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The following Motions and Documents were considered by the General Faculties Council at its Monday, March 20, 2023 meeting:

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Agenda Title: **New Members of GFC**

CARRIED MOTION:

TO APPOINT:

The following NASA President to serve on GFC for a term commencing March 8, 2023 and extending for the duration of the appointment:

Quinn Benders

CARRIED MOTION:

TO RECEIVE:

The following statutory academic staff members who have been elected by their Faculty, to serve on GFC for a term of office beginning immediately and ending June 30, 2023:

Tracy Howlett, Native Studies

FINAL Item 4

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Agenda Title: **Undergraduate Embedded Certificate Framework**

WITHDRAWN MOTION:

THAT the GFC Programs Committee recommend that the General Faculties Council approve the proposed Undergraduate Embedded Certificate Framework, as set forth in Attachment 1 to take effect Fall 2024.

Item 5 (documents not included)

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Agenda Title: **Budget Model Principles**

CARRIED MOTION:

THAT the General Faculties Council recommend the Board of Governors approve the Budget Model Principles, as set forth in Attachment 1, to take effect upon final approval, for Budget Model 2.0.

FINAL Item 6

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Agenda Title: **Recommendation from General Faculties Council on Tuition**

CARRIED MOTION:

THAT General Faculties Council recommends to the Board of Governors that they reject all the tuition hikes proposed for the 23/24 and 24/25 school years in light of increased financial pressures on students.

FINAL Item 7 (no documents)

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New Members of GFC

**MOTION : TO APPOINT:**

The following NASA President to serve on GFC for a term commencing March 8, 2023 and extending for the duration of the appointment:

Quinn Benders

**MOTION II: TO RECEIVE:**

The following statutory academic staff members who have been elected by their Faculty, to serve on GFC for a term of office beginning immediately and ending June 30, 2023:

Tracy Howlett

Native Studies

**Governance Executive Summary  
Action Item**

<b>Agenda Title</b>	<b>Budget Model 2.0 Principles and Update</b>
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**Motion**

THAT the General Faculties Council recommend the Board of Governors approve the Budget Model Principles, as set forth in Attachment 1, to take effect upon final approval, for Budget Model 2.0
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**Item**

Proposed by	Todd Gilchrist, Vice-President (University Services and Finance) Verna Yiu, Interim Provost and Vice-President (Academic)
Presenter	Todd Gilchrist, Vice-President (University Services and Finance) Verna Yiu, Interim Provost and Vice-President (Academic)

**Details**

Office of Administrative Responsibility	Office of the Vice-President (University Services and Finance) Office of the Provost and Vice-President (Academic)
The Purpose of the Proposal is (please be specific)	That the Board Finance and Property Committee recommend the Board of Governors approve the Budget Model Principles, as set forth in Attachment 1, to take effect upon final approval.
Executive Summary ( <i>outline the specific item – and remember your audience</i> )	<p><b>Current Status</b></p> <p>The development of Budget Model 2.0 is progressing forward with two streams of consultation. The following provides an update to the Board Finance and Property Committee members since the update provided at the Budget Briefing, held on February 16.</p> <p><b>Budget Model Principles</b></p> <p>Consultation on the Budget Model Principles commenced with the President’s Executive Committee - Strategic (PEC-S) on February 14., followed by a discussion at the Senior Leadership Retreat, at a special Chairs Council meeting held on February 21, and most recently at the General Faculties Council held on February 27. At each session, the budget model principle discussion reviewed the existing six principles (as approved in 2017) and introduced three additional principles. Members of GFC were provided with an opportunity to provide written feedback following the meeting.</p> <p>The following six principles were originally approved in 2017 and remain in the proposed principles. Following discussion at PEC-S, the first principal, as reflected below, was reworded.</p> <p><b>1. Priority of Academic Needs</b> (<i>approved in 2017 as Supremacy of Academic Priorities</i>)</p> <p>Reinforcing this continues to be paramount. In the previous model faculties were spending their budgets delivering administrative activities, not core teaching and research. This principle does not mean that faculties getting less is a bad idea. Instead, this means that the new model will ensure that college and faculty resources are directed towards teaching and research, rather than administrative activities, and that professional services actively support colleges and faculties to achieve the academic mission.</p>

**2. Transparency**

Under the previous budget model, faculties were allocated a proportionate share of the grant based on teaching and research activity. While it was formulaic, it was not transparent because faculties had no way of predicting how a change in their teaching or research activity impacted the actual base operating budget. The new model needs to more clearly tie activity to budget allocation so that faculties are incentivized to pursue enrolment and research growth. It also needs to clearly show where the allocated budget comes from in order for faculties and staff to plan more strategically.

