

Item: Board of Governors Minutes, October 1993

Call Number: Board of Governors Fonds UA-1, 59.15 and 59.16

Additional Notes:

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**EXECUTIVE COMMITTEE
BOARD OF GOVERNORS
DALHOUSIE UNIVERSITY**

AGENDA

Tuesday, October 12, 1993 - 8:00 a.m.
(Room 319, Arts & Administration Building)

1. Approval of Agenda
2. Minutes of Executive Committee Meeting of February 18, 1992 (attached)
Minutes of Executive Committee Meeting of May 6, 1992 (attached)
3. Review and discussion of Budget Advisory Committee's Third Report and
the President's Response (previously circulated)
4. Other Business
5. Adjournment

OFFICIAL BINDER COPY
(MINUTES ONLY)

Minutes of a Meeting of the
Executive Committee, Board of Governors,
held on Tuesday, October 12, 1993 at 8:00
a.m. in Room 319 of the Arts and
Administration Building

Dalhousie University
Halifax, Nova Scotia

PRESENT:	Mr. Allan C. Shaw Chairperson	Mr. Fred S. Fountain Mr. Donald A. Kerr
	Dr. Howard C. Clark President	Mrs. Ann Petley-Jones Honorary Secretary
	Mr. James S. Cowan Vice-Chairperson	Mr. John C. Risley Honorary Treasurer
	Mr. J. Dickson Crawford	

Also present were: Dr. Deborah Hobson (Vice-President, Academic and Research), Mr. Bryan G. Mason (Vice-President, Finance and Administration), Mr. Eric A. McKee (Vice-President (Student Services)), Mr. Henry E. Eberhardt (Vice-President External), and Ms. Joann Griffin (Secretary).

The Chairperson called the meeting to order at 8:10 a.m. at which time it was agreed to approve the Agenda as circulated.

Mr. Kerr moved and Mr. Fountain seconded a motion THAT the Minutes of the Executive Committee Meeting of February 18, 1992 and the Minutes of the Executive Committee Meeting of May 6, 1992 be approved as circulated. The motion carried.

Review and discussion of Budget Advisory Committee's Third Report and the President's Response

Mr. Shaw noted that the primary purpose of this meeting was to consider the impact of the Budget Advisory Committee's Third Report and the President's Response and to discuss the Board's role in the process. At Mr. Shaw's request, Mr. Mason reviewed events that lead up to the open meeting of the University community when the Report and the President's Response to it were presented. He noted that most people had seen the Five Year Revenue and Expenditure Model well in advance of the Budget Advisory Committee's Third Report so were aware of the magnitude of the financial problem. With respect to the President's Response to the Report, Mr. Mason noted that Dr. Clark felt that in those Faculties where the largest cuts were required it was his responsibility to recommend what be cut. He observed that Dr. Clark's recommendations were based on the high cost of delivering a program and the real savings to be achieved if it was eliminated along with the stand alone nature of a program. He noted that meetings had been held with the Minister and with Dr. Halliwell of the Nova Scotia Council on Higher Education to inform them of what was to be proposed and that they had confirmed their support which they have subsequently reaffirmed since the open University community meeting. He then noted that the Faculties are expected to respond to the President in December with their plan for managing the required budget

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reduction and the President will then review each plan in light of the mission of the University and demonstrated ability to accommodate Dalhousie's academic priorities within the financial limits. He commented that the next step with respect to academic programs would be a review by Senate in January followed by Senate's recommendations to the Board.

A general discussion ensued with the following being noted:

Mr. Shaw observed, in response to Mr. Risley's noting that the eloquent lobbying of the arts community had reached the Board level with some Board members perhaps being unclear about their role, that it is not the Board's role to decide about program closures but the Board does have responsibility for determining the budget framework.

Mr. Crawford then inquired what the character had been of the various meetings held since the open meeting of the University community and Mr. Shaw described them as being relatively fair and calm with emotions controlled and he noted that Dr. Clark had been a model of patience at all meetings and responded well to all questions. Dr. Hobson then commented that as a newcomer she was greatly surprised by the level of civility that has characterized the many meetings she has attended since the proposed cuts were announced. She also noted that no one is questioning the need for cuts and that it is widely acknowledged that we have to do something quite serious to address the financial problem.

Mr. Mason noted that the concensus that the Senate Financial Planning Committee has reached in light of the provincial budget is that revenue projections were too optimistic, and while there is acceptance that something must be done, the closing of programs is a very foreign experience that will be painful to embrace.

