



UNIVERSITY OF  
**KING'S**  
COLLEGE • HALIFAX

## 2020/2021 OPERATING BUDGET

- Prepared June 3, 2020

- Approved June 18, 2020

## **Introduction:**

This document describes the University of King's College (King's) 2020/21 operating budget. The development of a budget for King's is a collective effort requiring contributions from and consultations with many different people, committees, programs, departments, forums and processes. The preparation of the operating budget is the responsibility of the President and the Bursar with the advice of the Budget Advisory Committee (BAC) and support of the Director of Finance.

The BAC is the primary vehicle through which the Bursar and the President, and therefore the Finance, Audit & Risk Committee (FAR) and the Board of Governors through them, receive advice from the community on the budget. The role of the BAC is to provide advice on the overall design of the budget and on all of its major elements and choices. The BAC is to give advice on issues or options or budgetary strategy brought to it by the administration or by others, and to identify and provide input on approaches, strategies, options or choices that it identifies through its own deliberations. All proposed choices of significance relating to both expenditures and revenues are to be presented to the BAC in a way that enables the BAC to provide informed advice on the choices and alternative choices or courses of action. It is critical that the BAC be provided with the information, analysis and explanation on the issues on which its advice is sought - or on which it decides to provide advice - that will allow the BAC the time it requires to fully explore the issues and to formulate its considered advice. Another critical role for the BAC is to scrutinize and to provide its advice on the rationale for and the defensibility of the budget submissions received from academic programs and administrative departments. The BAC also plays a critical role in recommending changes to student academic, auxiliary and ancillary fees based on analysis and information provided by the Bursar's Office.

The BAC has met 10 times since October 2019. In addition to the regularly scheduled quarterly meetings, the FAR Committee also scheduled one-hour monthly conference calls as required to allow for timely input and guidance throughout the budget preparation process.

The President and Bursar consulted with the incoming and outgoing members of the King's Students' Union (KSU) executive on changes to student tuition and fees for 2020/21 at a meeting on February 26.

The 2020/21 operating budget includes the academic, administrative and ancillary activities of the university in the operating fund. This means that revenues, expenses and cash flow items associated with the other university funds, such as the restricted and capital funds, are not part of the operating budget.

The operating budget is developed using departmental revenue and expense submissions supplemented by calculations of faculty and staff salaries and benefits. This total by department or spending category represents the cost of the activities in that area which is matched with the resources available in the operating budget to fund the activities. Departmental operating budgets have been permanently reduced by \$1.25 million over a six-year period beginning in fiscal year 2014/15. The last \$250,000 of these reductions were removed from the 2019/20 operating budget as part of the continuing Expenditure Reduction, Control and Reallocation Plan (described below). These reductions have played a crucial role in restoring King's to a sustainable balanced budget

situation. As a result of these reductions, departmental operating budgets cannot absorb further significant reductions.

The focus of the budget is on balancing cash flow in the operating fund (i.e., non-negative cash flow). Cash flow from operations (the excess of revenues over expenses) must also fund certain financing and investing activities including, but not limited to, long-term debt principal repayments; the purchase of furniture, equipment and library books; and expenditures of a capital nature funded by operations.

That being said, the unprecedented circumstances of 2020 will make balancing cash flow in the operating fund an impossible feat.

### **Fiscal Context:**

The 2020/21 budget is a budget unlike any that came before it and hopefully will be unlike any that follows it. The considerable amount of uncertainty surrounding enrolment (both domestic and international) and residence occupancy for the fall of 2020, caused by the Coronavirus pandemic, makes it next to impossible to prepare a budget that is likely to be accurate in its assumptions about the reality of King's situation in the balance of this fiscal year. As one leading American magazine on higher education phrased the situation universities find themselves in during the pandemic, "planning for the fall is like driving through a dense fog".

If King's experiences a significant drop in enrolment this will immediately put the university back into financial distress, despite the recent increase in the provincial operating grant. However, the impact will be less than it would have been because of that increase in government funding. The impact could be cascading as a reduction in enrolment in the coming year will undoubtedly mean reduced enrolment in subsequent years. It will also reduce growth in the provincial operating grant. Revenue from King's residences will be reduced under all realistic scenarios if it is not eliminated entirely. Operating residences under the restrictions required by the pandemic, which King's must if it can, could mean that the cost of operating them is greater than the revenue they generate.

After restoring King's financial stability in recent years, King's has developed a budget that is the first of a number of years in which it will once again be seriously tested. This budget is one with a substantial deficit – of just under \$1.8 million, primarily due to the expected significant decline in revenues and the unique increases in expenses that King's will face. Complete information on the extent of revenue declines or expenditure increases King's will face is not available as this budget is being finalized for approval by the Board of Governors in June. Yet King's needs a budget to ensure the administration has authority to operate the university and accountability to the Board for how it does so. In addressing this uncertainty, King's must err on the side of being realistic and cautious, not optimistic, about how events will unfold in the coming weeks and months.

King's presented a pre-COVID-19 operating budget to its Board Executive in mid-March that had a modest operating cash surplus. The pandemic has turned this modest surplus into a substantial deficit. A significant reduction in enrolment and residence occupancy is expected and assumptions

to that effect have been incorporated into the budget which are described in more detail in the sections that follow.

Schedule 3 provides a listing of known financial impacts of the pandemic that have been incorporated into the 2020/21 budget. These primarily relate to decisions that have been made or events that have occurred that impact the spring/summer. The known negative financial impacts, at this time, total \$1,340,000 and include the refund of April residence fees, the cancellation of the 2020 conference services season, market declines causing reduced investment income, the postponement of the study abroad course in Berlin, the cancellation of the Humanities for Young People (HYP) program, foregone revenue from closed facilities (gym and library) and the establishment of a COVID-19 emergency response fund (described later in the document). The known positive financial impacts, at this time, total \$407,000 and include salaries and benefits savings related to the postponement of new faculty hires and reduced summer employment due to closed facilities, higher registrations in summer online course offerings and the shifting of the MFA residencies to an online platform from in-person. The net negative impact of these items is \$933,000.

Due to the circumstances surrounding the pandemic, including public health directives and travel restrictions, it is anticipated that there will be reductions in spending from the amounts included in the budget, which will assist in reducing the overall deficit. The anticipated spending reductions identified at this time equate to \$721,000 and are listed in Schedule 2. These reductions have been budgeted at a central level rather than being directly applied as reductions to individual departmental budgets for three reasons: to ensure the starting point for departmental budgets in the preparation of the budget for 2021/22 is each department's budget before the pandemic; to ensure these savings are realized as the activity for which they are budgeted reduces, instead of being spent on other things; and so that we are able to know in proposing this budget the total savings we are likely to realize from our compliance with public health restrictions and guidance. On the last point, the alternative would be making cuts in other areas or on an across-the-board basis, reducing departmental budgets in areas unaffected by the pandemic and/or in which spending is necessary as we operate the university during the pandemic. These anticipated spending reductions are described in further detail later in the document.

In an effort to address the negative implications of the pandemic on the university's cash flow, King's recently negotiated with its lender the deferral of principal payments on its long-term debt issues for a period of six to 12 months. This reduces the deficit we could otherwise be facing by \$823,000. This is also described in further detail later in the document.

Universities world-wide have been contemplating and planning how teaching in the fall will proceed – in-person, all online or a combination of both. As time has progressed, more and more universities are making announcements that their fall course delivery will be substantially, if not entirely, offered online for either part or all of the coming year.

On May 20, King's announced that it is planning for very robust online course delivery for the fall with some ability to accommodate a limited number of students on campus. More information is provided below, under the heading "Academic Planning for the 2020/21 Academic Year", on: (1) the work being done to enable King's to offer its Foundation Year Program (FYP) as a holistic online experience that incorporates the intense community building that is always at the centre of

the FYP experience.; and (2) how King's upper-year academic programs will also be transitioning their high quality in-person courses to high-quality online courses. Based on evolving public health conditions, some in-person teaching may be delivered in the winter term in ways that comply with public health directives on physical distancing and the size of gatherings. But if this happens, King's has committed it will happen in ways that will allow students to continue to take any course at King's they want to take through online learning. In other words, if students prefer to continue their studies on-line throughout both semesters in the coming year, they will be able to do that at King's.

King's is currently working on a plan to reopen the campus to first allow staff and faculty and then students (if they choose) to be once again physically on campus. This plan is being developed to ensure compliance with public health requirements on physical distancing and limiting the size of gatherings that are likely to remain in effect over the coming year in Nova Scotia and across Canada. As has been the case since the beginning of this pandemic, King's fundamental and overarching concern is the health and safety of its students, and that of its faculty and staff and of the broader community of Halifax. When it is safe to do so, King's will welcome students into residences for those who want a residential experience to complement their online learning. These requirements will likely mean that King's will have to limit the number of students in residence to ensure the safety of everyone. King's believes that living in residence, even though teaching and learning is happening online, may be a good option for some students who believe their technology and other academic needs can be better met by living on campus with the support King's can provide them.

King's remains committed to pursuing its educational mission in September and beyond, in accordance with the orders and guidance of public health authorities.

#### **Academic Planning for the 2020/21 Academic Year:**

Planning for academic program delivery since the initial stages of the pandemic has been as consultative and coordinated as possible across the King's programs and with counterparts at Dalhousie. At King's, the Vice-President continues to meet regularly with Program Coordinators, the Foundation Year Program (FYP) Fall Planning Subcommittee of the Counsel of Coordinators and the Executive of the King's Students' Union (KSU). At Dalhousie he is a member of the Associate Deans Academic Counsel, the Virtual Communities Subgroup, and the Faculty of Arts and Social Sciences Council of Chairs (along with King's Program Directors).

At the same time as the decision to move to online teaching to complete the winter term was made, King's postponed the CSP Berlin course scheduled for May and cancelled Humanities for Young People (HYP) and the new Reporting in Mi'kma'ki course for this year. A limited number of other, already planned-for, summer classes are proceeding online,. The Master of Fine Arts (MFA) summer residency is also proceeding online.

In preparing for online teaching in a planned way, some requirements with budgetary implications are specific to particular programs. For example, Journalism's need for discipline-specific software and equipment will cost \$62,000. In FYP online, the standard 15 student ceiling placed on FYP tutorial groups will be reduced to eight for the fall, and perhaps into the winter. This is to ensure

the FYP experience of 2019/20 builds community in a way that is true to the pedagogical philosophy pf FYP and also to ensure it engenders student engagement in FYP texts and the questions they raise. It is also to ensure that students receive the care, attention and support they will need learning online in the context of a continuing pandemic. Accordingly, the complement of FYP tutors must be maintained accordingly. In accordance with the University of King's College Teachers' Association (UKCTA) collective agreement, we have filled a vacant Senior Fellow position, and anticipate an additional Faculty Fellow hire (to replace an outgoing Faculty Fellow).

Other preparations for online teaching are applicable to all programs. These requirements include: (1) training in online pedagogy and course design; and (2) adequate computing and audio visual (AV) equipment. In order to meet the first need, an arrangement is being made with the Centre for Learning and Teaching (CLT) at Dalhousie to cost-share one online pedagogy expert to provide dedicated assistance to King's faculty three days a week on a four-month contract. This will supplement the access King's faculty already have to the CLT and the training resources of Dalhousie's Academic Technology Services. Further, several student summer employment positions have been created to provide faculty with support in online course design.

The V-P and Academic Directors group, along with the FYP Fall Planning Subcommittee, have been working with the Director of Facilities Management to identify AV and computing needs both for individual instructors, and for classroom preparation. In particular, the consulting process for AV upgrades to Alumni Hall and Prince Hall previously initiated has been expanded to include state of the art audio and video capture for lecture recording. Additionally, the contracts of one AV technician and one video capture expert, both normally employed in the School of Journalism on a nine-month contract basis, have been extended through the summer to support all programs.

It should be noted that the two tenure-track faculty positions approved by the Board for hire this year, one in the FYP and one in Journalism, have been put on hold until a meaningful interview process (which involves campus visits and student participation) can take place. It is unclear when that will be, and therefore so is the start date of these two positions.

It should also be noted that while online learning will be the norm in the fall, we are uncertain whether it will be in the winter as well. King's has however committed to providing online learning as an option for the entire year, regardless of whether face-to-face learning is permitted or happening, in order to accommodate both student and faculty circumstances.

#### **Enrolment Projection Models Versus Scenario Approach for 2020/21 Budget:**

Traditional enrolment projection models used in previous budgets that utilize historical data and trends in predicting future enrolment, will be of little value during this budget cycle. Given the considerable amount of uncertainty caused by the pandemic, including public health directives and guidelines; travel and border restrictions; and the potential impact on enrolment of transitioning from traditional face-to-face teaching to online teaching, it is next to impossible to predict what enrolment for the fall will be. More than normal, it may be influenced by factors beyond our control. There is considerable evidence (and opinion) that a higher than normal percentage of students will defer coming to university, sit out for a year, transfer to a local university, or conduct themselves as itinerant free agents in an online educational landscape.

Recent surveys conducted by Universities Canada and Statistics Canada indicate an inclination of both students and parents to want to stay closer to home. The possibility of a second wave of the pandemic is also of concern to many.

Rather than relying on a traditional projection model for the 2020/21 budget, a scenario approach was taken. Three different enrolment scenarios were considered – “best”, “middle” and “worst”:

1. Best-case scenario

The best-case scenario is based on the traditional projection model (pre-COVID) which assumes an incoming FYP class of 195, with an additional new from high school intake into general arts or science of 30, for a total new first-year class of 225. The balance of the upper year headcounts is based on a three-year average retention rate for each program and the advanced program headcounts are projected to be status quo or slightly increased over the prior year. The number of international students is projected to be 53 (16 first year and 37 returning). This scenario results in a total headcount of 889, including a FYP class of 195 and would probably result in King’s having a surplus budget in 2020/21, assuming pandemic-related reductions in expenditures in areas such as travel, utilities, and other areas would apply in this scenario as in the other scenarios.

