

MEMORANDUM

To: Jim Kalbfleisch, Vice President, Academic, and Provost

From: Members of the Ancillary Fee Committee:
Robin Banks, Associate Provost, Academic Affairs
Dorothy Battae, Treasurer
Catherine Coleman, President, Federation of Students
Duncan Phillips, President, Graduate Student Association

Robin Banks
Dorothy Battae
Catherine Coleman
Duncan Phillips

Date: March 18, 1994

Subject: Student Services Ancillary Fees

The Problem

The University of Waterloo has suffered significant reductions in the levels of government support in the last few years and indications are that the future may be even worse. In reviewing how to deal with the reductions in revenues, the University has identified several services that are not directly academic. These services are often called Student Services and include social and cultural services such as the campus centre, theatres and art galleries; health services; counselling, both career and personal; athletics, including inter-university, campus recreation and administration; student financial aid and others. Collectively these services are not intended, by government, to be funded by the normal grant and tuition income.

The Objective

You requested that the Ancillary Fee Committee review Student Service costs with the expectation that a Student Service Fee be established as an alternate source of funding. You asked that the committee recommend the areas to be included in such a fee, the setting up of such a fee and the amount of such a fee.

Recommendations

The Provost's Advisory Committee on Ancillary Fees started meeting in the Spring 1993 term. Since then we have had more than twenty meetings, with increased frequency in the Fall and Winter terms. The committee members have been sensitive to the deadlines related to making a proposal for the April 1994 meeting of the Board of Governors and the university budgeting process. However, as well as recognition of the difficulties facing the university, it was essential that the students be fully consulted and involved in developing a response to your request. Besides the committee deliberations summarized here, the student members of the committee organized several open

meetings with students to discuss the proposed Student Services Fee and to seek comment from the students. Members of the university administration attended many of those meetings to provide support and/or information as required. Furthermore, the student members of the committee have designed and distributed a survey to all graduate students and full-time undergraduates seeking more specific comments regarding Student Services at UW. The costs of this survey have been shared equally between the students and UW. We hope to have results available soon.

The Ancillary Fee Committee has reviewed the finances of the units identified in the Student Service Area. The committee began its work by developing a set of principles to guide the calculation of the costs of providing student services. Statements included in these principles are that the student services fees will only cover the costs of providing non academic services to students and that students should have a significant role regarding future service levels and fees. These principles are outlined in Appendix A.

Initially we identified about \$3,936,000 in 1992/93 costs and an expected fee of about \$100 per student, per term. We noted, however, that some units have implemented or are in the process of implementing alternate revenue sources, either by a user-pay system, e.g. the Theatre Centre and Off-Campus Housing, or an all-pay system, such as the Campus Centre and Inter-University Athletics. Some services have been identified as services to be shared between the students and the university, e.g. Personal Counselling. The committee agreed that financial aid administration should continue to be paid for by the university. Some services such as co-operative education and services to persons with disabilities have been set aside because they have existing non-operating revenue sources expected to be 100% recovery of the costs. In total, \$1,308,000 has been removed from consideration in a Student Service Fee.

In the end, \$2,628,000 of costs associated with providing students with services of a non academic nature have been identified for which alternate sources of revenue or cost reductions should be sought. These costs come from part of the Modern Languages Gallery, the Theatre of the Arts, the English Language Proficiency Program, Health Services, Safety, Personal Counselling, Athletics Administration, Campus Recreation, and Career Services. The total future costs that may be identified will be dealt with in a subsequent recommendation. (See recommendation #5.)

We therefore recommend:

(1) that student service fees be established to recover the \$2,628,000 costs identified in Appendix B, phasing the recovery 1/3 in 1994/95, 2/3 in 1995/96, with full recovery in 1996/97.

The actual total to be recovered in 1995/96 and beyond will be discussed further in our recommendations. (See recommendation #5.)