Mr. Shaw commented that while some individuals have questioned the appropriateness of Dr. Clark targeting particular programs, many others are convinced and have noted that his doing so was absolutely essential to ensure that efforts became focussed on the problem.

Mr. Mason noted that both the Dalhousie Faculty Association and the Dalhousie Staff Association have grieved but in both cases our view is that the grievances are premature.

Mr. Crawford inquired and was informed that the Budget Advisory Committee had come up with the numerical reductions by Faculty. He then expressed concern about the lack of interaction between rationalization, the cutting of unique programs, and the impact

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on the larger community. Mr. Risley suggested that rationalization is a medium term approach whereas our financial problem was more immediate and could not wait to be addressed by the rationalization exercise. He then suggested that rationalization will be of help in the future. Mr. Mason then explained that, in determining which programs to recommend for closure, ultimately areas where we would not lose government funding were targeted.

Mrs. Petley-Jones suggested that it would be helpful if we publicly share the criteria that was used to develop the recommendations.

Dr. Hobson observed that the Faculties that are relative "winners" in the process still have to take significant cuts and will be forced to make major changes.

Mr. Cowan stressed that as a Board we should not, at least at this stage, debate the relative merits of programs that may be cut and that we should focus on dealing with the financial framework and he sought reassurance that the Faculties and Senate would respond to meet the various deadlines. Mr. Shaw also commented that if the Board does not approve the budget framework the process will be significantly undermined.

Mr. Fountain noted that the statement released by the Faculty of Arts and Social Sciences appeared to be a clear rejection of the proposed cuts. Dr. Hobson then suggested that while that was their public rhetoric, there was evidence that they accepted the reality of the Budget they will receive, and she expected that they would be bringing forward alternatives within a few weeks. Mr. Mason noted that they are not arguing the percentage cut they have been asked to take as much as might have been expected and he also indicated that he believed all Faculties were working diligently to meet the deadlines.

In response to an inquiry from Mr. Crawford about who set the differential cuts Faculty by Faculty, Mr. Mason observed that it is the President's Budget but it is ultimately approved by the Board. Dr. Hobson observed that the Senate Academic Planning Committee has begun to look at the distribution of cuts even though it is not under their purview, but at the same time she suggested the Chair of Senate does understand the importance of deadlines being met.

Mr. Mason, in response to an inquiry from Mr. Risley, confirmed that the reality of the three year budget framework is that by the third year the budget would be balanced, but that, in light of the recently announced provincial budget, we needed to revisit some of the assumptions. He noted that the Budget Advisory

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Committee is therefore now meeting again on a weekly basis.

Mr. Shaw explained that students were now questioning why they did not have representation on the Budget Advisory Committee and he observed that it was not a representative committee partly because of the need for confidentiality. He observed that should the students be granted representation then many other interest groups would also seek representation on the Committee and we would end up with a much larger committee comprised of many people who would require a lot of time to become as knowledgeable as those who have been a member of the Committee since it was formed. He also noted that Mr. Norman Newman, who was until recently an active Board member and who is also a strong supporter of the arts, had called to say that he supported the Report and the President's Response.

Mr. McKee noted that an Editorial in an Arts Magazine he was reading over the weekend observed that the problem is a lack of community support for the arts.

Mrs. Petley-Jones noted that at a recent meeting of the Alumni Association Board they had unanimously passed a resolution to support the fiscal management initiatives of the University.

Mr. Mason noted that the Department of Tourism and Culture grant for the Cohn last year was \$215,000 and that has now been reduced to \$142,000. He also noted that in 1992-93 we had waived the rental fee of \$85,000 for Symphony Nova Scotia's use of the Cohn.

Dr. Clark noted that there was a striking similarity between the criteria for program reductions we used and that used by the Oregon State System of Higher Education. A copy of the Oregon State System guidelines which he noted are attached to these Minutes. He noted that in 1990, Oregon brought in new property tax laws which are being phased in over 3 biennia with major reductions in property taxes and therefore the State's ability to support higher education is being drastically reduced (an overall 40% reduction in funding over a six year period commenced in 1991). He noted they began with an 11% reduction to which the university system had just two months to respond in terms of budget preparation.