2. Middle-case scenario

The middle-case scenario assumes a 20% reduction in returning students and a 50% reduction in out-of-province first-year students but a modest increase in first-year students from the Halifax Regional Municipality (HRM) and perhaps from Nova Scotia more broadly. It also assumes that enrolment in the advanced degree programs (with the exception of the one-year Bachelor of Journalism (BJ)) would remain the same. This scenario assumes no new international students and 20 returning international students. This scenario would result in a total headcount of 739, including a FYP class of 147 plus new from high school intake into general arts or science of 28. It projects a deficit of \$1,734,000, after expenditures are adjusted to reflect the restriction of public health directives and guidelines on university operations.

This scenario was utilized in developing the 2020/21 operating budget for three reasons: it is likely to be closer than either the best-case or the worst-case scenario to what will happen with enrolment; it results in a more prudent budget than the best-case scenario; and it avoids the immediate harm that would be done to the university’s academic mission and its people by adoption of a budget based on the worst-case scenario.

3. Worst-case scenario

The worst-case scenario assumes that only upper year students from the Atlantic region will continue their studies by registering at King’s but that enrolment in the advanced degree programs (with the exception of the one-year BJ) would remain the same (as under the middle case scenario). It also assumes a 50% reduction in first-year enrolment from all regions outside the Halifax Regional Municipality (HRM) and a modest increase in first-year students from the HRM. This scenario assumes no international students at all, new or returning. This scenario results in a total headcount of 467, including a FYP class of 132 plus new from high school intake into general arts or science of 27. It would result in King’s having an operating

cash deficit in excess of \$4 million for 2020/21, before (or after) expenditures are adjusted to reflect the restriction of public health directives and guidelines on university operations.

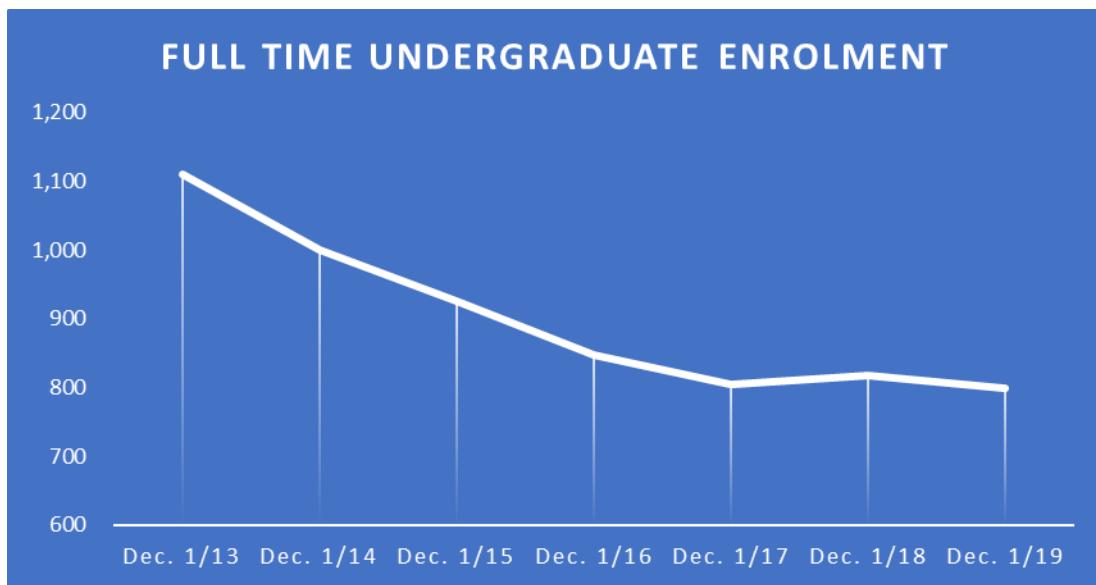
In the middle- and worst-case scenarios, reduced enrolment in 2020/21 will mean reduced enrolment in subsequent years. The multi-year impact of the worst-case scenario would clearly call the viability of the university into question – for a sustained period, without a dramatic adjustment in employee complement, the university would have roughly a quarter as many employees as it had students. Under all scenarios, and all intervening scenarios, retention levels between 2020/21 and 2021/22, and beyond, will be of utmost importance in mitigating the adverse impact on King's, its students and employees, and its academic mission.

With the best-case scenario, modest enrolment increases over the next three years (1.7%, 2.7% and 3% respectively) could be anticipated, based on incremental increases in the incoming FYP classes and on stable retention levels. The middle-case scenario would result in an initial reduction in enrolment of 18% over 2019/20, with increases over the next three years, assuming a return to expected recruiting and retention results, of 7%, 5% and 7% respectively. It is important to note however that under this scenario, enrolment would be 17%, 13%, 11% and 8% lower in 2020/21, 2021/22, 2022/23 and 2023/24 respectively, than it was projected to be before the pandemic.

It needs to be stressed that both the middle-case and the worst-case scenarios assume that location (proximity and distance) could be a deciding factor in determining the decision that incoming and returning students make for the coming fall. It is quite possible that in an educational landscape in which the choice is not between universities that “are open” and universities that are online but instead between universities that are online, this assumption may prove to be less determinative than assumed. The other variable that could yet have a dramatic influence on enrolment levels is, of course, changes in the public health situation, for the good or the worse, between now and September.

### **Enrolment Trends:**

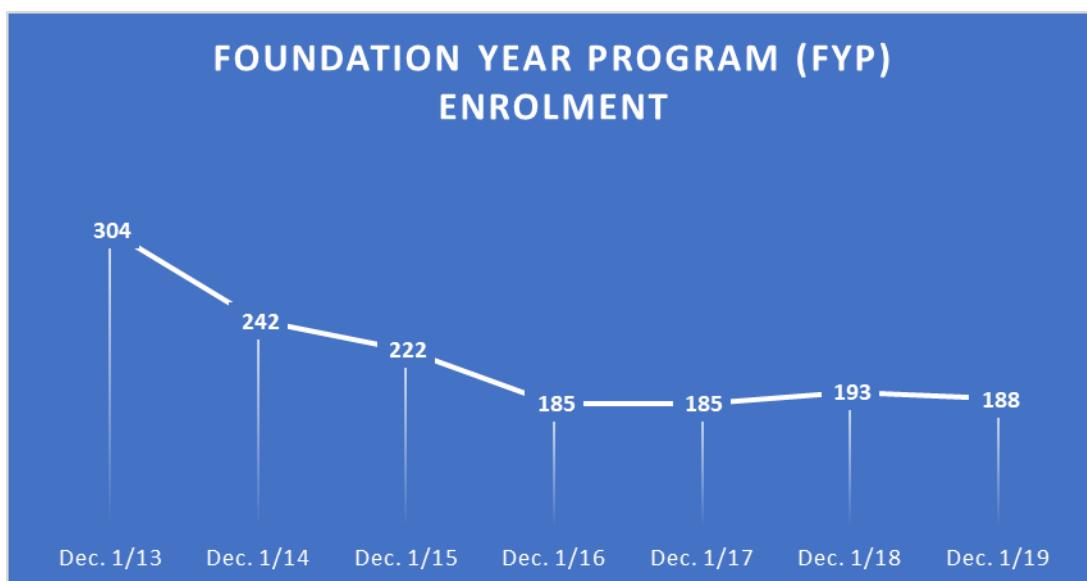
Enrolment is the primary driver of operating revenue generating 85% of total university operating revenues (including the annual provincial operating grant). As of December 1, 2019, full-time undergraduate enrolment at King's was 799, a decrease of 2.2% from the previous year but substantially the same as December 1, 2017. As of December 1, 2019, full-time undergraduate enrolment is 312 or 28.1% lower than the high six years ago, which was followed by four consecutive years of sharp declines in undergraduate enrolment. Due to the effect of the pandemic, total full-time undergraduate enrolment is budgeted to take a drastic decline from 799 to 650, a 18.6% decrease.



Graduate enrolment, particularly in the two-year Master of Fine Arts (MFA) program has seen significant growth since its inception in 2013/14 (which reflects only the first year of the two-year program). Enrolment in this program reached 59 in 2019/20 and is budgeted to be 58 in 2020/21. The Master of Journalism program underwent an external review in 2016/17 and was restructured with program changes taking effect in 2020/21. As of December 1, 2019, total graduate enrolment has increased from 29 to 63, a 117.2.7% increase from December 1, 2013. This has been important in mitigating the impact on the university's financial situation of the previously discussed drop in undergraduate enrolment. Full-time graduate enrolment is budgeted to increase further in 2020/21 from 63 to 68, an increase of 7.9%. This is largely due to the restructured MJ program. The MFA program is a low-residency program; therefore, it is not expected to be impacted by the pandemic to the same degree as undergraduate enrolment.



Enrolment in the Foundation Year Program (FYP) on December 1, 2019 was 188, a decrease of 2.6% from the previous year but very much in line with the two years prior. It remains 38.2% below the high six years ago. Due to the impact of the pandemic and the uncertainty regarding how prospective students will react to the decision of universities to operate online, enrolment in FYP is budgeted to be as low as 147 students, a reduction of 21.8% from 2019/20 based on the middle-case scenario. This impact will be felt for the following three budget years as students make their way through their respective four-year degrees.



#### Residence Planning:

The 2020/21 budget residence scenario anticipates a significant reduction in residence occupancy. The aim is to reduce the density of students living in residence to reduce the risk of COVID-19 transmission in accordance with public health guidance and directives. Although circumstances continue to evolve, King's is currently assuming occupancy will be limited to 52 students in residence in September, hoping this will be a worst-case scenario. This number was determined using the guidance and directives from public health in March when preparing residence for students who were unable to travel, including:

- One student per room.
- Each student with a designated sink/toilet/shower for their use only in communal washrooms where private washrooms are not available.
- Separate self-isolation space for up to 26 students, which represents half of the 52 students.
- Other safety measures include protocols for sanitation and cleaning, physical distancing, changes to residence guidelines and response protocols with Dalhousie Student Health and Wellness if someone living in residence tests positive for COVID-19. These measures do not impact how many students could live in residence.

Public health guidance and directives are being developed for opening of residences in the fall, and for resumption of campus life more generally, through collaboration among all Nova Scotia universities and in consultation with the Occupational Health and Safety Division of the Department of Labour and Advanced Education. The Division is the designated lead of Dr. Robert Strang, Nova Scotia's Chief Medical Health Officer, for reopening plans of business and public institutions.

Opening King's residences, even to a small number of students, will allow those students who are not able to access online education easily from their homes to take their courses online like everyone else. This would be a way to mitigate the inequality inherent in online teaching and learning due to differential levels of access to high-speed internet, time zone differences, and a range of other factors.

#### **Investments in King's Future:**

In recent years, King's has made encouraging progress (or was in the process of making it) on a range of priorities and issues that are essential to King's longer-term future. They include: faculty renewal; addressing sexualized violence; advancing equity, diversity and inclusion; enriching academic offerings; improving bursaries and scholarships; increasing student employment and ensuring it is helpful to students in their education and careers; improving student residences and other facilities; enhancing fundraising; enhancing supports to the Vice President and academic programs; improving yield on King's recruitment activities; and securing the university's financial stability.

The duration and pervasive impact of the pandemic may affect the amount of progress or the pace of progress King's can hope to make in these and other priority areas in the year to come and in the following years. Despite this, it is essential that we collectively believe we can continue to make progress in these areas and that we find ways to do so.

#### **Framework for Expenditure of Internally Restricted Funds:**

On June 21, 2018, the Board of Governors approved a three-year framework for the expenditure of internally restricted funds in measured ways by investing in recruitment-related activities to support the university's plan to return to a balanced budget situation primarily by increasing enrolment. This plan was described more fully in both the 2018/19 and 2019/20 budget documents. Investments from these funds have assisted the university in stabilizing first-year enrolment and in significantly improving upper year retention rates.

On March 7, 2019 the Board Executive passed a motion to remove the three-year timeline for the expenditure on scholarships, awards and bursaries and, instead, authorized an overall spending amount without respect to time. On October 3, 2019, the Board of Governors passed a motion to remove the three-year timeline for all other authorized categories of expenditure under this framework, including student employment; recruitment-related activities of the Registrar's Office and communications and marketing activities tied to recruitment of the Advancement Office; and

funding for a number of initiatives including, but not limited to, an academic enrichment fund, the Humanities for Young People Program, Public Humanities and a staff development fund.

Prior to the establishment of the framework, expenditures from the internally restricted funds were approved in the budget on a year-by-year basis. While the framework remains in effect, anticipated expenditures from the internally restricted funds governed by the framework are no longer included in the budget as they are authorized by the Board's approval of the framework, as explained above.

The framework authorizes expenditures up to \$1,850,000 out of internally restricted funds, as follows::

- Up to \$800,000 in additional spending on scholarships, awards and bursaries. To date, \$135,000 has been spent.
- Up to \$250,000 in additional spending on student employment. To date, \$47,000 has been spent.
- Up to \$300,000 in additional spending on recruitment-related activities of the Registrar's Office and communications and marketing activities tied to recruitment provided by the Advancement Office. To date, \$97,000 has been spent.
- Up to \$500,000 to establish or support initiatives including but not limited to an academic enrichment fund, the Humanities for Young People Program, Public Humanities, a journalism camp for high school students, a choral music camp for high school students and a staff development fund. To date, \$6,000 has been spent, largely on staff development.

The university's internally restricted funds are held in three separate funds: the General Fund, the Bicentennial Fund and the Reserve Fund. The framework for spending from internally restricted funds is structured to respect the specific purposes for which the Bicentennial Fund was created. The book value of all three internally restricted funds on March 31, 2020 was as follows:

General Fund	\$ 6,398,000
Bicentennial Fund	2,239,000
Reserve Fund	<u>1,732,000</u>
<b>Total</b>	<b><u>\$10,369,000</u></b>

Due to market volatility resulting from the pandemic, the market value of these funds at March 31, 2020 was \$9,445,000 (8.9% reduction). These funds are invested along with the endowment funds and generate returns and garner investment management fees. There is approximately \$30,000,000 held as endowed funds.

