

MEMO

To: Board of Governors, University of New Brunswick

From: Julian Renaud, Board Member

Date: May 16, 2016

Fellow Board members:

Tomorrow, we decide on matters of great importance for the future of UNB. For this reason, I am compelled to express my concerns about some of the resource allocations that we will be asked to approve.

The Local Campus Committee recently released its excellent and long-awaited Academic Planning Report, which makes a number of promising recommendations about how to allocate resources to increase enrolment and improve our academy. Unfortunately, it has become clear in our budgetary discussions at Board, and in today's meeting of Senate, that there will not be sufficient funds in the foreseeable future to invest in the Report's proposals unless we change our spending priorities.

Our proposed budget allocates \$4.0 million to the *Why UNB?* marketing campaign. This expenditure was only justifiable, in this time of austerity, when we thought that our return on investment would be a dramatic and sustained increase in undergraduate student enrolment that would ultimately cause the program to more than pay for itself through increased tuition revenues.¹ Recent revelations make it clear that this will not happen, and for this reason, I cannot, in good conscience, vote in favour of the proposed budget unless significant funding is re-allocated to more pressing investments.

The *Why UNB?* campaign will not deliver the enrolment results intended

When the *Why UNB?* campaign was formulated, the enrolment results of Dalhousie University were used as an example of what UNB can accomplish with a sustained and expensive marketing campaign. For the reasons outlined below, the results realized by Dalhousie suggest that we should be taking a very different direction than we are currently taking with the *Why UNB?* campaign if we wish to similarly increase our enrolment.

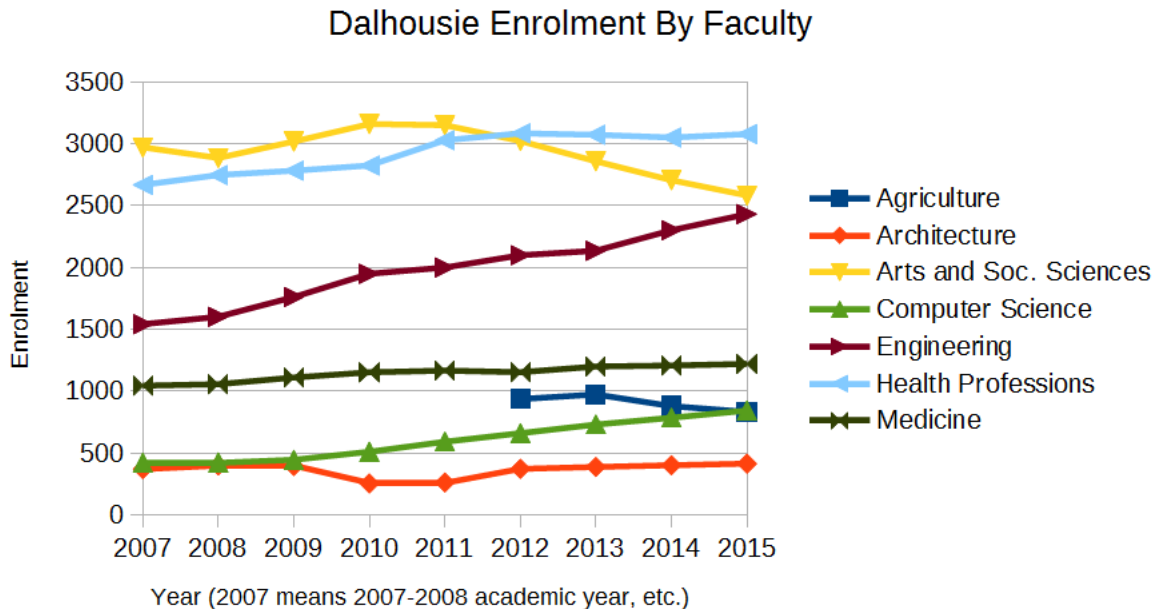
At the May 2 meeting of the Joint Board/Senate Committee that was established to review the *Why UNB?* campaign, a fellow governor noted that Dalhousie's enrolment numbers jumped sharply several years ago largely because Dalhousie subsumed the students at the Nova Scotia Agricultural College into their overall enrolment numbers. Later that day, at the meeting of the Advancement Committee, I expressed concern about this revelation, given that the President and Mr. Skillen had suggested both to the Board and to the Senate that Dalhousie's marketing campaign had led to its increased enrolment, and that UNB could therefore realize similar gains through marketing. Mr. Skillen then remonstrated that the governor in question was wrong, and that Dalhousie did not, in fact, include the Faculty of Agriculture in its enrolment numbers.