**3. Accountability**

Under the previous budget model, the allocation of the Campus Alberta Grant (now the Operating and Program Support Grant) was based on historical cost structures in the faculties and historical expenditures of central portfolios. Units and faculties have come to rely on the funding they have been given, and feel entitled to this funding. The new model needs clear accountability mechanisms that ensure central support portfolios, colleges and faculties, are delivering on outcomes and this means including some form of performance-based funding aligned with institutional goals.

**4. Simplicity**

The design of the previous budget model includes numerous different allocation rules depending on where the funding is coming from. It also includes a complex weighting formula (the Basic Revenue Unit) to allocate the grant for teaching. Because of the numerous rules, and the fact that the grant was then proportionately shared out, it made it very difficult for faculties to determine how a change in their activity would result in a change in their budget. The model and its incentives need to be simple and easy to understand so that units can promptly act on the incentives the model creates.

**5. Consistency and 6. Predictability**

While the formulae of the model were applied consistently across faculties, the previous budget model leaves portfolios and academic units overly exposed to funding shocks - like that which the university experienced over the last three years. It also limited the capacity to conduct long-term planning towards university goals, with planning dominated by year-on-year changes in government grants. The new model needs to break that cycle, and ensure the ability to moderate the impacts of funding fluctuations into the future.

The following 3 principles were presented to the General Faculties Council and the Board of Governors in spring 2022 and have been incorporated into the current proposal.

**1. Equity** (*updated context following consultation*)

To realize the One University vision, the budget model accounts for equity in resource allocation, which accounts for variations in circumstances and needs across units.

Equity as a principle is grounded in justice in resource allocation, which understands that not all circumstances are the same in getting to our desired achievement as One University. Equity requires that different treatments are considered and enacted to address the inequalities of privilege, dominance, and marginalization. Equity as a principle demonstrates the commitment to the One University vision, focusing on working together to benefit teaching and research outcomes.

**2. Collaboration**

This reflects the One University vision, and ensures that mechanisms in the budget model do not unintentionally inhibit collaboration, and instead, encourage it. It also means that the budget model should encourage resource allocation decisions that serve the entirety of the university rather than any individual portfolio, college or faculty in isolation.

**3. Strategic**

It is critical that the budget model ensures that the university is able to deliver on the institutional goals. This includes ensuring that there is sufficient funding for strategic initiatives and that the model creates the right incentives with respect to enrollment growth and research

**Background**

The previous budget model, developed in consultation with the General Faculties Council in 2017, determined that an activity-based model would be best for the university moving forward. Due to the COVID-19 pandemic and reductions to the Operating and Program Support Grant, it was determined that the budget model was no longer applicable or usable in support of the university.

In June 2022, administration delayed the development of Budget Model 2.0 by a year to allow for leadership transition and further consultation and engagement to develop the right model. The Budget Model 2.0 design process was relaunched over the past few months and the new model will be implemented for Fiscal Year 2024-25.

The university needs a new budget model for three key reasons:

1. The \$222M (34%) reduction in our Campus Alberta Grant (now the Operating and Program Support Grant) has fundamentally impacted our revenue streams. Prior to the reductions, within the previous budget model, there was adequate government funding to cover the cost of base central service operations as well as funding for faculty operation and research support. The Operating and Program Support Grant is no longer adequate to fund what it once did.
2. The current model leaves the university exposed to changes in the Operating and Program Support Grant which creates shortfalls, uncertainty and funding shocks across academic and administrative units as experienced over the last three years.
3. The current model will not support our objective of achieving a University for Tomorrow. It does not create the right incentives