#### **Expenditure Reduction, Control and Reallocation Plan:**

At the Board of Governors meeting on March 28, 2019, the Board approved the following 10-point plan as the **ongoing [emphasis added]** Expenditure Reduction, Control and Reallocation Plan of the University of King's College:

1. The Plan shall be known as the Expenditure Reduction, Control and Reallocation Plan (instead of the Expenditure Reduction Plan as originally mandated by the Board at its meeting of June 21, 2018).
2. Two Hundred and fifty-thousand dollars (\$250,000) in permanent expenditure reductions (in addition to the roughly \$1,000,000 in permanent expenditure reductions implemented in previous years) are to be implemented in the College's operating budget for 2019/20.
3. Making further expenditure reduction, as determined to be necessary given the College's evolving financial situation, will be a continuing part of the budget development process for 2020/21 and subsequent fiscal years.
4. Opportunities for further expenditure reduction (or avoidance) will consistently be fully considered in staffing decisions and in the management of human resources more broadly. Recent examples include:
  - a. The decision not to refill a communications position that became vacant in the Advancement Office;
  - b. The decision to eliminate the position of Manager in the Facilities Department;
  - c. The due diligence that was conducted by the President and the Bursar on the alternatives to replacing the Director of Facilities when the Director of Facilities gave notice that he was leaving King's; and
  - d. The direction which the President has given to the Bursar and the Human Resources Officer to suspend consideration of application for salary reclassifications.
5. Making progress (or lack of progress) on expenditure reduction, control and reallocation as determined to be necessary given the College's evolving financial situation, will be one of the factors to be considered in giving or withholding approval to proposals to increase the budgets of departments or academic programs or the overall expenditures of the College.
6. Subject to a determination of what is in the best interest of the College from an overall financial perspective, priority will be given in the use of budget surpluses (if any) to debt reduction or retirement where it will accelerate the reduction of operating revenues allocated to debt servicing and/or the retirement of debt and/or the reduction or avoidance of interest payments.
7. Within the context of continuing to increase the total funds available for scholarships and bursaries, priority will be given to reducing the proportion of student financial assistance (scholarships and bursaries) that is funded from the College's operating budget while increasing the proportion of student financial assistance that is funded by donors and/or investment income.
8. Creating fully or partially funded chairs (or professorships) that advance the College's academic mission for existing or new members of faculty will be a continuing budgetary and fundraising priority.
9. Maximizing the value obtained from the association with Dalhousie, specifically from the payments which the College makes to Dalhousie for courses taken at Dalhousie by King's

students and for the student services available to King's students at or through Dalhousie, will be a continuing priority in the governance and administration of the College and in the management of the College's relationship with Dalhousie.

10. Consideration will continue to be given to how non-endowed internally restricted funds, and the income generated from them, can best be deployed to enable the College's sustainability, such as by considering how these funds, or some of them, could be used to reduce the percentage of student financial assistance that is financed by the operating budget or to enable the creation of funded chairs.

The Expenditure Reduction, Control and Reallocation Plan was appended to the 2020/21 budget memo that was distributed to department heads and program directors at the beginning of the budget cycle to remind them of its contents, particularly the bullet that states that further expenditure reductions, as determined to be necessary given the College's evolving financial situation, will continue to be part of the budget development process. It was also to remind them that making progress (or lack of progress) on expenditure reduction, control and reallocation, as determined to be necessary given the College's evolving financial situation, would be one of the factors that would be considered in giving or withholding approval of proposals to increase their budgets.

#### **Additional Potential Future Spending in 2020/21 and in 2021/22 Through 2023/24:**

For the first time in many years, in 2019/20 King's had the opportunity to increase spending in areas that are of importance to the mission of King's. The criticality of doing this in a careful and measured way to ensure that King's only adds to the cost of operating the university in areas of greatest importance and potential value to King's mission, including as outlined in the mandate of the President, was stressed in the 2019/20 budget document.

The increases in spending (presented to the Board of Governors in the form of a memo at the March 28, 2019 Board meeting) that were included in King's budget in 2019/20 and are also included in the 2020/21 budget include the following:

1. **Sexualized Violence Awareness, Prevention and Response** – a full-time Sexualized Violence Prevention and Response Officer (SVPORO) along with an operating budget to support the work of the SVPORO. This position was hired in early August 2019. This is described in more detail under the Sexualized Violence, Awareness, Prevention and Response office below.
2. **Funding for Increased Expenditure on Equity and Diversity Initiatives** – the 2019/20 budget included funding to improve King's capacity to address equity and diversity issues. During 2019/20 it was decided that it would be in King's best interests to hire a half-time Equity Officer. This position was hired in early April 2020 and is included in the 2020/21 budget along with an operating budget to support this work. This is described in more detail under the Equity office below.
3. **Assistant to the Vice-President, HYP, Other Initiatives** – the budget for 2019/20 including funding for a new position that would support the Vice-President (including on initiatives such

as Public Humanities), the Directors (Coordinators) of Humanities for Young People (HYP), and other similar initiatives, as determined by the Vice-President in consultation with program directors and the President. Due to a late start in the hiring process, this position will not begin at King's until mid-June 2020 and has been included in the 2020/21 budget. This is described in more detail under the Vice President's office below.

4. **Funding for new faculty positions** - In 2017, King's established an enhanced voluntary retirement program (EVRP) for faculty with the explicit purpose of creating faculty renewal opportunities. The importance of faculty renewal to increasing the diversity of the King's community and to the integrity of existing programs and to the development of new programs has been recognized.

The increases in spending memo presented to the Board stressed that creating new permanent faculty positions must be done in a measured way that pays careful attention to short, medium and long-term affordability. Enrolment is significantly lower now than it was in the recent past. While it is probable that faculty renewal will contribute to maintaining and increasing enrolment, it is also true that the case for new faculty positions will be stronger with increased enrolment. New faculty positions must be created in ways that will maximize sustainability and avoid the creation or exacerbation of a structural deficit.

The projected budget for 2020/21 that was presented to the Board for its preliminary review with the budget for 2019/20 included funding for the creation of two new faculty positions, which were not designated to specific programs at that time. Projected budgets for each of 2021/22 and 2022/23 included funding for the creation of one new faculty position, without designating the programs to which the positions will be allocated. In all cases, the allocation of the new positions among programs will happen through the academic governance processes of the university.

It has since been decided by the Faculty that the faculty hires that were to occur in 2020/21 would be in FYP (with consultation with CSP, EMSP and HOST) and Journalism. These hires would contribute to faculty renewal and diversity at King's. The hiring process for both positions were in the initial stages when the pandemic hit. As noted under the "Academic Planning for the 2020/21 Academic Year" section above, these positions have been put on hold until a meaningful interview process (which involves campus visits and student participation) can take place. It is unclear when that will be, and therefore so is the start date of these two positions. These positions have since been removed from the 2020/21 operating budget and deferred and included in the 2021/22 projection.

The remaining two faculty positions originally contemplated in the projections presented with the 2019/20 budget have been pushed out to the latter two years of the projections presented with the 2020/21 budget – one in fiscal year 2022/23 and the other in 2023/24. Incorporating funding for new positions into the projections for 2022/23 and 2023/24 will not become final until the Board approves the budget for each of those individual fiscal years.

Preparing multi-year projections gives the Board the opportunity when it is considering the budget for 2020/21 that includes new spending to see not only the implications of that new

spending on budgets in subsequent years but also the additional new spending that is provisionally contemplated for the budgets of those subsequent years.

As stated in the 2019/20 budget document, considerations the Board will take into account in deciding whether it will ultimately approve budgets for 2022/23 and 2023/24 that include funding for the new faculty positions provisionally incorporated into the budgets for those years in 2020/21 will include the following:

- a. Assurance that the positions will be filled in accordance with an overall academic plan and in ways that contribute to the renewal and diversity of the overall faculty complement;
- b. Satisfactory progress in enrolment growth; and
- c. Satisfactory progress in eliminating, reducing or avoiding a structural deficit through a combination of revenue growth and expenditure reduction, control and reallocation measures.

Refer to Schedule 4 for a listing of additional spending incorporated into the 2020/21 operating budget along with the implications of that spending on future years. For those requests that were not approved by BAC or where the amount was modified, refer to the footnotes at the bottom of the schedule. The two faculty hires for 2020/21 were already approved so do not appear in this schedule. As noted previously, they have been deferred to 2021/22 and are included in Academic expenditures for that year in Schedule 1.

The BAC received requests for additional spending from programs and departments totalling \$405,000 in 2020/21. Of that amount, \$77,000 has been included in the 2020/21 budget:

- The HOST program requested a two-year limited term appointment (LTA) for sabbatical coverage in HOST of \$76,000. This was approved by BAC and recommended to the President. This expenditure has subsequently been deferred to 2021/22 due to sabbatical deferral and is included in the Academic expenses of that year in Schedule 1.
- Athletics requested a permanent increase in the student employment budget to allow the gym to open two hours earlier in the morning at a cost of \$20,000. This was approved by BAC and recommended to the President. Refer to the Athletics budget below for more information. This will probably be deferred to 2021/22 to reflect the continuing impact of the pandemic.
- Athletics also requested a one-time increase of \$69,000 to replace 15 pieces of aging cardio equipment. BAC approved and recommended to the President an expenditure of \$10,000 per year for three – four years and suggested that Athletics utilize a portion of the golf tournament programming proceeds to supplement this amount at their discretion. Refer to the Athletics budget below for more information.
- The Registrar's Office requested \$5,000 for the professional development of staff. BAC recommended that the staff development fund, under the internally restricted funds be utilized for this purpose.
- The Advancement Office requested a permanent increase of \$20,000 for the creation of additional video assets for recruitment purposes. This was approved by BAC and

recommended to the President. Refer to the Advancement office budget below for more information.

- The Advancement Office also requested \$8,000 for Alumni engagement events and travel. The BAC suggested that, since these expenditures relate to the major gifts campaign, they be grouped with those costs which will be funded outside of the operating budget. These expenditures are, in any event, likely to be deferred due to the ongoing pandemic and the restrictions it will place on travel and events.
- The President's Office requested a one-time increase of \$15,000 for the new Chancellor's installation and related costs. This was approved by BAC and recommended to the President. Refer to the President's budget below for more information. This expenditure is likely to be deferred or reduced due to the ongoing pandemic situation.
- The Bursar and Director of Facilities Management requested a one-time expenditure to address sound system design issues in Alumni Hall and Prince Hall at a cost of \$128,000. It was recommended that this be financed with the grant for deferred maintenance on current infrastructure received from the Department of Labour and Advanced Education (LAE) in March 2020. Refer to the section on "Capital expenditures" below for more information. In the meantime, the BAC recommended that one-time funds be added to the operating budget for a short-term solution. An amount of \$7,000 was added to allow for the rental of sound equipment for up to 10 events. This is likely to be unused due to the ongoing impact of the pandemic.
- The Journalism School requested funds to replace computer labs (one each year for four years). The cost for 2020/21 is estimated at \$41,000. They also requested funds to replace other equipment (camcorders, iPods, iPads) (over two years) at a cost of \$18,000 for 2020/21. BAC recommended that the 2020/21 purchases be financed by the deferred maintenance grant noted above since it is related to technology infrastructure. The funds requested for future years are reflected in the projections for those years.
- The Journalism School also requested a permanent amount of \$6,500 to allow for the annual rotational replacement of faculty computers. BAC recommended that \$5,000 be added to the computer replacement budget that already exists for the humanities program computers to bring the budget from \$10,000 to \$15,000. This budget is consistently underspent. This budget will now be the computer replacement budget for all faculty computers in all King's programs.

Schedule 4 also shows additional future spending for two new faculty members as described previously – one in fiscal year 2022/23 and one in 2023/24. There is also an amount in the 2023/24 fiscal year of \$200,000, representing a scholarships and bursaries no longer covered by the internally restricted funds (i.e., it assumes the \$800,000 approved to be expended from the internally restricted funds has been exhausted by this time and one quarter of that amount will be added to the operating budget to continue to enable King's to offer the same level of scholarships as it did when it utilized the internally restricted funds).

The amounts for the potential two new faculty members and the additional scholarship amount noted in the last two years of the projections in Schedule 4 have been carried forward and added to the bottom of Schedule 1 to show the potential impact on King's financial situation of adding this spending in those years. It should be noted that the projections do not include anticipated costs related to the Academica studies and their recommendations.

The potential for additional future spending was contemplated at a time when King's financial stability had been recently restored. The impact of the pandemic will put significant pressure on King's operating budget for several years to come. If there are significant declines in enrolment, particularly in first-year enrolment, King's could have significant deficits for the foreseeable future. Schedule 1 shows that, if the enrolment assumptions used in the budget and projections are accurate, King's will have deficits in 2020/21 and in all three years of the projections before factoring in the costs related to the two additional faculty hires in the latter two years and the cost of funding increases in scholarships from the operating budget.

#### **Schedules to the Budget:**

To assist in the analysis of the 2020/21 budget the following schedules are attached:

- Schedule 1 compares the 2020/21 budget for operating fund revenue, expenses and other cash related items to the 2019/20 operating fund budget and 2019/20 unaudited operating fund actual results. It also provides projections for fiscal years 2021/22 through 2023/24.
- Schedule 2 provides a listing of unallocated anticipated reductions in spending as a result of the pandemic that have been factored into the 2020/21 budget at a central level.
- Schedule 3 provides a listing of known financial impacts related to the pandemic that have been factored into the 2020/21 budget.
- Schedule 4 provides details of additional potential future spending for all years in Schedule 1.
- Schedule 5 provides a comparison of revenues and expenses by department for 2020/21.
- Schedule 6 provides a reconciliation between departmental expenses in the 2019/20 operating fund budget to the departmental expenses included in the 2020/21 operating fund budget.

#### **Operating budget summary:**

After two years of operating cash surpluses, Schedule 1 reflects a large budgeted operating cash deficit of \$1,781,000 for 2020/21. The deficit is primarily the result of the drastic reduction in enrolment and residence occupancy that could be the result of the pandemic. The projections for the future three years also show deficits which reflect the multi-year impact of a drastic reduction in enrolment, particularly first-year enrolment. Schedule 1 reflects enrolment assumptions for each year at the top of the table for first-year students including FYP, FYP by itself and overall headcount as of October 15 (to reflect fall withdrawals).