Publicly available enrolment numbers show that the governor was, in fact, correct; Dalhousie began to include the Faculty of Agriculture in its enrolment numbers as of the 2012/2013 academic year.² If we compare Dalhousie's 2007/2008 and 2015/2016 academic years – as Mr. Skillen did in his October 19, 2015 presentation to Senate about the *Why UNB?* campaign – this accounts for 24% of the increase that Dalhousie has seen in its enrolment numbers. Right off the bat, we can see that 24% of the enrolment increase that was purportedly a result of marketing was clearly the result of something entirely different. The sources of the other 76% of the enrolment increases are even more concerning.

1 See Item 11.4.2 of the May 26, 2015 meeting of the Board, entitled “Financing UNB Marketing and Communications Plan”.

2 See note 2 from [Dalhousie's 2012/2013 Enrolment Statistics](#): “As of the 2012/2013 Academic Year, Faculty of Agriculture enrolment accounts for an increase of 857 in the overall Dalhousie enrolment total.”

Between the 2007/2008 and 2015/2016 academic years, Dalhousie's Faculty of Computer Science fully doubled in size. Engineering increased by 58%. Health professions – which includes nursing and kinesiology, among other disciplines – increased by 15%. Medicine and Architecture – two faculties that we do not have – increased by 17% and 12% respectively. Arts and social sciences, which was once Dalhousie's largest faculty, shrank by 13%. The following graph illustrates these changes:



Other Canadian universities, including our own, have experienced similar enrolment trends.³ This is because, for a plethora of reasons, there is much more demand in the market for degree programs such as computer science and engineering than for arts and the humanities. This is a problem for the *Why UNB?* campaign because, as Mr. Skillen has said on a number of occasions, the campaign's strategy is to target advertising so as to increase enrolment in “recruiting faculties” (faculties that have room for more students). These “recruiting faculties” have room because they are in low demand. Our faculties that are in high demand – such as computer science, engineering, nursing, and kinesiology – are already full, and we were able to fill them before the *Why UNB?* campaign even existed. Dalhousie University, amongst others, invested a great deal of money into such faculties to increase their capacity, and consequently increased their enrolment. It is obvious that UNB cannot grow in the manner that Dalhousie and others have without significant investment to increase the capacity of our in-demand faculties.

Let's consider the faculties that do have room for more students. The most important of these for enrolment purposes is the Arts faculty, since it is our largest and can accommodate a significant increase in enrolment. It is thus a primary goal of the *Why UNB?* campaign to target its marketing so as to increase enrolment in Arts. Dalhousie, however, was unable to even retain the number of students that it already had in its Arts faculty, much less increase them, despite the fact that it had a sustained marketing campaign that cost an average of \$2,471,667 per year for the last six years. And yet, we are expected to believe that our own marketing campaign will lead to a significant increase in Arts faculty enrolment, despite the fact that market forces are strongly stacked against this scenario.

The fact that the *Why UNB?* campaign cannot beat the market on this front is borne out by our application

³ See, for example, McMaster University's enrolment numbers, available at http://www.mcmaster.ca/avpira/statistics/headcount_undergrad1014.html.

numbers. Applications for the Faculty of Arts are lower this year than they were last year. To put it another way, a marketing campaign that has thus far cost \$6.8 million has attempted to increase applications for the Faculty of Arts, but the number of such applications have instead gone *down*. This result was eminently predictable.