In response to an inquiry from Mr. Fountain about what other universities in Nova Scotia were doing, it was noted that they are watching us very closely and Mr. Mason then observed that, with the exception of Acadia University, none of the other Universities engage in multi-year financial planning and that outside of TUNS and NSCAD we are the only institutions offering expensive programs.

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In response to an inquiry from Mr. Crawford about interaction between the budget problem and the capital campaign, Mr. Shaw noted that the volunteer leader we are seeking for the Capital Campaign considers what we are doing financially to be absolutely essential and the manner in which we are addressing the problem could well be the deciding factor in terms of his willingness to possibly assume the volunteer leadership of the campaign.


Mrs. Petley-Jones inquired about a plan for educating the public and Mr. Shaw noted that Ms. Marilyn MacDonald, Director of Public Relations, and Mr. Peter MacLellan of Corporation Communications Limited had developed a public relations strategy.

Mr. Shaw then circulated a list of all Board Members and Officers and Standing Committee Chairs selected individuals whom they would call prior to the October 19 Board of Governors meeting to explain the importance of having the budget framework approved. A one page guideline entitled "The BAC Process" was distributed to assist with those calls. A copy is attached to these Minutes.


Other Business

Mr. Shaw observed that Dr. Donald McInnes, Chair of the Board of Governors from 1958 to 1980 died on October 7 and a funeral service was being held at St. Matthew's United Church at 2:00 p.m. on October 12, 1993.

There being no further business, the meeting adjourned at 9:45 a.m.



Mrs. Ann Petley-Jones
Honorary Secretary



Mr. Allan C. Shaw
Chairperson

Attachments:

- Oregon State System of Higher Education : Key Principles which Guided Program Reduction(s) 1991-93
- The BAC Process

REVISED

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AGENDA

BOARD OF GOVERNORS

Tuesday, October 19, 1993 (3:00 p.m.)
University Hall, Macdonald Building

In Camera Session

- 3:00 1. **Orientation for new (and all interested)
Board Members**
- Major issues before the Board (Clark)
 - Fundamental responsibilities of (Shaw)
 Board Members
 - The Role of the Board in
 Achieving Institutional Change
 Presentation by Dr. David M. Cameron
 (previously distributed)

Regular Session

- 4:00 2. **Approval of Agenda**
3. **Minutes of Board Meeting of September
21, 1993 (previously distributed)**
4. **Memorial Resolution : Dr. Donald McInnes
(attached)**

4:10 Items for discussion/decision

5. **Budget Advisory Committee Third Report (Clark
and the President's Response/Report Risley
from Finance and Budget Committee Shaw
1994-1997 Budget Framework Sinclair)
(previously distributed)**
- 5:45 6. **Nominating Committee Recommendations (Piercey)**
- Appointment of Board representative
 to Senate Library Committee
 - Appointment of Senate representative
 to: Student Relations and Residence
 Committee
 Retirees' Trust Fund
 Investment Committee

Item for information

7. **President's Report (attached)**
- 6:00 8. **Adjournment**

**Board of Governors
Dalhousie University**

Tuesday, October 19, 1993 - University Hall

MOTIONS TO BE PROPOSED

Item No.

BE IT RESOLVED:

4. THAT, a copy of the memorial resolution about Dr. Donald McInnes be inscribed on the Minutes of the Board of Governors of this University, and that a copy be sent to Dr. McInnes' daughter, Mrs. Ann Rice and sons, Hector, Stewart and Roderick, with an expression of deepest sympathy.
5. THAT, on the recommendation of the Finance and Budget Committee, the Board of Governors approve the financial framework as described in the third report of the Budget Advisory Committee as the basis for developing the University's 1994/95 operating budget and for budgetary planning for the following two years.
6. THAT, on the recommendation of the Nominating Committee, Mrs. Josie Richard be appointed as the Board of Governors' representative to the Senate Library Committee.
- THAT, on the recommendation of the Nominating Committee, Mr. Don Cherry be appointed to the Retirees' Trust Fund.
- THAT on the recommendation of the Nominating Committee, Mr. Don Cherry be appointed to the Investment Committee.