	<b>Approved Budget</b>	<b>Unaudited Actual</b>	<b>Budget</b>
	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>
Revenue	\$ 21,428,000	\$ 21,790,000	\$ 18,200,000
Expenses	20,514,000	20,356,000	19,784,000
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 914,000</b>	<b>\$ 1,434,000</b>	<b>\$ (1,584,000)</b>
Debt repayment	\$ (567,000)	\$ (567,000)	\$ (128,000)
Capital expenditures funded by operations	(259,000)	(419,000)	(269,000)
Internally restricted operating funds - in budget*	67,000	67,000	16,000
Internally restricted operating funds - not in budget*	-	359,000	-
Use of prior year surplus to reduce deficit	-	-	231,000
Cash deficit from financing & investing	\$ (759,000)	\$ (560,000)	\$ (150,000)
<b>Net cash excess (deficit)</b>	<b>\$ 155,000</b>	<b>\$ 874,000</b>	<b>\$ (1,734,000)</b>

\*Refer to Internally Restricted Funds on page 21.

#### **Long-term debt:**

King's long-term debt consists of five debt facilities:

1. 2012/13 - \$5.3 million loan, 3.09% interest rate (swap), 20-year maturity, to consolidate existing debt.
2. 2015/16 - \$1.5 million loan, 3.23% interest rate (swap), 20-year maturity, to finance a soffit, gutter, window and chimney project for the A&A building (including the attached Bay residences).
3. 2016/17 - \$1.9 million loan, 2.63% interest rate (swap), 20-year maturity, to finance the North Pole Bay residence renovation project.
4. 2017/18 - \$2.035 million loan, 3.64% interest rate (swap), 20-year maturity, to finance the 2017/18 capital budget (including the \$1.375 million energy efficiency and sustainability project).
5. 2017/18 - \$2.6 million loan, 3.25% interest rate (swap), 7-year maturity, interest only for the first two years with principal to be repaid over the remaining five years, to finance the 2016/17 and 2017/18 operating cash deficits.

To assist with potential cash flow challenges resulting from the pandemic, King's negotiated with its lender to allow King's to defer its principal repayments on this debt. For the facilities with the largest principal repayments (facilities 1. and 5. above), a deferral period of 12 months was granted, while a deferral period of six months was granted for the others (facilities 2., 3., and 4.).

above). This deferral has freed up \$823,000 in cash for fiscal year 2020/21. In the absence of this principal deferral, required principal payments in 2020/21 would have been \$951,000 rather than \$128,000. Since the deferral began in May, it will also benefit fiscal year 2021/22 as the April payments on the facilities with a 12-month deferral will not be made. This equates to \$20,000 in reduced principal repayments in 2021/22. The longer-term implications of deferring principal repayment on debt is the additional interest that will need to be paid - \$11,000 in 2020/21 and \$29,000 in each of the three projection years presented in Schedule 1.

King's also negotiated with its lender an increase in the operating line of credit limit from \$1.0 million to \$1.5 million to further assist with possible cash flow issues. The balance of the line of credit was nil at March 31, 2020. The operating line of credit could accommodate 84% of the budgeted operating cash deficit of \$1,781,000 for 2020/21, leaving \$281,000 to be funded by other means.

King's is receiving the provincial operating grant in monthly installments in 2020/21 but can call upon the government to advance the remainder of the grant in a lump sum in the event that cash flow needs warrant it.

In addition to the debt facilities shown above, King's obtained a \$3 million bridge financing facility in May 2020 to bridge the gap between the timing of contractor payments and donations received for the Chapel Bay, Middle Bay, and Radical Bay (i.e., the Tri-Bays) residence renovation project. The loan is interest only, at prime less 0.25%, with principal to be repaid with donations by the end of five years. It is expected that the balance of this loan will be \$2 million at the end of fiscal year 2020/21.

A summary of the long-term debt position follows:

	<b>Actual 2016/17</b>	<b>Actual 2017/18</b>	<b>Actual 2018/19</b>	<b>Actual 2019/20</b>	<b>Budget 2020/21</b>
Loans - opening balance	\$ 6,150,000	\$ 7,716,000	\$ 11,982,000	\$ 11,548,000	\$ 10,981,000
Principal payments made	(334,000)	(369,000)	(434,000)	(567,000)	(128,000)
Additional funds borrowed	1,900,000	4,635,000	-	-	2,000,000
<b>Loans outstanding</b>	<b>\$ 7,716,000</b>	<b>\$ 11,982,000</b>	<b>\$ 11,548,000</b>	<b>\$ 10,981,000</b>	<b>\$ 12,853,000</b>

#### **Capital expenditures:**

The operating budget includes items funded from operating cash flow such as major repairs that qualify as capital additions to the buildings (not funded by long-term debt or capital contributions) as well as the purchase of other fixed assets such as books, computers, equipment and furniture. A summary of budgeted capital expenditures for the coming year is presented below:

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Library books	\$ 36,000	\$ 44,000	\$ 36,000
Furniture & equipment capitalized	11,000	40,000	11,000
Athletics cardio equipment	-	-	10,000
Facilities alterations & renovations capitalized	212,000	335,000	212,000
Capital expenditures funded by operations	\$ 259,000	\$ 419,000	\$ 269,000

As noted previously, the Athletics program put forward a request to BAC to replace all 15 pieces of aging cardio equipment at a cost of \$69,000. Leasing options were also presented. After deliberation, the BAC recommended that Athletics be given an additional \$10,000 per year for four years and that they utilize the proceeds from the annual alumni golf tournament, designated for programming, to supplement the \$10,000 increase in their budget to purchase a few pieces of cardio equipment each year. The use of the golf tournament programming funds for this purpose would be at their discretion.

King's was authorized by Resolution passed by the Board of Governors in June 2017 (amended in December 2017) to expend up to \$300,000 from the internally restricted funds to enable King's to:

- Plan and ready itself for a residence renovation to be completed in 2018-19 or a later year in accordance with the Campus Master Plan;
- Plan for the consolidation and reconfiguration of the Journalism School in accordance with the Campus Master Plan, including the assessment of the feasibility of reconfiguring space and making consequential renovations in the A&A Building; and
- Determine the work necessary to satisfy the accessibility requirements stemming from the recently passed *Accessibility Act*.

Under the first bullet, the Chapel Bay, Middle Bay, Radical Bay (i.e., "Tri-Bays") residence renovation project began in March with an anticipated completion date of mid-August 2020. The cost of this project is estimated to come in just below \$5 million dollars. Funding for the project will be from a combination of capital contributions (just over \$2 million has been raised so far) and prior year surpluses (2018/19 and 2019/20 of at least \$1 million). As noted previously, a bridge financing loan has been obtained to finance the gap while fundraising continues.

Since the Tri-Bay project began early, \$192,000 has already been expended from operations in 2019/20 and is reflected above in the Facilities alterations & renovations capitalized amount of \$335,000.

In March 2020, King's received one-time restricted funding in the amount of \$453,000 from the Province of Nova Scotia, through the Department of Labour and Advanced Education (LAE), to be used to address deferred maintenance on current infrastructure. Since this is a restricted grant, it has not been included in the operating budget for 2020/21 nor have the related expenditures. It is

anticipated that this grant will be used to address several smaller scale accessibility projects on campus, water infiltration issues and technology infrastructure upgrades.

Work is also being done to have a shovel ready accessibility project (in phases depending upon level of governmental support) for Alexandra Hall. It is hoped that there may be federal (and perhaps provincial) infrastructure funding available to universities as part of the response of governments to the economic impact of the pandemic. Through Universities Canada and independently if it, Nova Scotia universities and those of Atlantic Canada more generally are making encouraging progress on having residence projects eligible for this funding. It is anticipated that a project's contribution to sustainability will be an important factor as to whether or not it receives funding. This dimension is being built into the Alex Hall project.

**Use of internally restricted funds:**

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>		<b>Budget 2020/21</b>
		<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	
<b>Use of reserve funds formerly approved by Board</b>				
Capital preparedness*	\$ -	\$ 61,000	\$ -	
Enhanced Voluntary Retirement Program (EVRP)		- 23,000		-
Reputational research study**	51,000	51,000		-
Familiarization tours (\$16,000/year for 3 years to 2020/21)***	16,000	16,000		16,000
<b>Total use of reserve funds</b>	<b>\$ 67,000</b>	<b>\$ 151,000</b>	<b>\$ 16,000</b>	
<b>Framework for expenditure of internally restricted funds</b>				
Staff development fund	\$ -	\$ 4,000	\$ -	
Student employment fund		- 44,000		-
Scholarships, awards and bursaries		- 135,000		-
Recruitment and marketing/communications re: recruitment**	-	92,000		-
<b>Total Framework expenditures from internally restricted funds</b>	<b>\$ -</b>	<b>\$ 275,000</b>	<b>\$ -</b>	
<b>Use of internally restricted operating funds</b>	<b>\$ 67,000</b>	<b>\$ 426,000</b>	<b>\$ 16,000</b>	

\*This was described above under "Capital expenditures". These funds are expended through the Facilities Management Department and such spending is offset with internally restricted funds. As at March 31, 2020, \$92,000 remains to be spent. This expenditure is not reflected in the budget, nor is the application of the offsetting internally restricted funds (one offsets the other).

\*\*Refer to Advancement below for additional information.

\*\*\*Refer to Registrar's office, recruitment & academic support below for additional information.

All expenditures from the internally restricted funds are reflected under the applicable departmental expense budgets shown below.

## Use of prior year surplus to reduce deficit: (\$231,000)

A portion of the 2019/20 operating cash surplus is being carried forward to offset against the operating cash deficit of 2020/21. The rationale for this is the following:

- One quarter of winter 2020 residence fees were refunded to students in March as a result of vacating residence early due to the pandemic. Since April 2020 falls within the 2020/21 fiscal year (but falls within the 2019/20 academic year), residence revenue in 2020/21 has been negatively impacted by \$201,000. This portion of the 2019/20 surplus is being carried forward to apply against the reduced residence revenue in 2020/21.
- Students did not receive a refund of ancillary fees as a result of vacating residence early, including the athletics fee. King's has contributed \$30,000 to the Student Emergency Relief Fund. It represents the portion of athletics fees students paid from the date King's closed the gym to reduce the risk of Coronavirus transmission to the end of the academic year. The fund will be used to assist students whose financial ability to begin or continue their studies has been jeopardized by the pandemic in ways that are not addressed by other funding sources. Since the refund of athletics fees would have impacted the 2019/20 fiscal year, \$30,000 of the 2019/20 surplus is being carried forward to apply against this additional expense in 2020/21.

## Major assumptions:

- **Government grant** - increasing by 1% year-over-year for all years of the five-year MOU with the Province of Nova Scotia (2019/20 – 2023/24).
- **Student academic fees**
  - There is a 3% cap on Nova Scotia undergraduate tuition rates and no cap on out-of-province undergraduate tuition rates, graduate tuition rates or international differential rates.
  - Undergraduate arts and science tuition rates for fall and winter to increase by 3% (approved by Dalhousie in May 2020). King's and Dalhousie offer joint degrees in arts and science. Dalhousie decided to keep 2020 spring/summer tuition rates flat due to the pandemic. This means that summer tuition will be 6% higher next year to catch up with tuition rates charged in the fall and winter if there is another 3% increase next year.
  - All journalism programs (4-year Bachelor of Journalism Honours, 1-year Bachelor of Journalism and Master of Journalism (MJ) program) to increase by 1% in each of next two years based on recommendations of the BAC Journalism Tuition Sub-Committee, accepted by the Board of Governors at its meeting in December of 2019. Increased financial aid will also be provided to Journalism students.
  - Master of Fine Arts (MFA) program tuition to increase by 2% based on input from the MFA Director and Director of Journalism regarding the cost of the program and having possibly reached the 'sweet spot' between cost and enrolment levels. Supported by BAC.
  - International differential tuition rates to increase by 3% plus \$1,473 for students entering King's in the fall of 2019 or later (which is a 16% increase over the prior year). This is the

second year of a four-year Dalhousie Board-approved increase. Students who entered Dalhousie or King's prior to the fall of 2019 will pay 3% more than they did in the prior year. For 2020 spring/summer Dalhousie did not add the 3% increase but only the \$1,473 increase.

- Over the past several years, King's has experienced a positive tuition variance of \$200,000 - \$300,000 related to course elective choices taken by King's students at Dalhousie (i.e., the faculties in which the electives are taken which garner a higher tuition rate than arts tuition – for example, law, sustainability, human resources, health professions, management, etc.). A modest increase in tuition revenue of \$100,000 (would have been \$150,000 in the absence of the pandemic) has been incorporated into the budget to account for this.

- **Student ancillary fees**

- A listing of ancillary fees charged to King's students is provided in the revenue section that follows.
- Per the MOU with the province, increases in auxiliary and ancillary fees cannot exceed the increases in the costs of providing the services or goods provided.
- For the fourth year in a row (i.e., since 2016/17), in an effort to reduce the gap (currently \$368 per year) in fees charged by King's in comparison to the fees charged by Dalhousie, there will be no increase in the student ancillary fees charged by King's in 2020/21, with the exception of the MFA mentor fee which will increase by 2% to remain in line with Canada's consumer price index. This fee flows directly from the students to the mentors.
- Since King's is anticipating the closure of the King's gym due to the pandemic, the budget assumes the athletics fee will not be charged to King's students in fiscal year 2020/21, even if it becomes available for use.
- Before the pandemic, Dalhousie's February BAC recommended an increase in student fees of 3% (with the exception of the recently implemented fitness facility renewal fee which will, for the second year in a row, remain at 2018/19 levels). King's students pay Dalhousie's health service fee (i.e., wellness fee) and fitness facility renewal fee directly to Dalhousie. King's students also pay a joint athletics fee and a joint facility renewal fee where a portion goes to King's and a portion goes to Dalhousie. Due to the pandemic, Dalhousie has decided not to increase its student fees for 2020-21 and keep them at 2019-20 rates. Dalhousie has also waived the fall semester Dalplex fee and fall semester fitness facility renewal fee.
- Conversations continue with Dalhousie regarding a modest decrease in the Dalhousie portion of the joint King's/Dalhousie fees charged to King's students. This has not been factored into King's fees for 2020/21.

