



THE BEACON

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The *Beacon* is an information bulletin for StFXAUT members

On April 8th the campus community was informed, via an anonymous email from Human Resources, that due to a continuing budget deficit steps would have to be taken to reduce salary costs. We are now at a point in the history of StFX when our administration is pursuing a course of action that will result in program restructuring, job restructuring and the loss of employment for people directly involved in the realization of our academic mission. There were a number of disturbing aspects to this email, not the least of which was the continued inadequate explanation of the causes of the deficit in 2012-2013. This issue of the *Beacon* tries to correct some of the errors in the HR letter and asks some critical questions about the administration's assumptions.

The administration makes the claim in its email that last year's deficit was the result of reduced government funding, decreased enrollment, and increases in operating costs, including salaries. However, last October they presented a balanced budget. Since that budget, government funding has not been reduced further, enrollment has not declined, and increases in salary were covered (probably at least twofold) by savings during the strike. In the last five months then, there has been an unforeseen and unaccounted for deficit of \$5M – an extra \$1 M per month. It is true that for the last three years government funding has been cut by 3% a year; however, tuition has increased by the same amounts and so the net negative effect on our revenue is significantly less.

A number of issues arise from the administration's approach to dealing with the

deficit projected for 2013-14. These need to be answered before implementing any actions that would further erode our capacity to serve our students properly. The StFXAUT Executive offers the following questions as a means of promoting critical conversations that may result in greater transparency and accountability from our administration.

1. The email announced a \$5M deficit for the 2012-2013 fiscal year. This figure has not been supported by any evidence and has not been satisfactorily explained. A tax penalty, residence vacancies, an increase in heating costs, and a shortfall in revenue from the endowment have been offered as explanations, but these account for only a small part of \$5M. So, what are the reasons, in detail, for this sudden deficit? Of these reasons, which could not have been reasonably predicted? Which are the result of administrative errors (residence bookings, accounting, etc.) and policies (endowment draws, etc.)? How do other universities in the region, manage to balance their budgets in similar contexts? In other words, is there an administrative responsibility for last year's deficit?
2. The email states that our financial picture is not expected to improve, as if we are resigned to the sort of occurrences that resulted in last year's deficit. Yet, which of the possible reasons are systemic issues and not one-time expenses? Should not the coming year be better in comparison to last year by simply not repeating the errors and policies that produced last year's deficit?

3. The administration is forecasting government revenue to increase in coming years. How much of a crisis are we then in? Why the sudden and reactive attack on employment instead of an approach that demonstrates long-range planning? What are the long-term effects of this short-term approach?
4. The email states that the \$5M deficit is consolidated (operating plus ancillary), but the remainder of the email refers to cutting operating expenses. What is the breakdown in cost overruns between operating and ancillary? What strategies will be put in place to curb costs in the ancillary side and realize surpluses? More importantly, is there a vision for StFX that would have the ancillary initiatives subordinate to, and in service of, the development and delivery of a top-quality academic institution?
5. What else is the administration doing to address the budget crisis? Will the pain of cutbacks be fair, strategic and just? How much of a budget crisis can or should be placed on the backs of either those on the front-lines of academic service delivery, or those with modest salaries and no job security?
6. How popular were the administration's retirement incentive proposals? Note that the expenses related to the retirement incentives were booked in the 2012-13 fiscal year (another one-time cost), and the savings will be realized in years hence. Did their retirement incentives work? If not, why not, and what are they going to do about it?
7. Why should we continue to expect declining enrolment? We believe we have actually fared well in terms of full-time undergraduate students. Looking forward, have we given up on enrolment already? How are we working for increased international enrolment? How successful does that effort need to be?
8. With the rumored closing of the (debt-free) MSB residences and the opening of two new residences, how much of the students' residence fees will go toward debt repayments instead of going toward general costs in ancillary services? How much incremental revenue will there be as a result of these new residences, if any? Now that our debt is approaching somewhere around \$150M, what is the strategy for paying down that debt? What is the opportunity cost of having such a high level of debt – that is, what are all of the things we cannot afford to spend money on now that so much of it is tied up in interest payments; or, how much more affordable could residence life be for students?
9. Who is taking the lead role in the restructuring initiatives planned by the administration? Does our Human Resources department have the skills and experience to manage this process well? Will they be relying on an outside firm with a competency in outplacement services, and if so, at what cost? Why did the first round of letters that went out to individuals continue to employ the same tired tactics of intimidation?
10. Finally, at what point will the administration deem it useful to adapt a more collaborative approach to planning and decision-making? Despite acknowledging the importance of collaboration, consultation, and “hearing” each other, there's little evidence of this taking place. Will the rhetoric become meaningful, or will they employ a strategy of “mock collaboration” - obtaining just enough employee input to deflect responsibility for their own decisions? Our members possess a deep and wide ranging expertise in areas that could be valuable to the administration of this university. For how much longer will senior administrators continue with the hubris of believing that they have all the answers and should retain all the power?