Minutes of the Meeting of the
Board of Governors held on Tuesday,
October 19, 1993 at 4:00 p.m. in
University Hall

Dalhousie University
Halifax, Nova Scotia

PRESENT:

Mr. Allan C. Shaw Chairperson	Ms. Bernadette Macdonald
Mr. David J. Almon	Mr. George W. MacDonald
Dr. D. Wayne Bell	Ms. Suzan MacLean
Mr. Dov Bercovici	Dr. Carmen F. Moir
Mr. Peter Bryson	Dr. Sharon Oliver
Mr. Robin N. Calder	Dr. Norman G. O. Pereira
Dr. Howard C. Clark President	Mrs. Ann Petley-Jones Honorary Secretary
Mrs. Charlotte Cochran	Mr. Jefferson Rappell
Mr. James S. Cowan Vice-Chairperson	Mrs. Josie Richard
Mr. J. Dickson Crawford	Mr. John C. Risley Honorary Treasurer
Dr. Kenneth Dunn	Mrs. Patricia Roscoe
Mr. Fred S. Fountain	Mr. Byron G. Sarson
Mrs. Cynthia Gorman	Dr. Donald Sobey
Dr. William Hare	Ms. Tina Sweeney
Mr. Lewis Jacobson	Dr. Maxine N. Tynes
Ms. Carolyn Johnson	Miss Barbara Walker Vice-Chairperson
Mr. Donald A. Kerr	Mrs. Carol D. Young
Mr. Thomas E. G. Lynch	Mr. Robert Zed

Also present were Mr. George Piercey (immediate past Chairperson, Board of Governors), Mr. Bryan G. Mason (Vice-President, Finance and Administration), Mr. Eric A. McKee (Vice-President, Student Services), Mr. Henry E. Eberhardt (Vice-President, External), Dr. Alisdair Sinclair (Chair, Budget Advisory Committee), Dr. Colin Stuttard (President, Dalhousie Faculty Association), Dr. Graham Taylor (Dean, Faculty of Arts & Social Sciences), Dr. Judith Fingard (Dean, Faculty of Graduate Studies), Mr. Brian C. Crocker (University Secretary and Legal Counsel), Ms. Julia Eastman (Coordinator, Policy Development), Mr. Ian Nason (Director, Financial Services), Mr. W. L. Lord (Director, Physical Plant & Planning), Mrs. Charlotte Sutherland (Director, Development Office), Ms. Marilyn MacDonald (Director, Public Relations), Ms. Mary Somers (Editor, "Dal News"), and Ms. Joann Griffin (Secretary)

Regrets were received from Mr. Daniel M. Campbell, Mr. Brian Flemming, Dr. Margaret Hansell, Hon. T. Alex Hickman, Dr. Patricia Lane, Hon. Jacqueline Matheson, and Mr. Kenneth C. Rowe.

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Approval of Agenda

Mr. Shaw observed that each Board Member had before him a revised agenda. He noted that it was being proposed that Dr. Fournier's presentation on Ocean Studies be deferred, that a memorial resolution regarding the late Dr. Donald McInnes be approved, and that the Budget Advisory Committee's Third Report, the President's response to the Report, and the Report from the Finance and Budget Committee on the 1994-1997 Budget Framework be moved up on the agenda to allow as much time as possible for discussion of these important matters.

Minutes of Board Meeting of September 21, 1993

Miss Walker moved and Mrs. Young seconded a motion THAT the Minutes of the Board Meeting of September 21, 1993 be approved as circulated. The motion carried.

Memorial Resolution : Dr. Donald McInnes

Mr. Shaw noted with regret the recent death of Dr. Donald McInnes who had served from 1958 to 1980 as Chairman of the Board. He drew Board Members' attention to a Memorial Resolution which was before them. Mrs. Gorman then moved and Mr. Cowan seconded a motion THAT, a copy of the memorial resolution about Dr. Donald McInnes be inscribed on the Minutes of the Board of Governors of this University, and that a copy be sent to Dr. McInnes' daughter, Mrs. Ann Rice, and sons, Hector, Stewart and Roderick, with an expression of deepest sympathy. The motion carried unanimously. (A copy of the Memorial Resolution is attached to these minutes.)

Items for discussion/decision

Budget Advisory Committee's Third Report and the President's Response/Report from Finance and Budget Committee 1994-97 Budget Framework

Mr. Shaw noted we would today be discussing how to manage Dalhousie's financial problems and that we were not here to discuss proposed program cuts. He observed that it was not the role of the Board, but rather the responsibility of Faculties and Senate to do so and they would be discussing options over the next few months. He noted that the Board's responsibility to govern in this case involved setting down guidelines, or a budget framework, for the University to work within and that must be accomplished today to ensure that the process maintains momentum and remains on schedule.

