



VIUFA 2023 AGM Report
Budgetary Analysis Committee
Chair: Brian Dick
Members: Sylvie Lafrenière; Chris Jaeger

The University Budgetary Analysis (UBA) position on the VIUFA Executive is intended to:

- Collect information on the operations and activities of Vancouver Island University, with respect to meeting its financial responsibilities
- Prepare material to support the process outlined in the Collective Agreement in the event that there are proposed lay-offs of VIUFA members
- Represent VIUFA at meetings and on committees as directed by the VIUFA President and the VIUFA Executive

As a new Chair of this committee, I have needed a quick learning curve to respond to what has been a rapidly deteriorating fiscal environment for the Institution. Given this circumstance, I have approached this report in the form of a narrative to better capture the overall tone of the last year.

In December, and under Article 6.6.5.5 of the Collective Agreement, VIUFA received notice from the employer that there is a strong possibility of a budgetary shortfall in the 23/24 fiscal year. As per this article, this notice was to advise that there was a potential for lay-offs within VIUFA membership.

Because few details were provided (including the budget itself), the VIUFA Executive acknowledged receipt of the notice, and advised Administration that they reserve the right to respond when more specific measures to address the budgetary shortfall are provided. The UBA Committee, subsequently, sought greater detail of the budget (specifically year/year and cost/benefit analysis of various initiatives) to facilitate its analysis.

On the same day of the VIUFA response, the VIUFA President, the UBA Chair, and the Presidents of CUPE and BCGEU met with the AVPA-HR, who indicated that instructional staff were not being looked at for cuts. Subsequently, the VIU CFO provided an all-staff townhall meeting to update the community on the budget.

At that time, the University was projecting a deficit of almost \$6 million (2022/23) and budgeting for a deficit of nearly \$10 million in 2023/24. Both numbers are considerably outside what was anticipated. For historical reference, I provide a quote from last year's UBA committee report:

*VIU has an operating deficit of some \$10 million for fiscal 2021-2022. This figure is down from the projected deficit of \$12 million. Budget projections we have seen forecast this deficit to shrink to about \$5 million in fiscal 2022-2023, then to a **balanced operating budget (+/- \$1 million) for fiscal 2023-2024** (emphasis added) – 2022 UBA Chair report to VIUFA AGM*

The VIU financial report has transitioned to a new model in recent years, and, so far, this transition has not provided the improved forecasting and transparency originally promised. This supports the call for caution noted in last year's UBA report:

The Committee feels that it is too early to claim better forecasting and that budget process transparency needs to improve as we were not able to obtain the kind of granular data at the Decanal level that would have improved our analysis - 2022 UBA Chair report to VIUFA AGM.

Constructive engagement with the (now past) CFO (Marlene Kowalski) did prove increasingly frustrating, particularly with respect to obtaining the more granular data that we believe is necessary to support any response VIUFA may have to potential layoffs in its membership. We note that establishing a process to obtain this data was also a recommendation of last year's UBA committee. The position taken by CFO Kowalski was that VIUFA ought not be provided with more detail than what is provided to either the VIU Senate or the Board of Governors. We have pushed back on that interpretation, but events quickly outpaced that conversation. With the end of Marlene Kowalski's contract, Omair Quraishi (CIO) was assigned the role of interim-CFO until a new CFO (since announced) was to start. We have updated the interim-CFO with respect to our ask, and hope to have traction under the new leadership.

In the absence of more detailed data from Finance, and to support both a response from VIUFA to any potential VIUFA layoffs as well as the on-going contract negotiations, the UBA has considered employment/salary data available through the PSEA HRDB, as well as details publicly available through VIU's Financial Information filings. This data is being made available as requested to appropriate VIUFA committees.

As I close this narrative, I will note that we have since received a further, upward revision to the 2022/23 deficit forecast. VIU expects our deficit to hit \$13.5 million; earlier forecasts on student enrolment were overly optimistic, and salary and benefits did not align with these lower numbers. These challenges were not caught by variance reporting until late in the budget cycle (i.e. too late to do anything about it). Within these circumstances, the VIU Board of Governors approved the 2023/24 budget at their regular meeting in March. The President provided a virtual and in-person townhall on its content on April 11th. In summary, VIU anticipates a budget deficit of almost \$13 million for 2023/24 based on much more conservative enrolment estimates, and more controlled spending.

VIUFA continues to be assured by VIU Administration that there will be no layoffs in its membership for this year; the VIUFA President and the UBA chair met with the AVPA-HR shortly after the budget was approved by the Board, where this assurance was repeated. It was also mentioned by the VIU President at the most recent townhall. That being said, we ought to be cautious as the Institution is in a far worse fiscal environment than we believed just one year ago. Indeed, 2023/24 was to be the year of balance; instead, we have accumulated almost \$20 million of deficit in excess of what was planned. Although we likely have no threat of layoffs in 2023/24, we must be prepared for the possibility in subsequent years.

With that in mind, we propose the following priorities for the UBA committee over the next year including:

- Engage with the AVP-HR and the new CFO to create a shared understanding of how we might better approach the intent and spirit of Article 6.6.5.5
- Seek increased, and on-going budget detail to better support VIUFA's ability to respond in a timely fashion to any lay-offs that may be proposed.

Finally, as Chair, I would like to extend my sincere appreciation to this year's UBA Committee members: Sylvie Lafrenière and Chris Jaeger. I believe this committee's work has been more productive and thoughtful because of their constructive participation.

Sincerely,

A handwritten signature in red ink, appearing to be 'B. ...', with a long, sweeping underline.