**Item No. 6**

	<p>concerning enrollment growth and research and limits our capacity to plan long-term.</p> <p>Budget Model 2.0 will be designed to support the One University vision and the new operating model. The new model will focus on sustainability and enable the university to plan long-term while creating incentives with respect to enrolment growth and research targets, cost controls and reducing exposure to external funding fluctuations. The new model will provide data transparency and incentives to faculty and colleges to support data-based decision-making.</p> <p><b>Expert Groups</b> Budget Model 2.0 is being designed in consultation with five Expert Groups. Each Budget Model 2.0 Expert Group has met for two of three sessions and members of all groups met for an information sharing session on February 22.. There is one additional meeting for each of the Expert Groups as well as two additional information sharing sessions scheduled for Thursday March 9., and following the third round of Expert Group meetings. The information sharing sessions provide an opportunity to review, discuss and inform end to end intersections in the model.</p> <p>During the Senior Leaders Retreat (attendees included senior executive, associate vice-presidents, deans, and portfolio chief of staff), breakout groups, chaired by the vice-chairs of each Expert Group were held to discuss the Expert Group questions. The breakout groups aligned with the topics of the Expert Groups:</p> <ol style="list-style-type: none"> <li>1. Tuition Revenue Sharing (Chair Verna Yiu, Vice-Chair Melissa Padfield);</li> <li>2. Central Services &amp; Functional Efficiency (Chair Todd Gilchrist, Vice-Chair Andrew Sharman);</li> <li>3. Research Support &amp; Growth (Chair Verna Yiu, Vice-Chair Aminah Robinson);</li> <li>4. Strategic Initiatives &amp; Subvention (Chair Verna Yiu, Vice-Chair Todd Gilchrist); and</li> <li>5. Multi-year budget mechanisms, Performance Incentives &amp; Carry-forwards (Chair Todd Gilchrist, Vice-Chair Martin Coutts).</li> </ol> <p>Feedback from the discussion will be considered when compiling the recommendations from all groups.</p> <p><b>Risks and Opportunities</b> Budget Model 2.0 provides the organization with the opportunity to implement a budget model that supports the organizational structure and mitigates the risks associated with the previous budget model.</p>
Supplementary Notes and context	<This section is for use by University Governance only to outline governance process.>

**Engagement and Routing (Include proposed plan)**

Consultation and Stakeholder Participation	<p><u>Budget Model Principles</u></p> <p>Consultation as follows:</p> <ul style="list-style-type: none"> <li>● PEC-S: February 14.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Academic Planning Committee (APC)/Board of Governors (BOG) Joint Budget Briefing: February 16.</li> <li>• Senior Leaders Retreat: February 17.</li> <li>• Chairs Council: February 21.</li> <li>• General Faculties Council (GFC): February 27 with an opportunity to provide written feedback.</li> <li>• Jennifer Tupper, Dean, Faculty of Education and Carrie Smith, Vice-Provost, Equity, Diversity, and Inclusion consulted in the development of the “Equity” principle.</li> <li>• Board Finance &amp; Property Committee (BFPC): March 9.</li> </ul> <p><u>Expert Groups</u> Deans and Vice-Presidents are invited to be in at least one Expert Working Group. Representatives from Chairs Council are included within each group along with support from Resource Planning and Performance Analytics &amp; Institutional Research.</p> <p>Updates and opportunities for feedback have been provided to PEC-S, Chairs Council, Statutory Deans’ Council, College Deans, and Senior Leaders.</p> <p>Updates will be provided to the wider university community through multiple channels including a scheduled townhall on March 29.</p>
Approval Route (Governance) (including meeting dates)	<ul style="list-style-type: none"> <li>• APC: March 8(for recommendation)</li> <li>• BFPC: March 9 (for recommendation)</li> <li>• GFC: March 20 (for recommendation)</li> <li>• Board of Governors: March 24 (for final approval)</li> </ul>

**Strategic Alignment**

Alignment with <i>For the Public Good</i>	<p><i>For the Public Good (Sustain):</i> Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all Albertans.</p> <p>OBJECTIVE 22: Secure and steward financial resources to sustain, enhance, promote, and facilitate the university’s core mission and strategic goals.</p> <p>iii. Strategy: Ensure responsible and accountable stewardship of the university’s resources and demonstrate to government, donors, alumni, and community members the efficient and careful use of public and donor funds.</p>			
Alignment with Core Risk Area	<p>Please note below the specific institutional risk(s) this proposal is addressing.</p> <table border="0" data-bbox="570 1648 1539 1948"> <tr> <td data-bbox="570 1648 1089 1948"> <input type="checkbox"/> Enrolment Management  <input type="checkbox"/> Faculty and Staff  <input checked="" type="checkbox"/> Funding and Resource Management  <input type="checkbox"/> IT Services, Software and Hardware  <input type="checkbox"/> Leadership and Change  <input type="checkbox"/> Physical Infrastructure         </td> <td data-bbox="1089 1648 1539 1948"> <input type="checkbox"/> Relationship with Stakeholders  <input type="checkbox"/> Reputation  <input type="checkbox"/> Research Enterprise  <input type="checkbox"/> Safety  <input type="checkbox"/> Student Success         </td> </tr> </table>		<input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input type="checkbox"/> Student Success
<input type="checkbox"/> Enrolment Management <input type="checkbox"/> Faculty and Staff <input checked="" type="checkbox"/> Funding and Resource Management <input type="checkbox"/> IT Services, Software and Hardware <input type="checkbox"/> Leadership and Change <input type="checkbox"/> Physical Infrastructure	<input type="checkbox"/> Relationship with Stakeholders <input type="checkbox"/> Reputation <input type="checkbox"/> Research Enterprise <input type="checkbox"/> Safety <input type="checkbox"/> Student Success			
Legislative Compliance and jurisdiction	Board Audit and Risk Committee Terms of Reference.			

