



June 25, 2020

Dr. Richard Karsten  
President  
Acadia University Faculty Association

Dear Richard,

Thank you for your letter of June 11, 2020, and for your willingness to meet to discuss the serious issues facing the University. I also want to express my appreciation for your willingness to take the proposal to the AUFA membership to forego the cost of living adjustment for the 2020-21 academic year. These are difficult times that the University is facing, and I do not take this request lightly. It is a serious matter to ask a union to open a collective agreement partway through the agreement, and not one I would normally take. However, I think it is also important that we all contribute to the solution.

I have copied your questions below (indicated by italic font) and provided my responses.

- a) *Is the budget deficit estimate being presented to the Board at \$6.76M? (If not, what is the new budget deficit target and what are the assumptions behind the new target?)*

The estimated budget deficit presented to the Board is \$6.8M prior to mitigation. The key assumptions are

- Revenue:
  - Undergrad enrolment – 3,097 average of two terms (2,729 average domestic, 368 average international)
  - 3% tuition fees and residence room rates increase
  - Residence occupancy – 1,100 beds
  - Reduction in meal plan commission rate and volume – based on residence occupancy
  - Elimination of Destination Acadia and Athletics revenue
  - Elimination of intersession revenue within Open Acadia
  - Increase in interest revenue
  - Decrease in payout that supports endowed scholarships

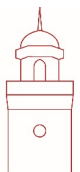
- Expenses:
  - Salary and benefits:
    - Known contractual increases reflected (SEIU and AUFA)
    - Estimated increase for all other employees based on 1.5%
    - Estimated promotions – faculty and AUPAT
    - Estimated benefits by department
    - Known pension payments and estimated pension purchases
    - Additional position increase in tenure faculty +2
    - Additional position in Student Services for Coordinator, Sexualized Violence Response and Education
    - Additional position in Athletics for a Recreation and Fitness coordinator – funded from reduction in part-time and external funding from Town
    - Conversion of Equity position from contract to full-time employee
  - Non-salary
    - Deferred maintenance increase of \$100K for residence and dining hall (supported by one-time revenue item)
    - Increases in Technology costs of \$47K pre-COVID-19
    - Increases in marketing and recruitment costs of \$55K
    - Reduction in direct costs related to revenue in Destination Acadia and Open Acadia
    - Additional COVID-19 costs – Technology and support \$1.75M; \$124K in PPE

Potential budget reductions and mitigation options were presented to the Board that may be able to reduce the estimated budget deficit of \$6.8M to \$1.9M. It should be noted that these reductions are not guaranteed and include the concession of COLA by the unions.

*b) What is the basis for the projected enrollment estimates? What are the assumptions behind the most likely scenario? Is there any expectation that the large number of outstanding offers will have a late impact on enrolment? What is administration doing to mitigate the potential enrolment decrease?*

There are several factors that have been accounted for in enrolment projections:

- 1) Enrolment services have received a higher than normal number of requests to delay admission offers
- 2) A survey of new and returning students
- 3) National survey of students' intentions
- 4) International travel restrictions prohibiting new out-of-country students from coming to Acadia
- 5) Monitoring of admissions and registrations
- 6) Physical distancing will require single-occupancy rooms only in residence



The most likely scenario assumes that we have a mix of on-campus, blended and remote offerings, that approximately 1,100 students will stay in residence, approximately 1,700 will stay off-campus (approximately 2,800 in person), there will be 100 new international students studying remotely, and 250 returning international students (mostly in person). The assumption is that there will be 3,150 students in the fall and 3,050 in the winter (approximately 3,100 average for the two terms).

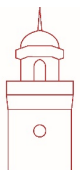
There are a larger number of outstanding offers this year because we have not removed students who have not accepted their offer. A higher percentage of students are hesitating to commit to university this year (consistent with survey information). Normally, when an offer to a student expires, they are removed from the application process and the assumption is that they will not attend Acadia. However, this year given the uncertainty, we have kept the applications active and are working to connect with the students to ensure as many accept their offers as possible. It is impossible to determine if or when students will accept these offers, but the enrolment services staff are working hard to keep these prospective students informed and to move as many as possible from offer to acceptance.

We are doing several things to help mitigate potential enrolment declines, such as communication with students to inform them of our plans, working with departments to find the right balance of course offerings, and reducing expenditures.

- c) *The link between projected declines in enrollment and the drop in revenue needs to be more clearly defined: What is the revenue derived from domestic student tuition, international student tuition, residences and other student fees? And, how much is each revenue expected to decline?*

The table below is the comparison of the revenue components between the original balanced budget for 2020-21 and the final revised budget.