- **Student residence fees**

- Market analysis was performed for the fourth year in a row and, although there has been improvement in terms of where King's rates fall in the rankings, King's rates are at the higher end of the scale for rooms of comparable age and condition. Dalhousie has now surpassed King's as having the highest rates of all universities in the comparator group.

- Room rates have been held flat since 2017/18. BAC recommends that room rates be held flat for one more year and that a university-wide condition assessment of residence rooms by floor be performed over the coming year to inform the setting of 2021/22 residence room rates. This is to determine if different room rates should be charged based on the location and condition of the rooms (for example, the student experience in the basement might not be equivalent to the student experience on an upper floor). Perhaps this should be considered in the setting of residence room rates in the future.
- **Meal plan fees**
  - Under the terms of the food service contract with Chartwells, meal plan prices for the fall will increase annually based on the all-inclusive Nova Scotia consumer price index (CPI) annual increase as of the previous December which was 2.2%.
  - Prices will also be impacted by a \$1/hour increase in the Nova Scotia minimum wage rate on April 1, 2020 (8.6% increase). This will increase meal plans by a further 0.6% for a total of 2.8%.
  - The number of board days in residence also affects meal plan prices. There were 219 board days in 2019/20 but there will only be 217 board days in 2020/21 which will reduce the meal plan prices. The net increase for all meal plans in 2020/21 will be 1.86%.
- **Enrolment**
  - Refer to the “Enrolment Projection Models Versus Scenario Approach for 2020/21 Budget” section above for the approach taken in estimating enrolment for 2020/21.
  - Total fall undergraduate and graduate headcount combined (part-time and full-time) is anticipated to decline by 17.4% relative to 2019/20 budgeted enrolment and 17.8% relative to 2019/20 actual enrolment.
  - Total fall undergraduate student enrolment headcount (part-time and full-time) is anticipated to decline by 19.0% relative to 2019/20 budgeted enrolment and 19.7% relative to 2019/20 actual enrolment based on the ‘middle case’ enrolment as described earlier.
  - Excluding the current budget year, FYP enrolment has been relatively stable for four years in a row, after three years of steep declines (2013/14 to 2016/17).
  - Graduate enrolment continues to be a good news story, particularly for the MFA program. Enrolment in this program was 52 in 2018/19 and reached a high of 59 in 2019/20. Enrolment is expected to be 58 in 2020/21 and is expected to hover around 60 for future years. The Master of Journalism (MJ) program underwent an external review in 2016/17 and has been restructured with program changes taking effect in 2020/21. Enrolment in 2019/20 was only 4 due to a smaller applicant pool but is expected to increase to at least 10 in 2020/21 (conservative estimate).

**Enrolment (fall headcount as of October 15):**

		Approved		
		Budget 2019/20	Actual 2019/20	Budget 2020/21
<b>Fall</b>	Undergraduate	828	836	671
	Graduate	67	63	68
	Total	895	899	739
<b>Winter</b>	Undergraduate	795	802	644
	Graduate	64	61	65
	Total	859	863	709

**FYP included above:**

Fall	196	192	147
Winter	191	186	142

• **Investment income**

- The policy of a 4% draw from the investment portfolio (including endowments and internally restricted funds) will continue plus an additional  $\frac{3}{4}\%$  administrative charge for managing and accounting for the funds. This was recommended by the College Task Force for 2015/16 and has been factored into the budget ever since.
- In 2018/19, on the recommendation of the Investment Committee, the Board of Governors' approved King's to engage the services of an alternative investment manager in addition to its value manager to manage approximately 27% (or \$11 million) of its investments. Higher investment returns are anticipated as a result of this decision as are higher investment management fees. The transition has taken longer than anticipated but the budget for 2020/21 contemplates this transition will be completed by the fall of 2020.

## REVENUE

	Approved	Unaudited		Budget 2020/21
	Budget 2019/20	Actual 2019/20		
Government grant	\$ 8,270,000	\$ 8,270,000	\$ 8,353,000	
Student academic fees	7,172,000	7,459,000	6,225,000	
Student ancillary fees	977,000	1,013,000	569,000	
Student residence fees	1,729,000	1,786,000	334,000	
Continuing education	-	8,000	-	
Investment income	1,963,000	1,943,000	1,802,000	
Sale of goods and services	311,000	345,000	162,000	
Conference services	309,000	277,000	6,000	
Gifts	632,000	589,000	681,000	
Other government grants	65,000	100,000	68,000	
Total revenue	<u>\$ 21,428,000</u>	<u>\$ 21,790,000</u>	<u>\$ 18,200,000</u>	

### Student academic fees:

Tuition – a decrease of \$947,000 from the 2019/20 budget and a decrease of \$1,234,000 compared to 2019/20 actual. These differences can be explained by the full-time equivalent (FTE) enrolment differences displayed in the table below combined with a 3% tuition rate increase in arts and science, a 2% tuition rate increase in the MFA program, a 1% increase in all Journalism programs and an increase in the international differential rate as described above under “Major assumptions”.

	Approved	Budget 2020/21	
	Budget 2019/20		
FYP (Foundation Year Program)	196	192	147
BA (Bachelor of Arts)	458	452	357
BSC (Bachelor of Science)	80	88	91
BM (Bachelor of Music)	0	4	0
BJH (Bachelor of Journalism Honours)	54	50	50
BJ (Bachelor of Journalism 1-year)	22	24	12
MJ (Master of Journalism)	6	4	10
MFA (Master of Fine Arts)	61	59	58
<b>Total FTEs</b>	<b>877</b>	<b>873</b>	<b>725</b>
International FTE included above	42	46	20

Tuition dollars by program are shown in the table below:

	Approved	Unaudited	
	Budget 2019/20	Actual 2019/20	Budget 2020/21
Arts & Science	\$ 5,237,000	\$ 5,458,000	\$ 4,530,000
Journalism (4-year and 1-year BJ)	949,000	1,041,000	899,000
Master of Journalism (MJ)	52,000	35,000	75,000
Master of Fine Arts (MFA)	498,000	485,000	489,000
International fees	436,000	440,000	232,000
<b>Total student academic fees</b>	<b>\$ 7,172,000</b>	<b>\$ 7,459,000</b>	<b>\$ 6,225,000</b>

Journalism tuition includes tuition from Dalhousie students (while enrolment above only includes King's registered students).

#### **Student ancillary fees:**

Ancillary fees – a decrease of \$408,000 from the 2019/20 budget and a decrease of \$444,000 compared to 2019/20 actual.

The table below breaks out fees charged to all students (due to the low-residency nature of the MFA program, those students do not pay all of these fees but a portion of the fees) and program-specific fees.

Most fees will be negatively impacted by a reduction in undergraduate enrolment due to the pandemic (refer to the enrolment table under "Student academic fees" above).

With respect to the fees applied to all students, King's is applying the following logic with respect to the 2020/21 fiscal year and the fact that students will be taking most if not all of their courses online:

- Facility renewal fee – this fee will continue to be charged as it is a fee to maintain the university campus buildings.
- Athletic fee – since King's is anticipating the closure of the King's gym (either full closure or partial closure) due to the pandemic, the budget assumes the athletic fee will not be charged to students, even if it becomes available for use.
- College fee – the purpose of this fee is threefold – to provide funding to the Day Student Society, to provide funding to the Residence Societies and to provide funds for the maintenance of the Wardroom/Day Students' Lounge. The budget assumes this fee will continue to be charged to students in September; however, given the fluidity of the situation around the pandemic and the ability of these groups to function, the official decision as to whether this fee will be charged will be decided at a later date.

- Administration fee – this fee will continue to be charged as it is a fee for the provision of services that will continue to be offered despite the pandemic – for example, confirmation of enrolment, confirmation of fee payment, leave of absence, transcripts, letter of permission, change from credit to audit, etc.

With respect to the program-specific fees:

- MFA mentor fee – is the only fee that reflects a slight increase related to the fee increase of 2% which is offset by a slight decline in enrolment as compared to both the prior year budget and actual. The mentor fee is a necessary cost of the MFA program. Mentors are assigned to each MFA student.
- FYP fee – the FYP program is continuing in the fall but will be offered online. Students in the program must pay a course fee, which includes the cost of the program Handbook.
- As a result of the pandemic, the study abroad course in Berlin, Germany has been postponed to 2021/22 and the Humanities for Young People (HYP) program has been cancelled.

	Approved		Unaudited	
	Budget	Actual	Budget	
	2019/20	2019/20	2020/21	
<b>Fees applied to all students</b>				
Facility renewal fee	\$ 243,000	\$ 245,000	\$ 195,000	
Athletic fee	222,000	233,000	-	
College fee	59,000	65,000	50,000	
Administration fee	29,000	29,000	24,000	
<b>Program specific fees</b>				
MFA mentor fee	199,000	194,000	196,000	
FYP fee	59,000	57,000	44,000	
Study abroad fees (admin & travel)	79,000	79,000	-	
Humanities for Young People (HYP)	27,000	47,000	-	
<b>Other fees (application fees, forfeits, etc.)</b>				
Other administrative fees	60,000	64,000	60,000	
Total student ancillary fees	\$ 977,000	\$ 1,013,000	\$ 569,000	

### **Student residence fees:**

Residence revenue – a decrease of \$1,395,000 from the 2019/20 budget and a decrease of \$1,452,000 compared to 2019/20 actual.

As described under the Residence Planning section, the 2020/21 budget residence scenario anticipates a significant reduction in residence occupancy. Although circumstances continue to

evolve, King's is currently assuming occupancy will be limited to 52 students in residence in September.

Chapel Bay, Middle Bay, and Radical Bay (i.e., the “Tri-Bays”) residences are undergoing a major renovation in the summer of 2020. The renovation will result in 10 fewer residence beds due to increasing the size and privacy of the bathrooms on the second and third floors and the creation of a common area in Middle Bay. This brings the total number of beds to 254. In previous budget documents, the number of beds has always been shown as 274; however, this figure includes a number of beds that are no longer available and have not been available for some time. These include beds converted to junior don suites and beds converted to the Dean’s suite. These were reflected as “closed/unavailable beds” for 2019/20. Since these beds will never be available, the total bed count figure shown for 2020/21 and going forward will be 254, which reflects the ‘loss’ of beds just described and the beds lost from the Tri-Bay renovation. There continues to be a double room in the Alex Hall basement used for storage that is not immediately available.

Occupancy in 2019/20 was positively impacted by housing Dalhousie and NSCAD students and having a larger number of upper year King's students in residence.

Residence room rates for 2020/21 continue to be held at 2016/17 rates pending a room condition assessment in 2020/21 as recommended by BAC.

As noted above under “Major assumptions”, meal plan fees for 2020/21 are increasing by 1.86% in accordance with the food service contract. King's earns commission on a sliding scale based on the number of meal plans sold (220–239 = 8%, 240–259 = 11%, 260+ = 14%) including the dons. 2019/20 meal plan fees are higher than 2019/20 budget due to higher occupancy in residence in the fall semester which also resulted in higher meal plan commission.

Since the 2020/21 budget only assumes occupancy of 52 students and 13 dons in residence, King's will not reach the minimum threshold of 220 meal plans for earning meal plan commission. A conversation will be had with King's food service provider about the terms and conditions of the contract in light of the unique circumstances posed by the pandemic and the drastic change in anticipated meal plans from those each party assumed when the contract was negotiated.

As noted above under “Use of prior year surplus to reduce deficit”, one quarter of winter 2020 residence fees were reimbursed to students in March 2020. Where April 2020 falls in the 2020/21, this negatively impacts the 2020/21 fiscal year and residence revenue is \$201,000 lower than it otherwise would have been without this refund.

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Total beds	274	274	254
Closed/unavailable beds*	(14)	(11)	(2)
Beds vacant on move-in day	(20)	(10)	(200)
Beds occupied on move-in day	240	253	52
Withdrawals (full fall, half winter)	(8)	(14.5)	(2)
<b>Total beds occupied</b>	<b>232</b>	<b>239</b>	<b>50</b>

Occupancy rate as a % of available beds (excl withdrawals)	92.3%	96.2%	20.6%
Occupancy rate as a % of available beds (incl withdrawals)	89.2%	90.7%	19.8%

\*Closed/unavailable bed details:

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Beds converted to junior don suites	4	6	0
Beds converted to Dean's suite	3	3	0
Showroom for recruitment purposes	2	0	0
Out of town recruiter room	1	0	0
Residence office	2	0	0
Room in basement utilized for storage	2	2	2
<b>Closed/unavailable beds</b>	<b>14</b>	<b>11</b>	<b>2</b>

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Room fees	\$ 1,625,000	\$ 1,669,000	\$ 334,000
Meal plan fees	104,000	117,000	-
<b>Total Student residence fees</b>	<b>\$ 1,729,000</b>	<b>\$ 1,786,000</b>	<b>\$ 334,000</b>

Number of meal plans (fall/winter):

Residence students	235/230	247/230	51/50
Dons	13/13	14/14	13/13
<b>Total</b>	<b>248/243</b>	<b>261/244</b>	<b>64/63</b>

Meal plan commission rate	11%/11%	14%/11%	0%/0%
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### **Other Revenue Assumptions:**

#### **Continuing education:**

There is a small amount of revenue in 2019/20 related to continuing education in the revenue table. There is also a corresponding expense amount in the expense table. A small number of non-credit creative writing workshops were offered in the fall semester but were not re-offered in the winter semester due to insufficient enrolment. Nothing has been incorporated into the 2020/21 budget for continuing education, although non-credit instruction may still occur if enrolment warrants it.