**Attachments**

1. Proposed Budget Model Principles (1 page) - **FOR APPROVAL**
2. Slide Deck (7 pages)

*Prepared by:* Todd Gilchrist, Vice-President (University Services and Finance), [todd.gilchrist@ualberta.ca](mailto:todd.gilchrist@ualberta.ca)  
Verna Yiu, Interim Provost and Vice-President (Academic), [pvpa@ualberta.ca](mailto:pvpa@ualberta.ca)



**Date:** March 6, 2023

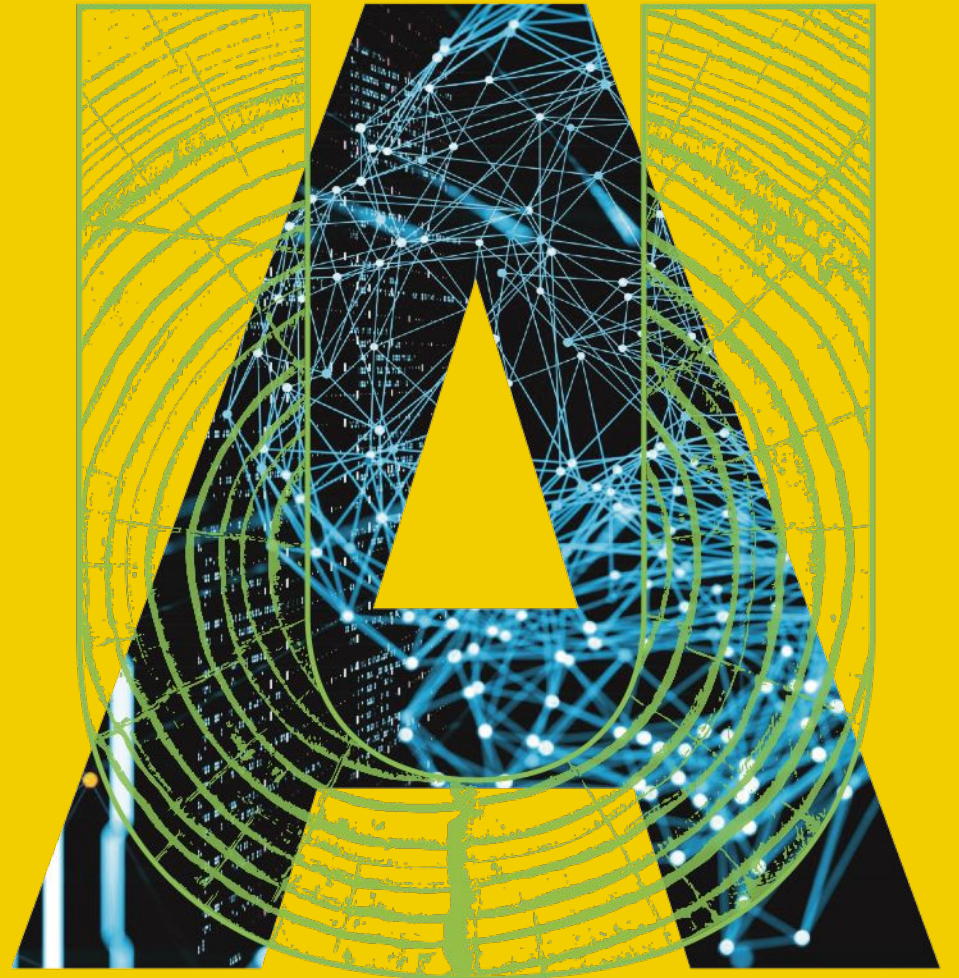
## **Proposed Budget Model Principles**

- 1. Priority of Academic Needs**  
The model gives priority to the university's core mission of teaching and research.
- 2. Transparency**  
The rationale, process and outcomes of resource allocation decisions are transparent.
- 3. Accountability**  
College, faculty and central support unit leaders are responsible and accountable for local resource allocation decisions.
- 4. Simplicity**  
The budget model and process is clear and easy to understand so that it informs responsible local decision-making.
- 5. Consistency**  
The resource allocation rules are applied consistently across all faculties and central support units.
- 6. Predictability**  
The resource allocation method is predictable, to facilitate long-term budget planning.
- 7. Equity**  
To realize the One University vision, the budget model accounts for equity in resource allocation, which accounts for variations in circumstances and needs across units.
- 8. Collaboration**  
The model provides incentives for collaboration and behaviours that support the university as a whole.
- 9. Strategic**  
The model aligns resources with institutional strategic priorities.

# Budget Model 2.0 and Budget Model Principles

General Faculties Council

March 20, 2023



# Budget Model 2.0 Development

## EXPERT WORKING GROUPS

### Tuition revenue sharing

*Chair: Provost*

*Vice-Chair: Deputy Provost, Students & Enrolment*

### Central services and functional efficiency

*Chair: VP USF*

*Vice-Chair: VP F&O*

### Strategic initiatives and subvention

*Chair: Provost*

*Vice-Chair: VP USF*

### Research support and growth

*Chair: Provost*

*Vice-Chair: VP RI*

### Multi-year budget mechanisms

*Chair: VP USF*

*Vice-Chair: AVP Finance, Procurement & Planning*

## EXPERT WORKING GROUPS - UPCOMING ENGAGEMENT



**ROUND 1  
WORKSHOPS** LATE  
JAN 2023

**COMPLETE**

**COMMUNITY INFO  
SHARING SESSION**  
22 FEB 2023

**COMPLETE**

**ROUND 2  
WORKSHOPS** LATE FEB 2023

**IN PROGRESS**

**COMMUNITY INFO  
SHARING SESSION**  
9 MARCH 2023

**ROUND 3  
WORKSHOPS** MID  
MARCH 2023

**COMMUNITY INFO  
SHARING SESSION**  
EARLY APRIL 2023