Effects on Students

In recognition of the increased financial burden represented by such fees, the committee has recommended that such a fee be introduced over a three-year period. In the consultations with the students in the open meetings some students objected to an all-pay fee for all services, some felt that some services should have user-pay mechanisms in place, and some students thought that some services might appropriately be funded by an all-pay fee. The Ancillary Fee Committee also concluded that some blend of an availability fee (all-pay) and a usage fee (user-pay) should be introduced. Lacking the time necessary to conduct a comprehensive review of implementation of user-pay fees, the committee has recommended that 20% of the amount to be recovered in 1994/95 should be obtained from user-pay fees. Recommendation #5 will provide a mechanism to deal with the appropriate balance of user-pay and all-pay fees for 1995/96 and beyond.

We recommend:

(2) that for 1994/95, the amount to be recovered from students be reduced by \$175,000 in expectation of the introduction of user-pay fees of a corresponding amount, and that the remainder be determined as an all-pay fee.

Any shortfall from the user-pay expectation will be added to the amount to be recovered in 1995/96 from all-pay fees.

In considering who should be assessed the resulting all-pay fees, the committee concluded that since the all-pay fees are providing availability of service, which all registered students should pay in each term registered. Excluded are students whose only registration in the term is in correspondence courses and graduate students holding off-campus status. Eligible part-time students would be assessed 30% of the appropriate full-time rate.

We therefore recommend:

(3) that part-time students be assessed 30% of the rate determined for full-time students and that the students whose only enrolment in the term is in correspondence or off-campus courses or graduate students holding off-campus status be exempted in that term.

and

(4) that the amount to be collected each year as an all-pay fee be collected based on student-term registrations.

Although the English Language Proficiency Program and Career Services are included in the \$2,628,000 amount, graduate students will receive these services through a user-pay system. All-pay fee levels for graduate students are adjusted accordingly.

The Fee Levels

Although 1995/96 and beyond will be affected by future decisions (See recommendation #5), the following tables provide an estimate of the possible fee levels for the next three years. Based on the expectation of: a three-year phase-in; 20% user-pay fees; a September 1994 start date; current costs; and the numbers of graduate and undergraduate eligible term-registrations per year, the **per-term** costs for each full-time student would be:

| Full-time Students | 1994/95 | Estimated 1995/96 ¹ | Estimated 1996/97 ¹ |
|---------------------------|---------|--------------------------------|--------------------------------|
| Graduate | \$16.20 | \$27.09 | \$40.61 |
| Undergraduate | \$24.31 | \$40.73 | \$61.06 |

| Part-time Students | 1994/95 | Estimated 1995/96 ¹ | Estimated 1996/97 ¹ |
|---------------------------|---------|--------------------------------|--------------------------------|
| Graduate | \$4.86 | \$8.13 | \$12.18 |
| Undergraduate | \$7.29 | \$12.22 | \$18.32 |

Graduate students normally register for three terms per year, undergraduates for two terms per year. The September 1994 start date means that in fiscal year 1994/95, graduates would be assessed the fee only twice.

¹ All-pay fee levels for 1995/96 and beyond will be based on the future costs and the levels of recovery from user-pay fees and any other revenue sources. The fee will be set annually based on expenses reported in the audited financial statements from the most recently completed fiscal year and the agreed upon identification of the portion of those expenses to be included in the Student Services Fee.

Consequently, the **annual** fees payable by full-time graduate and undergraduates would be:

| | 1994/95 | Estimated 1995/96 ¹ | Estimated 1996/97 ¹ |
|---------------|---------|-----------------------------------|-----------------------------------|
| Graduate | \$32.40 | \$81.27 | \$121.83 |
| Undergraduate | \$48.62 | \$81.46 | \$122.12 |

Future Fee and Service Levels

In recognition that students are both the primary clients and the primary funding sources for the identified Student Services, students should be provided with a strong voice in the review of services provided, proposals for changes in those services, the level of fees, and which services should be recovered by user fees. Furthermore, the committee believes that the university should provide students with an accounting of the use of the revenues provided from Student Services Fees.

We recommend:

(5) that a Student Services Advisory Committee (SSAC) be established with responsibilities, philosophies and composition as described in Appendix C.