#### **Investment income:**

The endowment draw for each year is calculated as 4% of the average market value of the previous three fiscal years as of March 31. The market downturn, as a result of the pandemic, has had a negative impact on the market value of King's investments on March 31, 2020. The three-year average market value multiplier for 2020/21 is less than 1. This is due to market values being lower than cost in two of the last three years. The market downturn reflected in the March 31, 2020 market values will impact the current budget year along with the next two budget years since it will continue to part of the three-year average calculation. If markets suddenly deteriorate again, or further, and impact the March 31, 2021 market values, this will mean that all three years utilized in the three-year average market value will be lower than cost and will have a significant negative impact on investment income for several years.

The budgeted investment income for 2020/21 is lower than the prior year budget by \$161,000 and lower than prior year actual by \$141,000.

As recommended by the College Task Force in 2015/16, an additional \$40,000 was withdrawn from the Divinity endowment from 2015/16 up to and including 2019/20, representing a portion of previously undrawn funds from prior years. These funds were annually applied to the Chapel Music program. Only \$11,000 remains and has been allocated to Chapel Music in 2020/21, a reduction of \$29,000 from the prior year. This will be the last year for this allocation.

King's also draws 4% from the internally restricted funds. These funds are invested with our endowment funds and are included on the endowment schedule so that investment income and management fees can be allocated to them.

#### **Sale of goods and services:**

The 2020/21 budget is lower than the 2019/20 budget by \$149,000 and lower than 2019/20 actuals by \$183,000. The 2020/21 budget is greatly impacted by the ongoing pandemic situation. The Chapel Music program cancelled the Easter concert, the Chapel is not able to hold weddings in the summer, graduation dinner tickets were not sold, there is less catering commission due to the lack of events, there is lost gym rental revenue and reduced library revenue due to building closures, and there is lower interest income earned on bank accounts due to the anticipated

reliance on the operating line of credit . Actual revenue for 2019/20 exceeded budget primarily due to higher interest earned on the bank accounts from receiving the provincial operating grant in two installments and revenue related to the write-off of older small student account balances.

**Conference services:**

Conference services is described below under the expense section.

**Gifts:**

Unlike most other sources of revenue, the gifts budget for 2020/21 is higher than the 2019/20 budget by \$49,000 and higher than 2019/20 actuals by \$92,000. A Student Emergency Relief Fund has been established in 2020/21, as a result of the pandemic, with donations received to date of just under \$50,000. This amount has an offsetting expenditure under the Scholarships, awards and bursaries section below. The amount continues to grow but has been included in the budget at its current amount. The budget amount will not dictate the amount of bursaries given.

Actual results for 2019/20 exceeded budget by \$43,000 in large part due to higher donations received for the Chapel Music Program (\$30,000).

**Other government grants:**

Grants in 2020/21 are expected to be \$3,000 higher than the prior year budget and \$32,000 lower than prior year actuals. The 2020/21 budget includes \$48,000 in Social Sciences and Humanities Research Council (SSHRC) funding for indirect costs of research and a \$20,000 provincial grant for NS graduate scholarships.

Actual results for 2019/20 include \$55,000 for SSHRC indirect costs of research, \$20,000 for NS graduate scholarships, additional provincial government funding of \$15,000 for sexualized violence initiatives, \$5,000 from Edu Nova for a student scholarship and a \$4,000 federal summer student employment grant.

## EXPENSES

	Approved	Unaudited		Budget 2020/21
	Budget	Actual	2019/20	
	2019/20	2019/20	2019/20	
Academic (excluding Journalism equipment)	\$ 6,283,000	\$ 6,260,000	\$ 6,222,000	
Continuing education	-	6,000	-	
Allotment to Dalhousie	4,038,000	3,943,000	3,876,000	
Facility operations (excluding capital renovations)	1,775,000	1,802,000	1,678,000	
Residence & other student services	509,000	507,000	512,000	
Scholarships, awards and bursaries	1,484,000	1,590,000	1,553,000	
Other student support	75,000	87,000	88,000	
Utilities, taxes & insurance	536,000	471,000	518,000	
Advancement	841,000	979,000	800,000	
Athletics	549,000	564,000	466,000	
Bursar's office	597,000	605,000	577,000	
General college administration and other	325,000	300,000	310,000	
Library (excluding Library books)	392,000	357,000	380,000	
President's office	432,000	451,000	461,000	
Vice President's office*	222,000	156,000	244,000	
Equity office*	57,000	10,000	61,000	
Sexualized violence awareness, prevention & response office	98,000	52,000	88,000	
Registrar's office, recruitment & academic support	893,000	892,000	938,000	
Divinity & chapel	141,000	127,000	143,000	
Chapel music	229,000	238,000	209,000	
Professional fees	165,000	143,000	150,000	
Interest & service charges	414,000	402,000	426,000	
Investment management fees	206,000	184,000	230,000	
Conference services	253,000	230,000	75,000	
COVID-19 emergency response fund	-	-	500,000	
Unallocated anticipated reductions in spending	-	-	(721,000)	
Total expenses	\$ 20,514,000	\$ 20,356,000	\$ 19,784,000	
Costs covered by internally restricted funds	(67,000)	(426,000)	(16,000)	
Net expenses	\$ 20,447,000	\$ 19,930,000	\$ 19,768,000	

\*The Equity office was formerly included under the Vice President's office. Existing equity accounts have been repointed to the Equity office which explains why there is a budget and actual amount reflected in fiscal year 2019/20.

### General comments:

Expenses in the table above are organized by department or cost category. The budget for each department reflects both compensation and operating expenditures. These expenditures are broken down further in the departmental budget tables that follow and are listed in the order they appear in the table above.

The 2020/21 overall expense budget (including spending from the internally restricted funds) is lower than the 2019/20 expense budget by \$730,000 and \$572,000 lower than the 2019/20 actual results. Since the expenses shown in the table contain spending from the internally restricted funds (and are not funded by the operating budget), this spending has been deducted at the bottom of the table so that an ‘apples to apples’ comparison can be made. The 2020/21 expense budget is now \$679,000 lower than the 2019/20 expense budget and \$162,000 lower than the 2019/20 actual results.

Since 2015/16, permanent cumulative departmental reductions of \$1.25 million have been made. Department Heads and Program Directors were instructed to maintain 2020/21 spending at 2019/20 levels and to bring any requests for additional funding to the BAC. Exceptions would be made for expenditure increases that are the result of higher enrolment. Total additional spending of \$77,000 was approved and is shown in Schedule 4. Everything except the \$10,000 in cardio equipment has been factored into the departmental budgets that follow. The cardio equipment is shown under “Capital funded by operations” and was discussed previously.

There is a small 2019/20 expenditure amount related to continuing education in the expense table. There is also a corresponding revenue amount in the revenue table. A small number of non-credit creative writing workshops were offered in the fall semester but were not re-offered in the winter semester due to insufficient enrolment. Nothing has been incorporated into the 2020/21 budget for continuing education although non-credit instruction may still occur if enrolment warrants it.

The ongoing pandemic situation has created several uncertainties with respect to the fall. Many of the impacts on spring/summer are known and have been factored into the budget. Refer to Schedule 3. Negative impacts totaling \$1,340,000 are offset by positive impacts of \$407,000 for a net negative impact of \$933,000 (which does not take into consideration the impact on enrolment or residence occupancy for the fall). The positive impacts relate to salary savings from the postponement of hiring new faculty positions and reduced summer student employment opportunities due to the closure of facilities, higher online summer course registration, donations to the Student Emergency Relief Fund and the conversion of the MFA summer and winter residencies to an online platform. The negative impacts relate to the establishment of a COVID-19 emergency response fund, the reimbursement of one quarter of winter residence fees (April 2020 falls in the 2020/21 fiscal year), the loss of the 2020 summer conference services season, a reduction in investment income due to market declines, forgone revenue related to closed facilities, the postponement of the study abroad course in Berlin, and the establishment of the Student Emergency Relief Fund.

The pandemic situation has led to the addition of two new lines to the listing of expenses in the previous table:

- 1.) A COVID-19 emergency response fund has been established to address expenditures that will arise as a result of the pandemic.
- 2.) Unallocated anticipated reductions in spending have been identified and are very much contingent upon public health directives and travel restrictions.

Both items are described in more detail at the end of the expense section.

### **Salaries and benefits:**

2020/21 academic and administrative salaries and benefits are increasing by \$1,000 over the 2019/20 budget and by \$84,000 over 2019/20 actual salaries and benefits. It is the largest single component of expenses and accounts for 51.1% of the total 2020/21 operating expenses at \$10,106,000 (academic salaries and benefits represent \$5,481,000 or 54% of this total while administrative salaries and benefits represent \$4,625,000 or 46% of this total).

If the direct cost component of the Dalhousie allotment is included (58% of the total Dalhousie allotment represents direct costs while 42% represents overhead) in the total, this percentage increases to 62.4% of total operating expenses in 2020/21. The Dalhousie allotment represents the cost that Dalhousie charges King's for teaching its students minus the cost to King's of teaching Dalhousie students. A substantial portion of the direct cost relates to faculty salaries and benefits in the Faculties of Arts and Social Sciences and Science at Dalhousie.

Academic salaries and benefits for 2020/21 are \$39,000 or 0.7% lower than the 2019/20 budget and \$26,000 or 0.5% lower than 2019/20 actual salaries and benefits. The differences are explained under the "Academic" section that follows.

Administrative salaries and benefits are increasing by \$40,000 or 0.9% over the 2019/20 budget and \$110,000 or 2.5% over 2019/20 actual salaries and benefits. Actual administrative salaries and benefits for 2019/20 were largely impacted by the timing of new hires (the Sexualized Violence, Prevention and Response Officer (SVPRO), the Assistant to the Vice President and the Equity Officer). The 2020/21 increase is largely attributable to annual salary increases and adjustments to the accrual of the contractual administrative leaves of the President and Vice-President, offset by savings from the Blue Cross premium holiday described below. These and other salary differences are described under the various administrative departments that follow.

A Blue Cross premium holiday is in place for the period April 1 – August 31, 2020 and is contributing \$59,000 in benefits savings for 2020/21. The holiday is for both King's and its employees and will reduce the surplus that has accumulated that is the result of premiums collected being higher than claims paid over a period of time.

With the exception of the five-member (plus one member on parental leave) UKCTA (University of King's College Teachers Association) bargaining unit (representing Faculty Fellows and Senior Fellows in the Humanities), King's faculty and staff are not unionized. King's is required by the principle of parity between the salary of King's and Dalhousie professors that is part of its association with Dalhousie to follow the Dalhousie Faculty Association (DFA) salary scale for faculty salaries. The DFA collective agreement expires on June 30, 2020.

King's has also followed Dalhousie salary scales for staff salaries - the NSGEU Local 77 salary scale and the Dalhousie Professional and Managerial Group salary scale (DPMG). The NSGEU collective agreement also expires on June 30, 2020. The DPMG group salary increases typically follow those negotiated with the NSGEU group. The actual salary amounts for faculty and staff for 2020/21 are only known for the months of April – June 2020 as they are based on the July 1, 2019 salary scales

in the respective collective agreements. Estimates were used for July 1, 2020 salary increases and impacts nine months of the fiscal year.

The scale of the financial challenges that could be facing King's could necessitate consideration and discussion of measures to prevent increases in staffing costs and/or reduction in staffing costs where that is possible. Some measures have already been taken – hiring students to work on campus in a range of positions has not happened this year. Other measures could include not hiring other casual or term employees, deferring the hiring of new employees and/or delaying or cancelling scheduled increases in staff pay levels. It is hoped that reductions in staff pay levels, staff layoffs and permanent job losses can be avoided. But that outcome cannot be guaranteed. As we learn more about how we are going to be operating in the coming year, it will be increasingly difficult to achieve and justify these outcomes where people have no work or little work to do because of how we are operating.

### **Academic:**

#### **Academic Program Salaries and Benefits**

The Academic budget includes the salaries and benefits of all King's faculty as well as the administrative positions, technicians, teaching assistants and student employees who support King's academic programs. Operating expenditures include all costs incurred to offer King's academic programs including the cost of PROs (persons retained from outside) who teach individual courses and who are not employees of King's.

Academic salaries and benefits in the 2020/21 budget are \$39,000 lower than the 2019/20 budget and \$26,000 lower than 2019/20 actuals. There are a number of factors contributing to this decrease:

- A faculty member who participated in the Enhanced Voluntary Retirement Program (EVRP) in the prior year will begin a two-year 50% post-retirement contract on July 1, 2020. The individual will be paid 50% and will no longer be contributing to the pension plan for nine months of the fiscal year.
- A faculty member who began a two-year 50% post-retirement contract on July 1, 2019 contributed to nine months of salaries and benefits savings in the 2019/20 fiscal year but will contribute to 12 months of savings in 2020/21.
- A faculty member on an unpaid leave of absence from February 1 – July 31, 2020 will reduce the salaries and benefits budget (including pension) for four months in 2020/21. This leave of absence resulted in savings reflected in the 2019/20 actual results shown below.
- The hiring of a new faculty member at a lower Y-value (on the faculty salary scale) than that of a departing faculty member.
- A five-month Blue Cross premium holiday (as described above).

Offsetting the decreases above are the following items:

- Annual faculty and support staff salary increases.
- Additional teaching assistants required in all three of the upper year programs to accommodate higher course registrations.

### **Academic Program Operating Costs**

Academic operating costs have decreased by \$22,000 from the 2019/20 budget and \$12,000 from 2019/20 actual results. This is primarily related to the following:

- Postponement of the study abroad course in Berlin to 2021-22 due pandemic-related travel restrictions. The prior year budget included the study abroad course in Florence expenses of \$43,000.
- Cancellation of the July 2020 Humanities for Young People (HYP) program resulting in cost savings of \$25,000.
- Conversion of the MFA summer residency (scheduled to be held in-person in Halifax) and winter residency (scheduled to be held in-person in New York City) to an online platform due to pandemic-related travel restrictions resulting in cost savings of \$20,000.