I have now spent more hours of my life poring over enrolment statistics for post-secondary institutions than I care to remember. I have included a spreadsheet that I prepared summarizing the relevant Dalhousie statistics with this memo. Overall, I have learned the following:

1. The nature and extent of university enrolment is determined primarily by *market forces*, not by *marketing campaigns*.
2. As a result, even with expensive and sustained marketing campaigns, enrolment in faculties in declining demand, such as Arts, cannot be maintained at present levels – much less significantly increased – in the current market. Trying to increase enrolment in such faculties at this time is tantamount to fighting the market, which is not a winnable battle.
3. Demand for degrees such as Engineering, Computer Science, Kinesiology, and Nursing is strong regardless of the activities of marketing departments.
4. Investment to increase student capacity in faculties that are in demand will lead to increased enrolment.

In summary, the strategies used by Dalhousie University to increase enrolment do not in any way support the argument that the *Why UNB?* campaign will work. In fact, they demonstrate quite vividly why the *Why UNB?* campaign *will not* work for the purposes of significantly increasing our undergraduate enrolment. Fortunately, Dalhousie's experience also shows us what we *can* do to effectively increase enrolment – which involves investment pursuant to the recommendations of our own Academic Planning Report.

Proposed Solution: Adopt the Recommendations of our Academic Planning Report

1. Increase Capacity for Faculties that are in Demand

The Academic Planning Report, which we will consider at our May 17 meeting, recommends that we invest in a number of faculties – including computer science and engineering – in order to increase enrolment. In fact, the Report notes that enrolment will need to be *reduced* in over-capacity degree programs such as Mechanical Engineering if we *do not* make such investments.⁴ By how much could we increase capacity in our in-demand faculties with the \$4 million that management wants us to allocate to the *Why UNB?* marketing campaign?

2. Create More Targeted Scholarships

The Local Campus Committee noted that “targeted scholarships at the undergraduate and graduate levels are a cost-effective way to encourage top applicants to choose UNB over other institutions.”⁵ I should add that renewable scholarships can also aid in retention, as they can provide a compelling financial incentive for our top students to stay at UNB rather than transfer elsewhere. Again, the question becomes: How many scholarships could we fund for the investment that management is asking us to put into *Why UNB?*

3. Fund Faculty-led Outreach Initiatives

A number of our Senators noted at the October 19, 2015 Senate meeting that some faculties have had great success with relatively inexpensive faculty outreach initiatives, which have been shown to significantly improve conversion rates and, consequently, enrolment. The Local Campus Committee also noted the effectiveness of such initiatives in its report.

⁴ UNB Academic Planning Report (Item 6.3 of the May 17, 2016 meeting of the Board of Governors), p. 54.