Students will comprise a majority (six) of the eleven member committee that will bring together students, directors of the services and the supervisors of the directors of the services. To provide for continuity over time, the SSAC will be chaired by the Associate Provost, Academic Affairs. The SSAC is charged with the goal of reaching consensus. Should consensus not be reached, reports of conflicting views, relative degree of support and their rationale will be forwarded to the Ancillary Fee Committee or Provost, as appropriate.

The SSAC has a mandate to review student services, partially or wholly funded from the Student Services Ancillary Fee, and is expected to take a long-term view of the provision of student services.

The SSAC will begin work immediately on the Board of Governors' acceptance of the recommendations for the Student Services Fee. One of their first tasks will be to determine how to deliver the \$175,000 in user-pay fees expected for fiscal 1994/95. It is the expectation of the Ancillary Fee Committee that the SSAC will recommend user-pay fees for future years. The balance between user-pay and all-pay should be adjusted accordingly.

Future tasks for the SSAC include active pursuit of appropriate government ministries to seek funding for services such as personal counselling and community health nurse activities. Alumni

contributions and other sources of revenue should also be considered.

For 1995/96 and beyond, the fee levels are to be set based on the financial requirements for the Student Service Areas. The SSAC will receive the analysis of the year-end expenses, and proposals for changes and advise the Ancillary Fee Committee and/or Provost, as appropriate, on proposed changes to the fees and/or service levels and costs.

Principles Guiding the Calculation of A Fee for Student Services

- a) The fee will recover only costs related to the non-academic aspects of the service provided. If an activity is not required to deliver essential academic service, then the costs of providing that activity normally should be recovered.
- b) The fee will recover costs of services provided to students.
- c) Revenues (including user fees where appropriate) will be allocated against the expenses so that only appropriate net costs are included in this fee calculation.
- d) Based on the above principles, an allocation of each service included in the fee calculation will be identified for use in the annual fee-setting process.
- e) Students will have a significant role in reviewing and advising about services provided and the amount of the Student Services Fee via membership on a Student Services Advisory Committee and the Ancillary Fee Committee.
- f) The fee will be set annually based on expenses reported in the audited financial statements from the most recently completed fiscal year and the agreed upon identification of the portion of those expenses to be included in the Student Services Fee.
- g) The fee will be assessed to all registered students, except those whose only enrolment in the term is in correspondence or off-campus courses or graduate students holding off-campus status.
- h) Part-time students will be assessed 30% of the rate determined for full-time students. [This percentage coincides with the full-time equivalency factor in graduate studies and is somewhat less than the maximum course count for undergraduate part-time designation (2 courses in average of 5 is 40%)].
- i) Proposals for budget changes initiated by the Student Services area will be brought to the Student Services Advisory Committee for review and recommendation to the Ancillary Fee Committee.

Notes:

- 1. The University will strive for continued Provincial grant support for services to persons with disabilities.
- 2. The University will continue to strive for tax deductibility, OSAP eligibility and for recognition by international agencies (which support international students) for such a Student Services Fee.

