



THE BEACON

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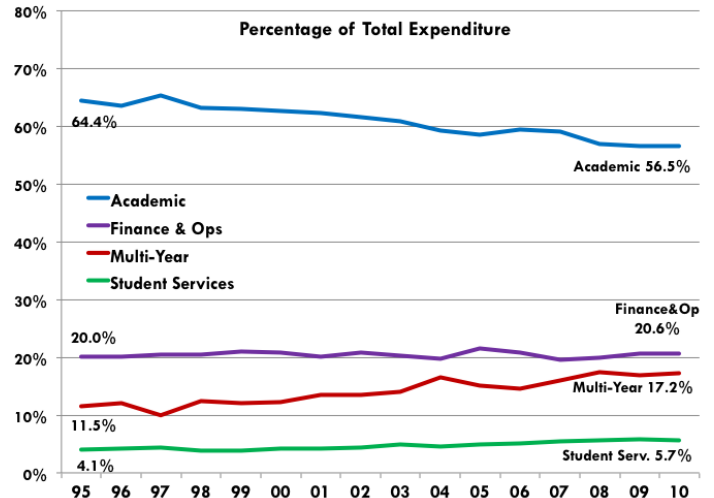
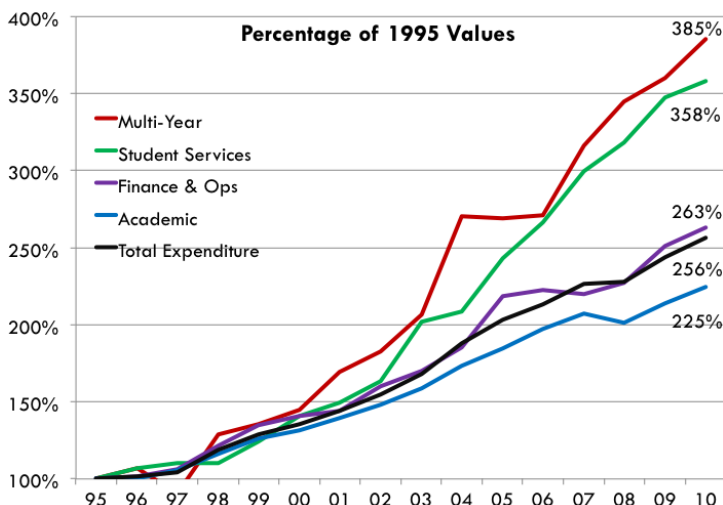
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The Beacon is an information bulletin for StFXAUT members.

Current economic conditions are calling for universities to exercise fiscal restraint. The newly appointed AUT Finance Committee is examining the university's financials, with the goals of identifying trends, ensuring sustainable fiscal management, and improving transparency and engaging administration to enhance dialog with university teachers over challenging financial decisions.

Identifying Trends: StFX Academic Spending Does Not Increase Proportionately

According to the annual budget documents distributed to faculty, the only category to fall below the average percentage increase of total expenditures over the last fifteen years is the Academic Envelope. This disproportionate increase has filtered 5.7 million dollars annually out of the Academic Envelope. Administration is proposing all funding cuts will be proportionate to envelope size. Is it equitable to cut proportionally when funding increases have been disproportionate?



Upon further examination the disproportionate academic funding is greater than reported.

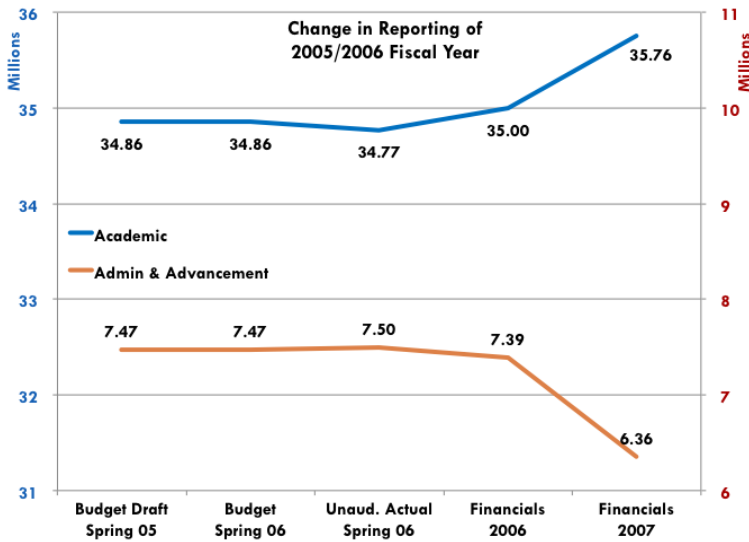
Inflation of the Academic Envelope

As an example, the committee identified one line item, employee future benefits. This item is described as pension liabilities in one budget draft and as early retirements in another. In the 2005/2006 budget, this item is grouped together with multi-year commitments, however, it was placed in the Academic Envelope in the 2006/2007 budget. The choice of placement of items in envelopes artificially changes the reported spending.