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Mr. Shaw observed that the Dalhousie Faculty Association had filed a grievance and he noted that Board Members should be aware that the University had sought and followed legal advice throughout the process and considers that it has acted properly in all regards and that a grievance, at this time, would seem to be premature. He stressed that in our deliberations and decisions today we would not be usurping someone else's role, but rather fulfilling our own as Governors. He observed that the Budget Advisory Committee's Third Report followed on the Financial Strategy Report and many other reports, all of which confirmed that Dalhousie is trying to do too much with too few resources. He commented that almost twenty years of deficits which resulted in ten years of across-the-board cuts formed the background for the Budget Advisory Committee's Report.

Mr. Shaw noted that Dr. David M. Cameron had earlier today in an orientation session for new Board Members quoted from a paper he had authored "A Question of Balance : Roles and responsibilities of governing boards of Canadian Universities" as follows: "This is where the leadership potential of boards becomes so crucial. They are in a unique position to champion the corporate interests of the university as a whole, and to do so from the longer term perspective."

Mr. Shaw then called upon Dr. Alisdair Sinclair, Chair of the Budget Advisory Committee to provide a precis of the Budget Advisory Committee's Third Report.

Dr. Sinclair observed that the Budget Advisory Committee's Third Report had been pre-circulated and widely discussed so he would briefly highlight the key recommendations and some of the background on how they arrived at their Report. He noted they basically tried to look at the \$16 million problem that would begin in 1994-95 to see if there were ways to reduce expenditures or increase revenues. He noted that they looked at a wide range of possibilities, that they tried to be selective but they were convinced that across-the-board cuts should not be continued. He observed that the Committee had taken a very difficult situation and in their recommendations they had endeavoured to do minimal damage to the University. He emphasized that Board Members should pay particular attention to the information in the Report beginning on page 15 which deals with the establishment of targets for 1994-1997 and summarizes the various options that were considered. He observed that in addition to advice from Deans, the Budget Advisory Committee had reflected on the wider University context which suggested a number of options to explore from a budgetary perspective. He commented that all the options involve unpleasant decisions but the welfare of the University as a whole may depend on

reorganization, reduction and elimination of some of its parts. Dr. Sinclair noted that all faculties are receiving cuts, that no one is exempt. He noted that the 0/0/3% assumption about government funding that was built into their recommendations was now 0/0/-3% and that the Committee was now proceeding to prepare the Budget Advisory Committee's Fourth Report.

At this point a general discussion began with Dr. Hare suggesting that there was a fundamental inconsistency between the statement that it is not the mandate of the Budget Advisory Committee to set academic priorities and the reference on page 16 of their Report to stand alone programs which do not seem central to Dalhousie's mission, traditional strengths or areas of special emphasis. He suggested that comment makes a judgement about academic priorities. He suggested that the Report offered no real reasons for the percentage cuts recommended for the different faculties. He suggested that the foreign student differential gains would not outweigh the losses if the number of foreign students is substantially reduced, and he then suggested proposed closure of the Art Gallery would mean the loss of something vital for a paltry gain.

As a Board Member and as a contributing member of the local, regional, Atlantic and Canadian arts community, Dr. Tynes said she needed to address the proposal on two fronts. She suggested that we had a strong, burgeoning and profitable arts involvement at Dalhousie and said she needed to hear the responses of other Board Members, and observed that the situation brought to mind the words of Morley Callaghan "A country may have great corporations but if it has no literature it has no soul." She suggested that more time was needed to examine the Budget Advisory Committee Report and that anything less than that she could not stand behind.

Dr. Oliver observed that the consultation process had just begun and Mr. Shaw confirmed that the Faculties were now looking at the President's Response to the Budget Advisory Committee's Report and preparing alternatives by the end of December which would then be submitted to Senate before coming back to the Board in a holistic manner in the spring. She inquired about the impact of the provincial budget and it was noted it is too soon to fully appreciate what that will be, but clearly we should make an assumption that \$16.1 million is a minimum projected deficit.

Ms. Johnson noted that she supported the work of the Budget Advisory Committee but as a Board Member wanted to know about rationalization which could be a long term solution. Dr. Clark noted that rationalization is a process that has been under way for a long while and it certainly does not appear to be moving quickly enough to have any impact on next year's budget problem.