Offset by:

- Increases in the PRO (persons retained from outside) budgets of the upper year programs to cover sabbaticals and summer teaching of \$36,000.
- An increase in the Journalism PRO (persons retained from outside) budget of \$23,000 due to the retirement of one faculty member and another beginning a 50% post-retirement contract on July 1.
- Increase in faculty computer replacement budget (brought before BAC and approved) of \$5,000

The 2020/21 academic operating costs budget includes the same travel budget as for the prior year. Savings from travel are anticipated if pandemic-related travel restrictions remain in place for the foreseeable future. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including on university travel.

The \$23,000 cost covered by internally restricted funds shown in the table below relates to the 50% salary replacement cost of a faculty member who began the Enhanced Voluntary Retirement Program (EVRP) on July 1, 2018. The period covered by this cost was April 1, 2019 – June 30, 2019. The 50% salary replacement cost for the period July 1, 2018 – March 31, 2019 was incurred in the 2018/19 fiscal year.

	Approved Budget 2019/20	Unaudited Actual 2019/20	Budget 2020/21
Academic Program Salaries	\$ 4,823,000	\$ 4,825,000	\$ 4,838,000
Academic Program Benefits Other Than Pension	259,000	255,000	233,000
Academic Program Pension	438,000	427,000	410,000
Academic Program Salaries and Benefits	5,520,000	5,507,000	5,481,000
Academic Program Operating Costs	763,000	753,000	741,000
Total Academic	6,283,000	6,260,000	6,222,000
Cost covered by internally restricted funds	-	(23,000)	-
Net Academic	\$ 6,283,000	\$ 6,237,000	\$ 6,222,000

**Allotment to Dalhousie:**

The Allotment to Dalhousie represents the cost Dalhousie charges King's to teach its students, offset by a credit given to King's for teaching Dalhousie students. A total cost per student is calculated for all Dalhousie and King's students taught in the Faculty of Arts and Social Sciences (FASS) and the Faculty of Science (FoS) at Dalhousie. This cost includes the direct costs of these two faculties (representing approximately 58% of the total cost). A substantial portion of this direct cost represents salaries and benefits of faculty in FASS and FoS. The overhead component (representing approximately 42% of the total cost) is based on the accessibility of Dalhousie services to King's students. This cost per student is applied to the number of students taught by each institution. There are two components of the cost per student calculation – total costs (of Dalhousie's faculties of Arts & Social Science and Science) which generally increase every year and total enrolment which has declined in recent years; the cost per student has been increasing year over year and has been applied to lower enrolment figures. The cost has been hovering around \$4 million for several years.

The billing from Dalhousie is always one year in arrears (i.e., it is based on enrolments and Dalhousie costs from the previous fiscal year). The enrolment piece is known at budget time. The difficulty in budgeting this item is in predicting Dalhousie's total cost to teach King's students as the previous year's costs are not yet known (i.e., Dalhousie's 2019/20 audited financial figures are not yet available). The budgeted cost per student increase has been set at 3.0% above the actual cost included in the 2019/20 invoice. The net number of King's students (i.e., King's students who took classes at Dalhousie minus Dalhousie students who took classes at King's) that King's will be invoiced for in 2020/21 decreased by 3.8% from the prior year actual of 390.3 FTEs to 375.6 FTEs. The anticipated cost increase per FTE (3.0%) is lower than the enrolment decline percentage (3.8%) which explains the slight decrease in the Allotment to Dalhousie as shown below (when comparing the 2020/21 budget to 2019/20 actual).

There were budget savings in 2019/20 due to the cost per student being 1.65% higher than the prior year as compared to a budgeted cost increase of 2.3% over the prior year.

	Approved Budget 2019/20	Unaudited Actual 2019/20	Budget 2020/21
Allotment to Dalhousie	\$ 4,038,000	\$ 3,943,000	\$ 3,876,000

King's and Dalhousie are close to finalizing modifications that will modernize and simplify the memorandum of understanding (MOU) under which the allotment to Dalhousie is allocated, including to ensure its consistency with changes in the Dalhousie - King's academic collaboration that have occurred since the development of the current MOU.

#### **Facility operations:**

The 2020/21 salaries and benefits budget includes annual increases offset by savings from the Blue Cross premium holiday and includes only one summer student when there would normally be four. The reduced number is the result of the pandemic and the closure of the campus over the summer. The timing of the hire date of the new Director of Facilities (mid-May 2019) in relation to the retirement date of the outgoing Director (March 31, 2019) resulted in salary and benefits savings in 2019/20. One employee worked and was paid for an 80% workload for the winter months which also led to savings in 2019/20.

Housekeeping costs for 2019/20 were lower than budget due to the awarding of a new contract on August 1, 2019 that resulted in savings. The budget for 2020/21 is higher than the actual for 2019/20 to factor in annual contract increases and to allow for an increase in high-touch cleaning practices when King's employees and students are permitted to return to campus. The housekeeping contractor has agreed to a contract reduction for summer housekeeping costs due to reduced cleaning requirements related to a near-vacant campus.

Security costs for 2020/21 have increased to factor in annual contract increases and to allow for 24/7 coverage during the pandemic and closure of campus.

Other expenditures include repairs and maintenance, contracts and charges for elevators, waste removal, alarms, heating and ventilation equipment maintenance, snow removal, landscaping and other operating expenditures. The 2018/19 budget included a one-time request of \$100,000 to replace the Library floors. For 2019/20, Facilities Management requested that the \$100,000 remain in the budget to address ventilation issues in the Alex Hall basement and to replace one of the tractors used for snow removal. This \$100,000 has been removed from the 2020/21 budget. The 2020/21 facilities budget includes \$7,000 for a short-term solution for a sound system for Prince Hall as shown on Schedule 4; however, this is unlikely to be used due to the ongoing impact of the pandemic. There are other costs in the budget that may also not be incurred as a result of the pandemic including travel and conference costs.

The \$74,000 cost covered by internally restricted funds shown in the table below consists of \$61,000 for capital preparedness as described under "Use of internally restricted funds" above (actual spending is reflected under "other" in the table below) and \$13,000 to hire two students

during the academic year under the Student Employment Fund, a component of the Framework for Expenditure of Internally Restricted Funds. The Student Employment Fund is meant to create new student positions that are not already included in the operating budget. Normally, students are only hired during the summer months in facilities.

	Approved Budget 2019/20	Unaudited Actual 2019/20	Budget 2020/21
Salaries & benefits	\$ 744,000	\$ 739,000	\$ 743,000
Housekeeping	408,000	387,000	397,000
Security	150,000	140,000	162,000
Other	473,000	536,000	376,000
<b>Total Facility operations</b>	<b>1,775,000</b>	<b>1,802,000</b>	<b>1,678,000</b>
Cost covered by internally restricted funds	-	(74,000)	-
<b>Net cost of Facility operations</b>	<b>\$ 1,775,000</b>	<b>\$ 1,728,000</b>	<b>\$ 1,678,000</b>

#### **Residence & other student services:**

The 2020/21 salaries and benefits budget includes annual salary increases offset by savings from the Blue Cross premium holiday. Both student patrol and Alex Hall front desk salaries factor in an 8.6% increase in the minimum wage rate on April 1, 2020 (from \$11.55/hour to \$12.55 per hour). It is not known at this time if the student patrol and Alex Hall front desk salary budgets will be affected by the pandemic beyond the summer.

The food services budget includes the cost of meal plans that King's pays for (i.e., dons, Dean and Assistant Dean of students). As described above under "Student residence fees", meal plan fees are increasing by 1.86% in 2020/21. The 2020/21 food services budget includes meal plans for 13 Deans/dons while the prior year budget included 14. The prior year also included salary support for the outgoing Food Service Director and overlap for training the new Food Service Director.

The formal meal budget for 2019/20 was underspent by \$7,000 due to residence being vacated early as a result of the pandemic. The student societies budget is impacted by student enrolment.

The \$1,000 cost covered by internally restricted funds shown in the table below is related to Staff Development, a component of the Framework for Expenditure of Internally Restricted Funds.

The 2020/21 budget shown below does not consider a reduction in residence costs as a result of the likelihood of fewer students living in residence. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including on student employment and residence operations.

To maximize the number of washrooms available to students, the 52-bed occupancy scenario described above under "residence planning", plans for students to be housed across campus in groups between three and six. This means the same number of residence dons are needed on campus to support students in each space since it is a risk to have students living on their own in a

Bay or floor. Residence dongs serve a critical role in caring for students if they get sick (e.g., meal delivery, check-ins). Residence dongs experienced an increased demand for support from students this spring and this increase is expected to continue if students return to residence in 2020/21. The role of residence dongs can also be adapted to provide virtual peer support and programming to all first-year students, regardless of whether they live in residence. This will allow King's to continue providing individualized support to students under these extraordinary times. Additional changes to residence operations, including Alex Hall Front Desk and Patrol, are also being considered to prioritize students' health and safety.

	Approved Budget 2019/20	Unaudited Actual 2019/20	Budget 2020/21
Salaries & benefits	\$ 186,000	\$ 186,000	\$ 196,000
Student patrol	73,000	75,000	80,000
Alex Hall front desk	68,000	69,000	79,000
Food services	70,000	78,000	47,000
Other administrative and operational	92,000	83,000	93,000
Student societies	20,000	16,000	17,000
<b>Total Residence &amp; other student services</b>	<b>509,000</b>	<b>507,000</b>	<b>512,000</b>
Cost covered by internally restricted funds	-	(1,000)	-
<b>Net cost of Residence &amp; other student services</b>	<b>\$ 509,000</b>	<b>\$ 506,000</b>	<b>\$ 512,000</b>

#### **Scholarships, awards & bursaries and other student support:**

Scholarships, awards and bursaries and other student support spending have increased by \$82,000 over the prior year budget and \$98,000 over prior year actuals (excluding internally restricted fund spending).

The scholarships budget for 2019/20 was overstated by \$27,000 related to the newly created Wright scholarship. It assumed the full renewable scholarship amount would be awarded in the first year rather than only the first-year portion. The Sobey scholarship has now reached its maximum amount of \$100,000 (up from \$93,000 in the prior year).

The bursaries budget for 2020/21 has been increased by \$80,000 representing the COVID-19 Student Emergency Relief Fund. Donations of \$50,000 have been received to date and another \$30,000 has been contributed by King's, representing the portion of winter Athletics fees that was not refunded after students vacated campus in March. The amount budgeted is based on donations received to date. The actual amount of bursaries awarded will not be limited based on the amount included in the budget.

The flow through scholarships for 2019/20 were lower than budget due to the deferral to a future year of a portion of the athletics scholarships that were not able to be awarded in 2019/20 (the gift is \$280,000 annually for five years).

Tuition waivers are available for dependents of King's employees. The budget amount for this item is specific to the employee dependents attending King's or Dalhousie at a given point in time and can vary year-over-year. The budget for 2019/20 was insufficient to cover the actual tuition waivers given during the year. At budget time, the number of first year employee dependents is not always known.

The \$135,000 cost covered by internally restricted funds shown in the table below is for scholarships, awards and bursaries, a component of the Framework for Expenditure of Internally Restricted Funds.

Of the \$1,641,000 million budget for scholarships, awards and bursaries and other student support (\$1,553,000 plus \$88,000 shown below), 65% is funded by a combination of endowment income (\$585,000 net of fees), annual scholarship gifts (\$464,000) and government grants (\$20,000), leaving \$572,000 or 35% being covered by King's operating budget. Schedule 5 provides more details. This does not consider funding provided by the internally restricted funds which is outside of the operating budget. Reducing the percentage of a stable or growing financial aid program (scholarships and bursaries) that is financed from the operating budget is one of the objectives of launching a major gifts campaign.

**Scholarships, awards & bursaries:**

	Approved Budget 2019/20	Unaudited		Budget 2020/21
		Actual	2019/20	
Scholarships	\$ 918,000	\$ 958,000	\$ 906,000	
Bursaries	178,000	298,000	259,000	
Flow through scholarships	321,000	275,000	321,000	
US/International awards	67,000	59,000	67,000	
Total Scholarships, awards and bursaries	1,484,000	1,590,000	1,553,000	
Cost covered by internally restricted funds	-	(135,000)	-	
Net cost of Scholarships, awards and bursaries	\$ 1,484,000	\$ 1,455,000	\$ 1,553,000	

**Other student support:**

	Approved Budget 2019/20	Unaudited		Budget 2020/21
		Actual	2019/20	
Chapel music scholarships	\$ 18,000	\$ 18,000	\$ 18,000	
Divinity scholarships & bursaries	20,000	20,000	20,000	
Tuition waiver	37,000	49,000	50,000	
Total other student support	\$ 75,000	\$ 87,000	\$ 88,000	

### Utilities, taxes & insurance:

The 2019/20 actual results for all line items were lower than budget. Electricity costs in 2019/20 were favorably impacted by a rebate from Efficiency Nova Scotia. The 2020/21 budget assumes similar consumption to 2019/20 plus a 5% allowance for a rate increase. Steam heat can fluctuate from budget for various reasons including Heritage Gas monthly pricing, changes from King's historical consumption, changes in weather, etc. King's purchases steam heat from Dalhousie. Budgets for both 2019/20 and 2020/21 were provided by Dalhousie. Water consumption for 2019/20 was slightly lower than budget and the anticipated rate increase did not materialize. The 2020/21 budget assumes similar consumption to 2019/20 plus an 11.4% potential rate increase (based on a CBC article dated February 17, 2020 where Halifax Water proposed an 11.4% rate increase).

Insurance for 2019/20 is lower than budget due to the return of a premium surplus to members from CURIE (Canadian University Reciprocal Insurance Exchange). The calendar year 2020 invoice has been received and is 7% higher than the previous year. Property taxes are budgeted to be \$4,500 but are rounded to the nearest thousand in the table below.

The budget for utilities assumes a 'normal' year. As a result of the pandemic, there are few employees physically on campus currently and the situation for fall is unknown. Savings in utilities are anticipated and are reflected in Schedule 2.