	Original Budget 20/21	Final Revised Budget 20/21
Domestic enrolment	2,855	2,729
International enrolment	450	368
Domestic tuition revenue and fees	29,727	28,470
International tuition revenue and fees	8,818	7,460
<b>Total tuition revenue and fees</b>	<b>38,545</b>	<b>35,931</b>
Residence occupancy	1,320	1,100
Residence revenue (including meal plan commission)	11,319	8,798



- d) *On what assumptions are the enrolment projections based? On what dates will the enrolment projections be reviewed and updated (i.e. when are deposits due?). Do you expect a certain percentage of students to pay deposits but not show up? What are assumptions used in forming these expectations? Will the budget be reviewed after this new information is uncovered?*

The enrolment assumptions are discussed above. Registrations and admissions are monitored on a weekly basis. It is hard to make predictions about student behaviour this fall based on past experiences, as there are many more variables this year. However, it is still the best information that we have. Based on current enrolment trends, and the fact that it is highly probable that new international students will not be able to attend Acadia this fall, we are projecting a 10% decline in enrolment. If this information changes, then we will update the enrolment figures. The Board has asked that the budget be reviewed every 90 days, and the enrolment and revenue and expenditure projections will be updated at that time. Residence occupancy is based on the fact that all rooms will be single. This will have a significant impact even if the enrolment does not decline as expected.

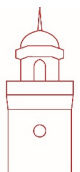
*As well, AUFA needs to better understand the overall financial picture. Most universities are expecting revenues to drop, and yet are looking at ways to absorb this blow. For example, deferring other expenditures, dipping into reserves, planning or running accumulated deficits, etc.*

- e) *Is there any credit or revenue source that could be accessed? In particular, is there any update on additional funding from the provincial or federal governments?*

Acadia does not have large reserves or other potential revenue sources to draw upon. Discussions with the Province are ongoing, but at this time the provincial government has not committed to any relief to the university sector.

- f) *What other measures have been taken to achieve savings, and how much has been saved by these? Have alternative ways of achieving savings been considered?*

We have looked at every expenditure for potential savings. Travel has been significantly reduced and the deferred maintenance budget that was proposed in the original budget has been eliminated. This is approximately a \$2M expenditure reduction, bringing the projected deficit to \$4.8M.



- g) *Are there large expenditures that are still being considered? What are these expenditures associated with?*

No large expenditures are being considered at this time. The largest portion of the operating budget is salary.

- h) *Have alternate revenue sources (like housing farm workers, summer day camps) been considered?*

Yes. Earlier this spring, we were working to house temporary foreign workers in our residence system for their quarantine period. Unfortunately, this did not work out. With the campus closed to the general public, it is not possible to offer additional on-campus activities to generate revenue. In fact, we have experienced significant losses in anticipated revenue from Destination Acadia because we had to cancel events.

- i) *Given that the sports season has been canceled by AUS, will there be additional savings in the athletics budget?*

This recent ASU decision has been taken into account and the athletics budget has been reduced by approximately \$1.1M. This has been incorporated into the revised budget that was presented to the Board.

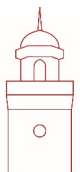
*Finally, regarding the financial proposals presented by the employer, i.e.,*

- I. *Reducing non-permanent CLT and per course replacement hires for the 2020-21 academic year,*  
j) *What are the assumptions and the most recent projected savings associated with each proposal?*

The CLT and per course hires are based on having adequate resources to deliver the necessary courses while having an appropriate student to faculty ratio. If enrolment decreases by 10%, then to maintain the same student to faculty ratio, the number of sections required to maintain the same student to faculty ratio will also decrease. If enrolment decreases by 10%, then there will be a significant reduction in the need for CLT and per course. This could be as much as \$1.3M, depending on enrolment and unit needs.

- k) *What would the university do if the actual enrolment doesn't drop as anticipated? (i.e. how would Acadia hire faculty to meet the needs of the students?)*

If enrolment does not drop, then there will be a need for an increased number of offerings. Working with schools and departments, the deans have assessed what is needed under reduced enrolment scenarios while still maintaining sufficient offerings. A number of CLT



positions have been offered as 5-month contracts initially so that departments can plan while maintaining the flexibility for the winter term to assess need based on enrolment.

- l) *What are the anticipated long-term impacts of the proposals on enrolment, hiring, operations, and finances?*

The cost reduction initiatives are aimed at ensuring the long-term impacts are positive and not negative. There may be short-term pain, but the objective is to ensure that the current challenges do not hamper Acadia's ability to thrive in the future.

- II. *Forgoing the cost of living adjustments for the 2020-21 academic year by continuing to use the 2019-20 salary grids*

- m) *What are the assumptions and the most recent projected savings associated with each proposal?*

The cost of living adjustments for faculty have an impact of approximately \$550,000.

- n) *What would the university do if the actual enrolment doesn't drop as anticipated? (i.e. how would Acadia hire faculty to meet the needs of the students?)*

If actual enrolment does not drop, the University has committed to reconsider COLA for non-unionized employees in the fall. The same would be offered to AUFA, if AUFA membership support a deferral of the COLA.

- o) *What are the anticipated long-term impacts of the proposals on enrolment, hiring, operations, and finances?*

Savings from suspending COLA will mean that cuts or reductions in other areas will not be as significant. The cost reduction initiatives are aimed at ensuring the long-term impacts are positive and not negative. There may be short-term pain, but the objective is to ensure that the current challenges do not hamper Acadia's ability to thrive in the future.

I trust that the above answers your questions and provides the necessary information that your membership needs to consider the request to suspend COLA for the 2020-21 academic year.

Regards,



C. Dale Keefe, PhD

Provost and Vice-President Academic