Mr. Rappell expressed concern that most people see the financial framework as a self-fulfilling prophesy for the proposed cuts and that more time was needed to come up with an alternative framework. He suggested that it was a travesty that there is only one financial framework option and quoted Dr. Walter Kemp, Chair of the Music Department, as follows: "Will the Board grant creative time to enable us to prepare a plan for the continuing presence of performing arts at Dalhousie rather than closing the door by imposing, at this time, the draconian 21% cut?" At this point Dr. Clark observed that there is time with several months remaining during which there will be an opportunity for all ideas to be considered and discussed.

Dr. Pereira suggested that approving the budget framework would settle the case, that we could not discuss the framework without discussing the substance especially because of the dynamics of the process. He suggested that certain options had already been cut out or eliminated and questioned whether or not the Budget Advisory Committee's priorities were the most appropriate. With respect, he suggested that certain decisions had already been made, and it would be difficult to change that.

Dr. Stuttard suggested that the model used in the Budget Advisory Committee's Third Report was flawed in its failure to acknowledge accepted procedures for achieving reductions or closure of programs for financial reasons and suggested that the President did not have the authority to propose closure of academic units. He suggested that the Report and President's Reponse carried an aura of alarm that Dalhousie faces financial exigency in 1997 and he called on the Board to follow Article 27 of the Collective Agreement which addresses financial exigency. He indicated his disagreement with Mr. Mason's suggestion that Article 25 of the Collective Agreement allowed the Board to require Senate to tailor existing academic programs to fit within the financial limits approved by the Board. He spoke of a climate of fear and despondency within the targeted units and asked the Board not to accept the Budget Advisory Committee's Third Report and the President's response thereto.

Mrs. Roscoe inquired, and it was confirmed, that there is latitude for interpretation of the statement on page 16 of the Budget Advisory Committee Report that "The recommended targets are such that the Committee has concluded that Faculties must seriously consider program reductions/eliminations in order to accomplish the required reductions."

Dr. Moir requested clarification with respect to how the percentages were arrived at in Table 7 "Faculty Reduction Targets Fiscal Year 1994 to 1997". Dr. Sinclair noted that the Committee did not use a formula, that they looked at a lot of

information and their recommendations reflected different judgements of what would do the least damage. He observed that the larger percentage cuts also reflected different judgements by the Committee as to the ability to have differential cuts within the University given all of the pressures and the fact that there was no support for across-the-board cuts. Dr. Moir suggested that the percentages may give the faculties very little choice in their decisions.

Mr. Bercovici observed that he had looked at the numbers and it still looked to him like horizontal cuts but this time vertical cuts were added as well and he suggested we were running Dalhousie like a government and had to change our behaviour. Dr. Sinclair agreed that indeed we did need to change our behaviour and expectations.

Mr. Jacobson commented that people's lives and livelihoods were on the line and suggested that the process was fundamentally wrong and questioned why the budget framework had to be pushed through now. He suggested more time was needed to prepare alternative proposals.

Mr. Risley then offered background information to the motion he would be presenting, as Chair of the Finance and Budget Committee, to approve the budget framework. In doing so he noted that the University had now had ten years of across-the-board cuts and that in total, over the decade, Faculties and other units had to cope with base budget reductions which averaged 27.5% of the University's budget. He noted that accumulated deficits and unfunded debt currently stand at \$26.5 million. He noted that approving the budget framework was a beginning and that the final budget would not be tabled until the spring, but that we needed now to approve the parameters which clearly the Deans and others require in order to begin planning. In reviewing the Budget Advisory Committee's financial framework for 1994-1997 he noted the following recommendations:

- Increase revenues, largely through annual 10% across-the-board tuition fee increases plus selective fee increases for students in high-cost, high-demand programs offering favorable job prospects, and for out-of-country students. He noted that 25% of tuition revenue increases to our student bursary and employment programs will be continued.

- Selective reductions in Non-Teaching Units totalling \$4.3 million over 3 years with reductions ranging from 0% to 67% based on units' 1992-93 budget bases.

- Selective reductions in Teaching Units (the Faculties, Henson College, and the School of Education) totalling \$8.3

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million over the 3-year period with reductions ranging from 6% to 33%.

- Suspension of the Board of Governors' policy on salary comparability adjustments for 1995-96 and 1996-97 which will reduce expenditures by \$2.1 million over those two years.