# Budget Model Principles

## **Priority of Academic Needs**

The model gives priority to the university's core mission of teaching and research.

## **Transparency**

The rationale, process and outcomes of resource allocation decisions are transparent.

## **Accountability**

College, faculty and central support unit leaders are responsible and accountable for local resource allocation decisions.

## **Simplicity**

The budget model and process is clear and easy to understand so that it informs responsible local decision-making.

## **Consistency**

The resource allocation rules are applied consistently across all faculties and central support units.

## **Predictability**

The resource allocation method is predictable, to facilitate long-term budget planning.

# Budget Model Principles, continued

## **Equity**

To realize the One University vision, the budget model accounts for equity in resource allocation, which accounts for variations in circumstances and needs across units.

## **Collaboration**

The model provides incentives for collaboration and behaviours that support the university as a whole.

## **Strategic**

The model aligns resources with institutional strategic priorities.

*Today we will have an in depth conversation on the principle of equity*

# Budget Model Principles - Equity

## Equity

To realize the One University vision, the budget model accounts for equity in resource allocation, which accounts for variations in circumstances and needs across units.

Equity as a principle is grounded in justice in resource allocation, which understands that not all circumstances are the same in getting to our desired achievement as One University.

Equity requires that different treatments are considered and enacted to address the inequalities of privilege, dominance, and marginalization.

Equity as a principle demonstrates the commitment to the One University vision, focusing on working together to benefit teaching and research outcomes.

# Budget Model Principles - Equity, continued

## **How will the budget model mechanisms support the principle of Equity?**

Budget Model 2.0 is building on the previous activity-based budget model where teaching and research activity drive revenue allocation.

In the design of this budget model, we have proposed the use of subvention funding as a mechanism to provide support to faculties through the redistribution of funds beyond activity levels.

Mechanisms are also being explored to provide differential support for teaching based on the cost of delivery.

This will help ensure that faculties are all able to successfully contribute to the One University vision and mission.

# Q&A