

## UBC needs to balance its books despite booming times

University faces \$28-million operating budget shortfall in 2007-08

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Vancouver Sun

*Tuesday, January 23, 2007*

Go out to the University of B.C. today and you see a boom town. Construction everywhere. New subdivisions being built. Capital investments just from 2005-06 alone worth more than \$1 billion.

And private donations for endowments have gone through the roof. Whereas the school raised about \$40 million a year in annual endowments five years ago, it now raises about \$110 million a year.

But all is not well at UBC.

At the end of November, in a town hall meeting organized by the UBC Faculty Association, the university's new president, Stephen Toope, told more than 150 faculty members that for the coming fiscal year of 2007-08, UBC was forecasting a shortfall in its operating budget of \$28 million.

If not addressed, he said, that shortfall would reach \$37 million by 2008-09.

Overall, it represented only about five per cent of UBC's total operating budget of \$620 million. But how it would be cleared was still under discussion, Toope told them, with a plan to be unveiled in March.

"It came as quite a shock to the faculty when we learned about these shortfalls," UBC Faculty Association president Brenda Peterson said.

"There's a lot of money around, but it seems to be all in capital projects, because there's a building boom going on out here."

The faculty members raised questions. How could the administration not see this coming? How could the university spend so much money on new buildings when there was a lack of adequate teaching space, especially in the arts and education faculties? And how could so much funding be dedicated to building projects when the university was shaving teaching costs by increasingly using poorly paid sessional lecturers and teaching assistants? What was the university's priority: education, or edifices?

"I can't say I walked out of there with a full understanding of how we arrived at these shortfalls," Peterson said.

Well, for one thing, Toope said in an interview Monday, there had been "a miscalibration in [expected] investment and income" to the university.

I wondered if that was a polite way of saying somebody somewhere screwed up.

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But Toope, who inherited the shortfall when he arrived last year, maintained it was merely a case of the university's rapid growth outstripping its ability to finance that growth. Government monies it was expecting had not materialized. Tuitions had been frozen to the rate of inflation. Meanwhile, in five short years, he said, UBC had experienced a 50-per-cent growth in its operating budget. It had overextended itself.

"We're not in a crisis situation," Toope said. "It's simply a need to balance our books."

It won't be the first time. Last year, UBC mandated across-the-board departmental cuts to cover a smaller shortfall than. More likely this time it will be a hiring freeze. Before Christmas, Peterson said, an e-mail came out of the president's office that the university was operating under a "hiring chill," in which final approval of any new positions will be "carefully considered" by the president's office. It's rumoured this chill will solidify into a freeze, at least for the next fiscal year.

UBC isn't alone in these cost-cutting measures. According to Pat Hibbitts, vice-president of finance and administration at SFU, the university had to budget for a projected shortfall for this coming fiscal year of about two per cent. It was not SFU's first projected shortfall.

And at the University of Northern B.C., the Prince George Citizen reported last week, the school is looking at cutting staff, faculty and courses to deal with a projected \$2-million shortfall for this year, which could grow to over \$6 million in three years. There, costs have risen while enrolment has flattened out. UNBC's total budget is about \$55 million.

Toope believes these budget problems are being felt by universities all across the country. Federal and provincial governments have decreased their funding, while tuition fees have been frozen to the rate of inflation. Schools are depending more and more on private fundraising.

"I believe the whole of Canada is facing a very significant challenge in funding post-secondary education," Toope said. "The balance in the way we fund universities now may not be sustainable."

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Ran with fact box "Tightening The Purse Strings", which has been appended to the end of the story.

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