He noted that Dr. Clark had accepted the Budget Advisory Committee's recommendations as the basis for developing the University's 1994-95 annual operating budget and as the framework for financial planning for the two years following and that in addition, the President had suggested to the Faculty of Arts and Social Sciences and to the Faculty of Management that serious consideration be given to eliminating a small number of academic programs and departments as the best means of preserving their core mission while meeting budgetary targets.

In conclusion he stressed the need to understand the role of rationalization and that there was nothing explicit in it that suggested we would save money, and in the meantime we had a financial problem that could not be ignored.

Mrs. Petley-Jones observed that the issues were now being actively debated by Faculties and she suggested that we must have a budget framework in place now. She cautioned that Universities can go bankrupt and she suggested one option to solve much of the shortfall would be if all Unions would agree to forego salary increases. She noted that another option could be to run a deficit, but expressed serious doubt that any lending institution would be prepared to offer a loan to the University for that purpose. She observed that we are a knowledge-based industry with a responsibility to the community at large, to our students, to our employees, and to our 65,000 alumni.

Mr. MacDonald commented that across-the-board cuts were no longer acceptable and stated we must establish priorities and then live within them, but he expressed concern that the Board was not being asked to participate in establishing the priorities, that they had been determined by the Budget Advisory Committee. He noted the difficulty that he also had with the Dalhousie Faculty Association "you/we" stance and asked what the DFA was going to do to help with this very real crisis.

Ms. Sweeney noted her concern about being asked to make a decision based on finances only and suggested there were other factors that needed to be addressed as well. She wondered how we could ask a Faculty to live with a cut that necessitated program closures and inquired whether the impact on students enrolled in programs being proposed for closure had been fully considered. She acknowledged that the University is facing

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serious financial problems but suggested they were not so eminent that more time could not be granted to considering the matter before being asked to vote on the budget framework. She commented that as a Board Member she felt she had responsibility for more than finding just a financial solution.

Mr. Bryson echoed Mr. MacDonald's concerns and indicated that at this point he did not have enough information to determine if the 21% cut for the Faculty of Arts and Social Sciences was reasonable or appropriate. He commented that he would find it extraordinary if Atlantic Canada's premier university had no place for music or art.

Mr. Shaw reminded Board Members that the responsibility of governing boards is not to manage the university; rather, it is to ensure that the university is well managed and he urged that Board Members not confuse those two roles.

Mr. Kerr commented that the Budget Advisory Committee's recommendations are beyond the capability of a large, unwieldy body such as the Board of Governors to deal with and therefore we had to delegate investigative powers such as we had done. He suggested that sympathy must be tempered with reality and recommended that the Board approve the budget framework proposed by the Budget Advisory Committee.

Dr. Sobey indicated that he did not see what alternative the University had but to accept the Budget Advisory Committee Report, that Dalhousie must maintain its fiscal integrity and could not budget for a deficit, that we must change with the times, and he hoped that management would make the necessary cuts in a sensible way.

Dr. Clark referred to key principles which guided program reduction(s) from 1991-93 at the Oregon State System of Higher Education. With respect to sustainability he noted their guidelines stated that changes should be for the long term, not the short term. He noted further that in order to avoid program deterioration, no across-the board reductions were accepted, and that core programs central to institutional missions were protected and reductions could not impact negatively on their ability to sustain their long-term competitive capacity. Dr. Clark observed that the Oregon experience convinced him that we should accept the Budget Advisory Committee's recommendations.

Mr. Cowan observed that there had been endless meetings and discussions resulting in a collective input that has brought us to this point and that while the University has a complex decision-making process that is difficult to comprehend, particularly the relationship between the Board and Senate, he

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suggested that the Board must determine the financial framework that the Senate would work with in determining the academic program. He indicated that the Board would be failing in its responsibility if it did not act now and he suggested it was time for the motion to be presented bearing in mind that that does not preclude the work of the Faculties and Senate.

Mr. Risley moved and Mr. Zed seconded a motion THAT, the Board of Governors approve the financial framework as described in the third report of the Budget Advisory Committee as the basis for developing the University's 1994-95 operating budget and for budgetary planning for the following two years.

Dr. Pereira commented that no one is suggesting the Board do nothing, but the motion was entirely inappropriate, that it sets academic priorities and was a pre-emptive action. He stated that the Board should instruct Senate to come up with a plan and he commented that it was intellectually dishonest to say that we are only looking at a budget framework.