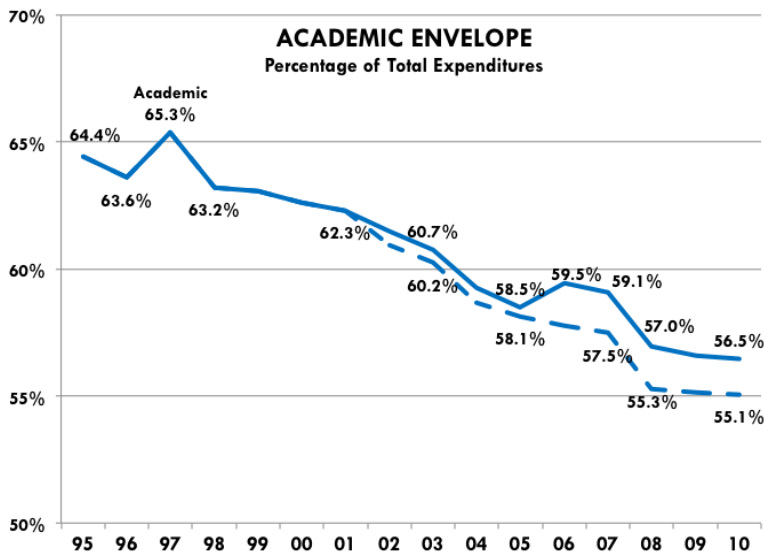
The audited fiscal year University Financial Reports highlights other changes in the envelopes. The figures for 2005-2006 were reported differently in 2007, where they were reclassified for comparative purposes, than they were in the 2006 University Financial Report. This indicates there was a change in how certain spending was allocated to envelopes in the 2007 reporting.

In the 2006 financial statements, this amounted to a \$1.147 million shift from Administration & General with

\$758,000 allocated to the Academic Envelope and \$389,000 to the Student Services Envelope.



It is unclear the exact impact of item shifts and reallocations on today's budget. Below is a cautious projected estimate of the effect of the reallocation made in 2007 and the actual effect of placing "Employee Future Benefits" in Multiyear commitments.



Sustainable Fiscal Management

"The four percent cut this year is set against about a four percent cost increase, so we have about an eight percent gap". Dr. Sean Riley, Casket Feb. 9, 2011. The recent announcement of a change of 4% in provincial funding (which is heavily based on weighted student

enrollments) is to be offset, in part, with a 3% increase in tuition. It is not clear what the true net effect will be.

Sustainable financial modeling provides contingencies to predict and accommodate changes in funding, however, the administration reaction simulates crisis management mode. Cost increases such as salary and cost of living adjustments, infrastructure spending and debt servicing are forecastable. Over the last decade, the university has built a large structural deficit. Concerns have been expressed over mounting debt. It appears the current pattern of fiscal spending is unsustainable with funding changes from one source creating critical budgetary impacts. Strong strategic financial management plans are fundamental.

Engagement, Transparency and Fiduciary Responsibilities

At meetings with their Dean, faculty were asked which items they wish to eliminate from the budget, but were not engaged in an informative discussion of factual envelope proportionality.

While critical budget decisions were being made, the university's budget committee did not meet for over twelve weeks. The AUT received an invitation in December by administration to meet to discuss upcoming cutbacks, however, administration has yet to finalize this meeting. Recent feedback from administration indicates this meeting will take place after reading break.

A strong relationship between administration and the AUT requires transparency. A commitment to open communication and consultation with stakeholders is imperative to foster a healthy, cooperative and prosperous environment. Collaborative engagement by all will provide the framework for StFX's long-term success.

Going Forward

The AUT is looking forward to working with administration on the upcoming challenges and finding positive and sustainable solutions. Your AUT executive is committed to keeping you informed and welcomes your feedback. For more information on the AUT or for the slides of the material presented February 15th, please visit, <http://www.mystfx.ca/stfxaut/>