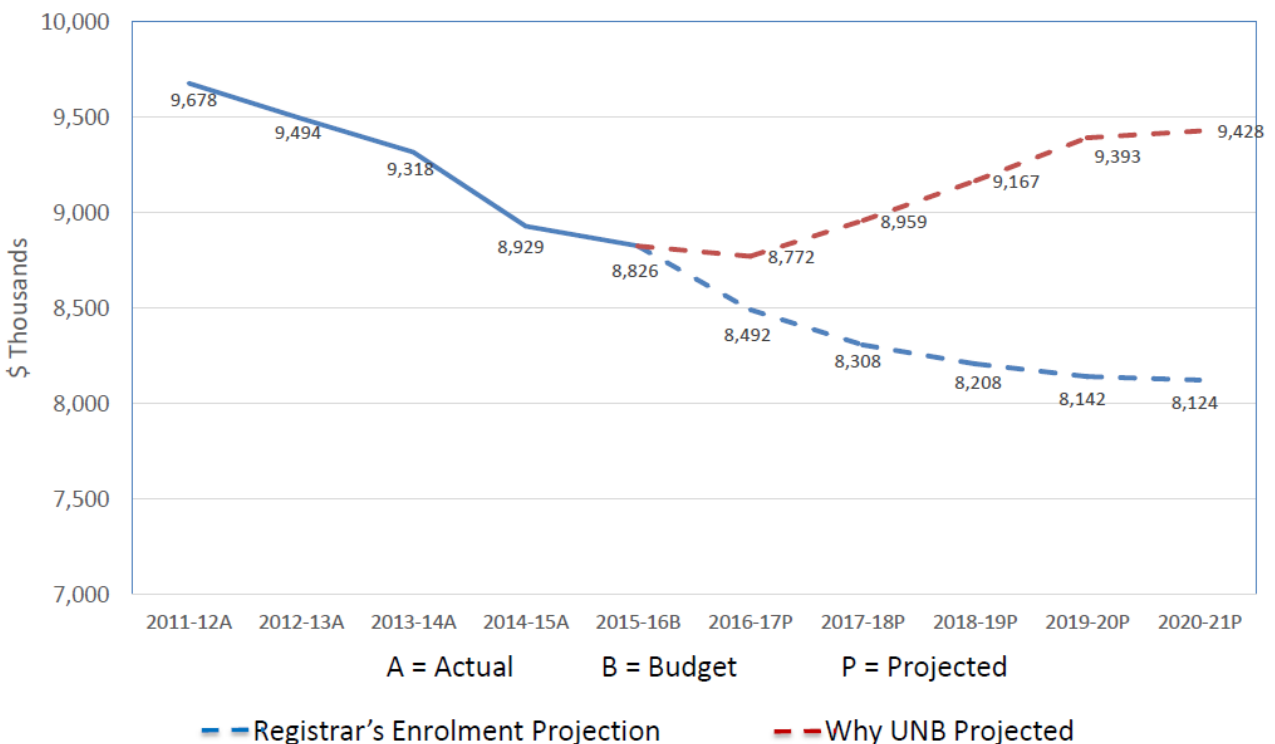
⁵ *Ibid.*, p. 6.

I should stress at this juncture that I am not only concerned that the significant cost of the *Why UNB?* campaign depletes our limited funds and necessarily shifts spending priorities away from better investments in the present budget. It appears that, without corrective action on our part, it will continue to do so long into the future.

***Why UNB?* Appears Designed to be Continued in Perpetuity, Regardless of its Performance**

At the outset of the *Why UNB?* campaign, the Vice-President (Advancement) spoke at length about his projection that funding the campaign would dramatically increase undergraduate enrolment. We were told that the campaign would lead to new enrolment of 286 for the 2016-2017 academic year, 356 for 2017-2018, and 408 for every year thereafter until the 2022-2023 academic year.⁶ We were presented with a Financial Overview which linked investment in the marketing campaign to increased enrolment, a bar graph showing when the campaign would pay for itself, and perhaps most famously, a decidedly optimistic chart⁷ contrasting the Registrar's enrolment projections with those used to justify the *Why UNB?* campaign, reproduced here:

Enrolment - Trends since 2011 (actual) and Projections to 2020



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⁶ See Item 7.1 of the Oct. 19, 2015 meeting of Senate, p. 9. An abbreviated version of these numbers also appear in Item 2.3 of the May 2, 2015 meeting of the Board Advancement Committee, and on p. 169 of our May 17, 2016 Board Agenda. The projected enrolment numbers originally presented to the Board on May 26, 2015, differ somewhat, but management has told us that these newer numbers are more authoritative.

⁷ See "2016-2017 Financial Outlook", presented to Senate on January 26, 2016.

Given this previously strong and consistent emphasis on the importance of the *Why UNB?* campaign for increasing enrolment, I was surprised to hear at the May 2 meeting of the Advancement Committee that those advocating for the campaign stressed that “marketing cannot itself lead to increased enrolment.” Mr. Skillen went on to say that investment in the *Why UNB?* campaign should be “decoupled” from enrolment results – in other words, that our investment should be decoupled from what we were told would be our return on investment.