Mr. Rappell confirmed his agreement with Mr. Pereira's comments. Mr. Rappell then moved and Ms. Sweeney seconded a motion THAT the motion to approve the financial framework as described in the third report of the Budget Advisory Committee be tabled.

Mr. Shaw noted that this motion was not debatable and called for the vote. The motion was defeated.

Dr. Dunn noted the enormous ramifications of the Budget Advisory Committee's Report and suggested that the academic impact of it was not yet clear. He acknowledged that the financial difficulties were not unique to Dalhousie and that there was no magic solution, but he suggested that those institutions that have been successful in dealing with the problem have done so in an open and co-operative manner. He expressed concern that if the budget framework was approved today that would thwart the possibility of an open, co-operative process. He said that Senate and the Faculties had not been given enough time to consider the Report and he therefore would vote against the motion.

Dr. Hare commented that he thought it would be inappropriate to vote in favour of the motion and urged all Board Members to vote against it.

Dr. Tynes commented that, in her view, discussion was being discouraged and she requested that there be more time given for further consultation to allow an opportunity for alternatives to be presented.


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Mr. Risley observed that the deficit problem had been identified as long ago as November of 1992 and therefore the Board was not being asked to deal with a problem that had just been recognized. He noted that approval of the budget framework would not preclude consultation over the next six months.


Mr. Shaw then called for the vote, and the motion carried.

Mr. Shaw then recommended, and it was agreed, that the two remaining Agenda items, namely the President's Report which had been circulated at the meeting, and the Nominating Committee recommendations be deferred.

The meeting **adjourned** at 5:55 p.m.



Mrs. Ann Petley-Jones
Honorary Secretary



Mr. Allan C. Shaw
Chairperson

Attachment:
Memorial Resolution - Dr. Donald McInnes

DONALD McINNES

(April 4, 1904 - October 8, 1993)

Dalhousie University is saddened by the loss of Donald McInnes, O.C., K. C., L.L.B., LL.D. who died on October 8, 1993.

Born in Halifax, Donald McInnes received his early education here, and attended Ashbury College in Ottawa for two years before returning to begin his long association with Dalhousie. He received his B.A. in 1924 and Bachelor of Laws two years later.

For twenty-two years, from 1958 to 1980, he served with great distinction as Chairman of the Board of Governors of Dalhousie. To honour his role in guiding the University during some of its best but most difficult years, he was awarded the degree of Doctor of Laws, honoris causa, in 1980. He had previously been honoured by doctorates from the University of Manitoba and the University of King's College.

For more than sixty-five years he made his career in law, business and finance, and public service. In 1926 he joined his father's law firm, now known as McInnes Cooper and Robertson, and became leader of the firm in 1946. Named a King's Counsel in 1941, he became a leader of his profession and served as President of the Canadian Bar Association in 1960-1961.

His business career took him inside the boardrooms of some of the region's and the country's major corporations. It included terms as director and vice-president of the Bank of Nova Scotia; president and director of Eastern Trust Company (later Canada Permanent); director of Nova Scotia Savings and Loan Company; Bell Canada; Maritime Life Assurance Company; United Accumulated Fund Limited; Crossley Karastan Carpet Mills Limited; United Elastics Limited and Scott Paper's Nova Scotia subsidiary.

As a community leader, he was a board member and president of the Halifax School for the Blind; a member of the Advisory Council of the Salvation Army; a member of the Canadian Council of Christians and Jews; and a member of the Committee for the Duke of Edinburgh's Award in Canada. He was also chairman of the Royal Commissions established to enquire into the two explosions in 1956 and 1958 in the coal mines at Springhill, Nova Scotia.

Donald McInnes was eulogized at his funeral as an eminently fair man who led by example. He will also be fondly remembered as a man who took time to smell the roses as he enjoyed the company of family and friends, exercised by walking to work and back each day, and puttered in his glorious garden.

Dalhousie is indebted beyond measure to Donald McInnes for his faithful service. He earned the lasting respect of the Board of Governors. Widely regarded for his sound judgement and ability to see right and wrong clearly, he will be missed by all who were associated with him.

UPON MOTION IT WAS RESOLVED that a copy of this memorandum be inscribed on the Minutes of the Board of Governors of this University and that a copy be sent to Dr. McInnes' daughter, Mrs. Ann Rice, and sons, Hector, Stewart and Roderick, with an expression of deepest sympathy.