?

These were forwarded to a group who has broad expertise at the University to review and then advance with the specific area if the suggestion had merit. All suggestions were appreciated but some were not advanced because there was some aspect that made it difficult or more expensive to implement.

Revenue generating ideas

Will faculty be more actively encouraged to engage in revenue-focused academic and scholarly activities — basically support for academic entrepreneurship using new and innovative models?

Academic and scholarly activities should be prioritized according to their contribution to the academic mission, versus the ability to raise revenue. We would be limited to the extent that these ideas require incremental expenditures due to the expense reduction targets, but if they are in the best interests of the University, they may be considered.

Is online delivery a possibility to increase revenue?

There are a number of areas where this might be possible, especially on the non-credit side where a number of our programs such as the cannabis program already use online delivery. We would need to review online delivery as part of a larger conversation about our student-centred approach to education.

Would renting Library spaces or technology to external users at cost be a useful revenue stream?

The Library's spaces, equipment and technology are deployed to support teaching, learning and research at MRU. While there may be opportunities for revenue-generation through space rental in future, we would look to work closely with our partners in Events and Theatre Services to find ways to balance revenue-generating access to our spaces with support of MRU's core teaching and learning mission. Academic use of our spaces, equipment and technology will always remain the priority.

There have been many suggestions put forward in the past like executive training, increasing e-learning opportunities or running more courses in the spring but MRU seems to be slow in realizing these types of opportunities. Will you be looking into more entrepreneurial ways of using our resources to increase revenues?

Yes we are always looking for opportunities to increase our revenues, but will need to be cognizant of the expense side of the equation, in addition to their overall alignment with institutional goals and priorities. The priority would be on opportunities with greater revenue generating capacity per dollar spent, while also advancing institutional objectives.

Other

Do you think there will be consolidation of post-secondary institutions in Alberta as a result of these budget cuts?

The premise of the performance-based funding model is that universities are competing against their own performance not with each other. The provincial government is aware

that each university has its own unique characteristics and expertise, and students value and choose accordingly.

What is the status of Alberta 2030: Transforming Post-Secondary Education initiative and what are possible budget impacts?

We understand that the Government is in the process of selecting external consultants to support this post-secondary review. The work is scheduled to commence over the summer and a strategy developed by the government by the end of the calendar year. Implementation of any changes are anticipated to commence in 2021. Post secondary institutions have been advised they will be engaged to contribute through this review process.

Have we heard anything about the Social Work degree?

Yes, we recently got the exciting news that we can proceed with developing and submitting Parts A and B of this proposal to the government. This is a very positive sign, but there are still many steps and government decision points remaining.

Can we guarantee students clinical/community practicum courses will be offered in 2020/21 to not impact progress and graduation rates?

That is certainly our hope but none of us can guarantee how long the pandemic will last and, as healthcare workers know, preventing the spread of COVID-19 is a higher priority. Clinicals and practicums are offered in partnership with external agencies, and MRU does not have exclusive control over whether or not they can be offered, especially if external directives remain in place.