17-Mar-94

University of Waterloo
Costs of Student Services

Appendix B

| 1992.93 | Notes | Gross Direct Expenses [1] | Indirect (1) [2] | Total [3]=[1]+[2] | Gross Income [4] | Operating Budget Support [5]=[3]-[4] | Estimated % Non-Academic Student Usage [6] | Percent Student Recovery [7] | Student Recovery [8]=[5]x[6]x[7] |
|---|---|------------------------------|---------------------|----------------------|---------------------|---|---|---------------------------------|-------------------------------------|
| A Social and Cultural Services | | | | | | | | | |
| 1 | Gallery | \$48,800 | \$2,487 | \$51,287 | \$0 | \$51,287 | 20 | 100 | \$10,257 |
| 2 | Theatre of the Arts | 48,800 | 52,748 | 101,548 | 14,500 | 87,048 | 6 | 100 | 5,223 |
| | Subtotal | 97,600 | 55,235 | 152,835 | 14,500 | 138,335 | | | 15,480 |
| B Special Needs Services | | | | | | | | | |
| 1 | English Language Proficiency Program | 173,000 | 22,130 | 195,130 | 0 | 195,130 | 90 | 100 | 175,617 |
| | Subtotal | 173,000 | 22,130 | 195,130 | 0 | 195,130 | | | 175,617 |
| C Health and Safety | | | | | | | | | |
| 1 | Health Services | 726,652 | 87,046 | 813,698 | 307,000 | 506,698 | 63 | 100 | 319,219 |
| 2 | Safety (2) | 321,050 | 24,308 | 345,358 | 0 | 345,358 | 4 | 50 | 6,907 |
| 3 | Walk Safe (2) | 78,900 | 1,877 | 80,777 | 0 | 80,777 | 100 | 50 | 40,389 |
| 4 | Ombudsperson (3) | 4,000 | 0 | 4,000 | 0 | 4,000 | 100 | 0 | 0 |
| | Subtotal | 1,130,602 | 113,231 | 1,243,833 | 307,000 | 936,833 | | | 366,515 |
| D Athletics | | | | | | | | | |
| 1 | Athletic Administration | 531,203 | 32,489 | 563,692 | 25,440 | 538,252 | 92 | 100 | 495,192 |
| 2 | Campus Recreation | 573,000 | 491,550 | 1,064,550 | 300,155 | 764,395 | 100 | 100 | 764,395 |
| | Subtotal | 1,104,203 | 524,039 | 1,628,242 | 325,595 | 1,302,647 | | | 1,259,587 |
| E Counselling | | | | | | | | | |
| 1 | Career Services | 445,634 | 31,295 | 476,929 | 21,607 | 455,322 | 100 | 100 | 455,322 |
| 2 | Personal Counselling | 686,390 | 69,704 | 756,094 | 0 | 756,094 | 94 | 50 | 355,364 |
| | Subtotal | 1,132,024 | 100,999 | 1,233,023 | 21,607 | 1,211,416 | | | 810,686 |
| F Student Financial Aid Administration | | | | | | | | | |
| Student Awards (Registrar and University Graduate Office) | | | | | | | | | |
| 1 | Need-Based Student Aid Administration * OSAP and Bursaries | 192,397 | 15,621 | 208,018 | 0 | 208,018 | 100 | 0 | 0 |
| 2 | Merit-Based Student Aid Administration * Scholarships | 185,129 | 8,165 | 193,294 | 0 | 193,294 | 100 | 0 | 0 |
| | Subtotal | 377,526 | 23,786 | 401,312 | 0 | 401,312 | | | 0 |
| Total | | \$4,014,955 | \$839,419 | \$4,854,374 | \$668,702 | \$4,185,672 | | | \$2,627,885 |
| Full Cost Recovery Programs | | | | | | | | | |
| 1 | Campus Centre (4) | 308,145 | 164,475 | 472,620 | 126,207 | 346,413 | 100 | 0 | 0 |
| 2 | Co-operative Education (5) | 4,618,678 | 514,974 | 5,133,652 | 4,590,307 | 543,345 | 100 | 0 | 0 |
| 3 | Inter-University Athletics (6) | 1,172,549 | 185,840 | 1,358,389 | 1,189,000 | 169,389 | 100 | 0 | 0 |
| 4 | Off-Campus Housing (7) | 52,000 | 8,940 | 60,940 | 0 | 60,940 | 100 | 0 | 0 |
| 5 | Services to Persons with Disabilities (8) | 355,600 | 26,591 | 382,191 | 334,000 | 48,191 | 100 | 0 | 0 |
| 6 | Theatre Centre | 435,162 | 173,876 | 609,038 | 144,441 | 464,597 | 20 | 0 | 0 |
| | Subtotal | 6,942,134 | 1,074,696 | 8,016,830 | 6,383,955 | 1,632,875 | | | |

Notes:

- Administrative overhead is calculated at a flat rate of 2% of expenditures. Supervision costs are allocated to the units managed. Building occupancy costs have been calculated based on the gross space assigned. Capital costs (eg amortization of building expenses) have been excluded.
- Although not included in this study, the university provides the Library Patrol at approximately \$15,000 and the students provide the Safety Van at approximately \$40,000.
- This is the University's contribution to the Ombudsperson Office.
- Campus Centre costs are not currently recovered, but will be recovered under the new Student Centre Project.
- Co-op Placement Services are supported through the Co-op Fee. The fee is set to recover costs associated with the placement process, as defined by MET. Administrative Overhead Costs are calculated based on Co-operative Education's usage and not 2% of expenditures.
- Inter-University Athletics is a cost-recovery ancillary. Unrecovered space costs have been reported.
- Off-Campus Housing costs are not currently recovered, but would be recovered through user fees.
- Income is the Access Grant for Disabled Students from MET.

Source:

1992/93 expenditures based on the audited Financial Statement.
* 1991/92 expenditures

STUDENT SERVICES ADVISORY COMMITTEE

1. RESPONSIBILITY

To review Student Services supported in whole or in part by ancillary fees.

To advise the Provost

- on proposals for increases, decreases or redistribution of services and funds in connection with Student Services supported in whole or in part by ancillary fees.
- on the adequacy of these Student Services provided to UW students

To advise the Ancillary Fee Committee

- on the amount of the Student Services Ancillary Fee
- on establishment or change in user fees charged for Student Services

2. PHILOSOPHY

The SSAC will be sensitive to the fact that the student is both primary client and funding source for Student Services. The SSAC will be particularly sensitive to the balance between the desirability of a service and its financial cost to the student. More specifically, in discharging its responsibilities the SSAC will

- ensure wide dissemination of information about Student Services, proposed changes in fees, and the allocation of the revenues.
- consult widely with the student body (e.g through vehicles such as student forums, general meetings and student surveys), encouraging open discussion and debate and soliciting input about existing and proposed Student Services and fees.
- encourage open discussion and debate about Student Services and proposed fee changes.
- acknowledge and consider unsolicited input about Student Services and proposed fee changes.
- make regular reports of committee activities available to students (e.g. committee minutes) and provide a formal report on activities at least once a year.

In its operation the goal of the SSAC will be to achieve consensus, recognizing that it is through cooperation and consensus that SSAC advice will have its greatest effect. Should consensus not be reached reports of conflicting views, relative degree of support and their rationale, will be forwarded to the Ancillary Fee Committee or the Provost, as appropriate, in place of a single recommendation from SSAC.

3. COMPOSITION

SSAC will consist of six students and five university officers. The four members of the Ancillary Fee Committee will be included in this membership. The Director of Operations Analysis will serve as a resource person to the Committee.

Membership will consist of

- the President of the Federation of Students*
- the President of the Graduate Student Association*
- three undergraduate students appointed by the President of the Federation of Students
- one graduate student appointed by the President of the Graduate Student Association
- the University Treasurer*, Associate Provost (Academic Affairs)*, Associate Provost (Student Affairs) and the University Secretary
- A Director of a Student Service department (not under review that year) appointed for a one-year term

Resource person: Director of Operations Analysis

The committee will be chaired by the Associate Provost (Academic Affairs).

4. REVIEW OF THE COMMITTEE

The composition and operating principles of the committee may be reviewed after one full year of committee operation. Recommendations for change will be made to the Provost.

* Member of Ancillary Fee Committee

Note re Committee Composition

If the Committee were composed in 1993/94 it would consist of the following 11 people:

Catherine Coleman (President of the Federation of Students)*
Duncan Phillips (President of the Graduate Student Association)*
Dorothy Battae (University Treasurer)*
Robin Banks (Associate Provost, Academic Affairs)* Chair
Peter Hopkins (Associate Provost for Student Affairs)
Lois Claxton (University Secretary)
A Director of a Student Service Department (e.g. Counselling)
Four additional student appointees

Resource Person: Bob Truman (Director of Operations Analysis)

March 8, 1994