Our expected return on investment in the form of new enrolments was the basis for the performance metrics with which we were to assess the campaign. If we do not consider enrolments as relevant in our inquiry of whether the *Why UNB?* campaign is successful, then we are left without any meaningful performance metrics and, as a result, no way to conclude that it should be de-funded for not meeting expectations.

Now, management talks about *Why UNB?* results in nebulous terms like “awareness” and “application-driving behaviour.” Such terms are red herrings. The *Why UNB?* campaign was approved on the understanding that it would lead to increased *enrolment*, and there is a very long paper trail to prove it.⁸ We did not agree to allocate an additional \$5 million to the campaign in May 2015 merely to increase “application-driving behaviour”, which, as was noted at the most recent meeting of the Advancement Committee, encompasses a wide variety of online behaviours that are far removed from actual enrolment as a student at UNB. “Application-driving behaviour” is relevant *only insofar as it leads to enrolment*. It is not enough, in itself, to justify the tremendous marketing expenditures requested by management.

Some members of the Board have referred to the substitution of the original enrolment targets with the nebulous terms described above, all of which lack any clear connection to performance metrics, as a “bait and switch.” I am inclined to agree. This is particularly concerning in light of comments by our VP Finance at the May 2 meeting of the Advancement Committee, who said that the marketing campaign, if successful, should be built into the operating budget on an ongoing basis as part of the “cost of doing business.”⁹ Without reference to enrolment numbers as originally planned, we no longer have a clear way of determining whether the *Why UNB?* campaign is “successful” or not; further, if it is built into the operating budget on an ongoing basis as described, then it will not be reassessed on a regular schedule to ensure that its significant cost is justifiable in light of our other obligations.

The *Why UNB?* campaign has the potential to become more than just the fabled white elephant whose upkeep financially ruins its master. If we are not careful, it could become a clever white elephant who rolls its upkeep into its master's regular household expenses such that the master does not realize why he is going broke. It is incumbent on us to point out the elephant in the room.

Conclusion

The *Why UNB?* campaign will not meet the performance metrics that were used to justify its creation. Management, perhaps realizing this, has recently shifted the goalposts and claimed that the campaign does not, in itself, lead to enrolment, despite repeated assurances in previous months that investment in the campaign would, directly or indirectly, lead to a significant enrolment increase. The “decoupling” of investment in the *Why UNB?* campaign from enrolment results would create a perpetual white elephant of a marketing program that significantly depletes our limited funds and limits our ability to make needed investments in the academy

8 See, for instance, the minutes of the May 26, 2015 meeting of the Board, the content of the President's “State of the University” address on September 14, 2015, the *Why UNB?* material presented to Senate on October 19, 2015, and the Financial Outlook material presented to Senate on January 26, 2016.

9 See the minutes of the May 2, 2016 meeting of the Advancement Committee, reproduced on p. 122 of the May 17, 2016 meeting of the Board of Governors.

without any meaningful metrics to assess whether the program's cost is justified.

Despite these shortcomings, I am not opposed to funding the *Why UNB?* campaign at any level. Perhaps there are some aspects of the campaign that should be continued, which could lead us to funding the campaign at a lower level than management's current proposal. However, the current proposal for a \$4 million expenditure, followed by a \$3.5 million ongoing cost to the operating account to be continued in perpetuity, was only justifiable when it was thought that we would receive a dramatic increase in enrolment in return. It is now clear that that is not the case, and that there are other ways to allocate these funds that will increase enrolment and improve both our financial and academic positions. For the betterment of UNB, we should re-allocate a significant portion of the funding currently budgeted for the *Why UNB?* campaign to the investments required to adopt the recommendations of our Academic Planning Report.

- Julian Renaud