	Approved	Unaudited	
	Budget	Actual	Budget
	2019/20	2019/20	2020/21
Electricity	\$ 166,000	\$ 152,000	\$ 166,000
Heat	240,000	197,000	215,000
Water	51,000	45,000	50,000
Insurance	75,000	73,000	82,000
Taxes	4,000	4,000	5,000
Total utilities, taxes & insurance	\$ 536,000	\$ 471,000	\$ 518,000

### Advancement:

The 2020/21 salaries and benefits budget includes annual increases offset by savings from the Blue Cross premium holiday. It also includes top-up for a parental leave and overlap training for a retiring employee. Actual 2019/20 salaries and benefits include \$9,000 related to the hiring of students under the Student Employment Fund. The remaining \$143,000 in internally restricted funds covered non-salary budget line items described below.

When considering the non-salary budget line items below, it is important to factor in the application of the internally restricted funds when determining the increase/decrease in the non-salary 2020/21 budget in relation to 2019/20. The net cost of Advancement, excluding salaries and benefits for each column, is as follows:

- 2019/20 budget - \$217,000

- 2019/20 actual - \$251,000
- 2020/21 budget - \$187,000

The 2020/21 non-salary budget is \$30,000 lower than the 2019/20 budget. The Registrar's office and the Advancement office reconsidered the division of efforts around recruitment marketing efforts in the Spring of 2019. As a result, direct recruitment marketing efforts were migrated back to the Registrar's office along with the \$50,000 budget allocated for this work in the Advancement office. The two offices will continue to work collaboratively around the development of key messages for recruitment. This \$50,000 reduction is offset by a \$20,000 request for the creation of additional video assets as called for by research and experience that indicated best results for awareness and engagement through video content. This request was brought before BAC and was recommended for inclusion in the budget for 2020/21. Refer to Schedule 4.

There may be savings realized from travel if pandemic-related travel restrictions remain in place for the foreseeable future. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including on university travel.

Actual results for non-salary expenditures in 2019/20 exceeded budget for several reasons including: website security issues, more special events than anticipated (Wardroom donor recognition event, 100<sup>th</sup> anniversary of the Windsor fire, Deane/Little athletics scholarship recognition event, etc.) and the decision to continue to publish the alumni magazine, Tidings, in paper format rather than electronic format.

The 2019/20 budget included the expenditure of \$51,000 from the internally restricted funds for a reputational research study, the scope of which was expanded to include four studies - many of which were focused on student recruitment. Work began in late 2018 and concluded in fiscal year 2019/20. The total cost of these studies was \$86,000. Of this amount, \$19,000 was expended in 2018/19 and \$68,000 was expended in 2019/20. The additional \$17,000 required was paid for from the internally restricted funds under the Recruitment and Marketing/Communications Tied to Recruitment component of the Framework for Expenditure of Internally Restricted Funds.

In addition to the four studies noted above, a media buying campaign was also funded by the internally restricted funds under the same category at a cost of \$75,000. Total non-salary expenditures funded by the internally restricted funds in 2019/20 was \$143,000.

	Approved	Unaudited	
	Budget 2019/20	Actual 2019/20	Budget 2020/21
Salaries & benefits	\$ 573,000	\$ 585,000	\$ 613,000
Alumni & development	61,000	105,000	61,000
Communications	181,000	237,000	85,000
Tidings & website	26,000	52,000	41,000
<b>Total Advancement</b>	<b>841,000</b>	<b>979,000</b>	<b>800,000</b>
Cost covered by internally restricted funds	(51,000)	(152,000)	-
<b>Net cost of Advancement</b>	<b>\$ 790,000</b>	<b>\$ 827,000</b>	<b>\$ 800,000</b>

### **Athletics:**

The 2020/21 salaries and benefits budget includes annual increases offset by savings from the Blue Cross premium holiday.

Athletics also requested an additional \$20,000 for student salaries to enable the gym to be open at 7:00 am rather than 9:00 am to accommodate early morning users. As indicated above, this may be deferred in light of the continuing pandemic and the restrictions it may place on gym operations. An 8.6% increase in the minimum wage rate on April 1, 2020 (from \$11.55/hour to \$12.55/hour) resulted in an additional \$4,000 in student salaries. The closure of the gym over the summer due to the pandemic resulted in savings from student salaries of \$19,000, for a net increase of \$5,000. It is not known at this time if the student employment budget will be affected by the pandemic beyond the summer. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including on student employment.

The \$10,000 cost covered by internally restricted funds shown in the table below relates to students hired under the Student Employment Fund.

Actual salaries and benefits costs for 2019/20 exceeded budget by \$18,000. Of this amount, \$10,000 was covered by the internally restricted funds as described above. The remainder relates to Coach honorariums and minor officials. These exceeded budget due to additional hours required to host the Badminton championship and additional resources to assist with coverage during the one month leave of the Athletics Director.

Athletics teams and general expenses for 2020/21 are increasing for men's and women's basketball (\$4,000 each) due to increased travel costs related to playoffs being held in New Brunswick in 2020/21.

The budget figures below assume a 'normal' year with respect to the activities of the sports teams. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including the possibility of varsity sports being cancelled or reduced.

The reduction in the Dalhousie fee is a reflection of lower enrolment as described above under "Student ancillary fees".

	<b>Approved</b>	<b>Unaudited</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>
Salaries & benefits	\$ 264,000	\$ 282,000	\$ 274,000
Athletics teams and general	183,000	179,000	192,000
Dalhousie fee	102,000	103,000	-
<b>Total Athletics</b>	<b>549,000</b>	<b>564,000</b>	<b>466,000</b>
Cost covered by internally restricted funds	-	(10,000)	-
<b>Net cost of Athletics</b>	<b>\$ 549,000</b>	<b>\$ 554,000</b>	<b>\$ 466,000</b>

The situation with varsity athletics is uncertain. Whether or not there will be any varsity athletics in the coming year, and if there is, the extent of them, will be decided in the coming weeks by the executive heads of the conference in which King's competes, which is the Atlantic Colleges Athletic Association, the ACAA. It is highly likely the executive heads will decide either that there will be no varsity athletics in the coming year, or at least none in the fall term. They could also decide on a reduced schedule or a schedule that extends beyond the winter term, public health conditions allowing. Any of these decisions will reduce the amount that needs to be budgeted for varsity athletics in the coming year. This will reduce the size of the projected deficit.

This reduction could be offset by the cost of plans in development by Athletics to provide continuing training and other support to varsity athletes in the absence of varsity competition, as well as the cost of programming Athletics may develop to encourage physical and mental wellness of students living in residence or studying via distant online learning.

**Bursar's office:**

The 2019/20 salaries and benefits budget included a maternity leave/parental leave top up (at 95% for 17 weeks) and a temporary casual contract to replace an employee who was unable to work for medical reasons. Actual results for 2019/20 are higher due to an overlap period for training of the maternity leave replacement and an unanticipated extension of the temporary casual contract. These expenditures have been removed from the 2020/21 budget. The 2020/21 salaries and benefits budget includes annual increases offset by savings from the Blue Cross premium holiday.

The 2020/21 budget for non-salary accounts remains the same as 2019/20; however, there may be savings realized from travel if pandemic-related travel restrictions remain in place for the foreseeable future. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including on university travel.

The \$2,000 cost covered by internally restricted funds shown in the table below is related to Staff Development.

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Salaries & benefits	\$ 584,000	\$ 592,000	\$ 564,000
General expenses	4,000	4,000	4,000
Memberships and training	5,000	7,000	5,000
Travel	3,000	2,000	3,000
Computer support	1,000	-	1,000
<b>Total Bursar's office</b>	<b>597,000</b>	<b>605,000</b>	<b>577,000</b>
<b>Cost covered by internally restricted funds</b>	<b>-</b>	<b>(2,000)</b>	<b>-</b>
<b>Net cost of Bursar's office</b>	<b>\$ 597,000</b>	<b>\$ 603,000</b>	<b>\$ 577,000</b>

### **General college administration and other:**

The 2020/21 salaries and benefits budget includes additional coverage for the Arts and Administration (A&A) reception desk while the campus is working remotely. The budget anticipates additional coverage until the end of August. The budget also includes an annual increase offset by savings from the Blue Cross premium holiday.

Membership fees for 2020/21 are reduced due to the elimination of Higher Education Information Shared Services (HEISS) fees. These services will be incorporated into the mandate for Interuniversity Services Inc. (ISI).

The 2020/21 budget for central information technology is lower than the 2019/20 budget due to significant savings from King's participation in a multi-province post-secondary institutional Adobe license consortium agreement. King's joined this consortium at the end of June 2019.

Postage and courier expenditures are much lower than budget for 2019/20 due to higher savings than anticipated from recruitment-related postage costs (due to more digital communications and moving towards electronic admissions) and no postal machine replenishment in the month of March. The 2020/21 budget has been reduced to reflect the recruitment-related postage savings.

Other & general expenses are increasing due to higher paper costs and higher computer maintenance expenditures as a result of an upgrade to the financial accounting software (occurs every two years).

	<b>Approved</b>	<b>Unaudited</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>
Salaries & benefits	\$ 61,000	\$ 59,000	\$ 68,000
Membership/conference fees	70,000	70,000	66,000
Central information technology	107,000	97,000	92,000
Postage & courier	48,000	31,000	36,000
Office & general expense	39,000	43,000	48,000
<b>Total General college administration</b>	<b>\$ 325,000</b>	<b>\$ 300,000</b>	<b>\$ 310,000</b>

### **Library:**

The salaries and benefits budget for 2020/21 reflects annual increases offset by savings from the Blue Cross premium holiday. Actual salaries and benefits for 2019/20 were lower than budget due to the Library Assistant position being vacant for three months.

The student employment budget for 2020/21 decreased by \$12,000 due to the closure of the Library for the summer because of the pandemic. Offsetting this reduction is an 8.6% increase in the minimum wage rate on April 1, 2020 (from \$11.55/hour to \$12.55/hour). It is not known at this time if the student employment budget will be affected by the pandemic beyond the summer. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets,

including on student employment. The impact of the pandemic on Library operations is yet to be determined.

The \$3,000 cost covered by internally restricted funds shown in the table below relates to students hired under the Student Employment Fund.

The budget amounts for all other operating expenditures are being maintained at 2019/20 budget levels.

	Approved	Unaudited	
	Budget 2019/20	Actual 2019/20	Budget 2020/21
Salaries & benefits	\$ 278,000	\$ 265,000	\$ 274,000
Student - part-time employment	48,000	39,000	40,000
Periodicals	18,000	23,000	18,000
Novanet	24,000	19,000	24,000
Miscellaneous	24,000	11,000	24,000
Total Library	392,000	357,000	380,000
Cost covered by internally restricted funds	-	(3,000)	-
Net cost of Library	\$ 392,000	\$ 354,000	\$ 380,000

#### President's office:

Salaries and benefits for 2019/20 exceeded budget for the following reasons:

- The Board of Governors mandated a retroactive cost of living salary increase for the President which he had declined since the inception of his contract.
- The 2019/20 salary budget included an adjustment to the contractual administrative leave accrual of the President of \$44,000 while the 2020/21 budget includes an adjustment of \$47,000. 2020/21 is higher due to a higher salary base as noted in the paragraph above.
- Of the \$6,000 cost covered by internally restricted funds shown in the table below, \$4,000 is related to the hiring of three students during the academic year under the Student Employment Fund.

The salaries and benefits budget for 2020/21 reflects annual increases offset by savings from the Blue Cross premium holiday.

The other \$2,000 cost covered by internally restricted funds relates to Staff Development (\$1,000) and Recruitment and Marketing/Communications Tied to Recruitment (\$1,000).

The 2020/21 budget includes a one-time increase of \$15,000 for the Chancellor's installation and related expenses along with a \$2,000 increase related to the upgrade of the office photocopier/printer to colour from black and white. It is anticipated that university travel may be limited for the foreseeable future due to travel restrictions related to the pandemic. As mentioned

above, this expenditure is likely to be deferred due to the ongoing pandemic situation. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including on university travel.

	Approved	Unaudited	
	Budget	Actual	Budget
	2019/20	2019/20	2020/21
Salaries & benefits	\$ 355,000	\$ 370,000	\$ 367,000
Other	9,000	12,000	26,000
Entertainment	17,000	20,000	17,000
Board of Governors / committees	6,000	6,000	6,000
Board of Governors travel & other	1,000	-	1,000
Encaenia & matriculation	34,000	34,000	34,000
Travel	10,000	9,000	10,000
Total President's office	432,000	451,000	461,000
Cost covered by internally restricted funds	-	(6,000)	-
Net cost of President's office	<u>\$ 432,000</u>	<u>\$ 445,000</u>	<u>\$ 461,000</u>

#### **Vice President's office:**

The 2019/20 budget included funding for a new position that would support the Vice President (including on initiatives such as Public Humanities), the Directors (Coordinators) of Humanities for Young People (HYP), and other similar initiatives. The occupant of this new position would also provide support to academic programs and program directors, particularly in relation to their collective work and their collaborations with the Vice President. The 2019/20 budget contemplated a start date of April 1, 2019; however, the hiring process for this position began later than anticipated. An offer has been accepted and the successful incumbent is expected to begin employment at King's in mid-June 2020.

The 2019/20 salary budget included an adjustment to the contractual administrative leave accrual of the Vice President of \$30,000 while the 2020/21 budget includes an adjustment of \$59,000. The amount is higher in 2020/21 due to an extension of the Vice President's contract from three years to four years.

The salaries and benefits budget for 2020/21 reflects an annual increase offset by savings from the Blue Cross premium holiday.

Operating expenditures for 2020/21 are budgeted to be the same as for 2019/20. It is anticipated that university travel may be limited for the foreseeable future due to travel restrictions related to the pandemic. Schedule 2 anticipates reductions in spending that have not been factored into individual budgets, including on university travel.

The 2019/20 Vice President's office budget included an amount for equity initiatives which has been repointed to the Equity office below.

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Salaries & benefits	\$ 212,000	\$ 153,000	\$ 234,000
Travel	7,000	2,000	7,000
Computer support	2,000	-	2,000
General office	1,000	1,000	1,000
<b>Total Vice President's office</b>	<b>\$ 222,000</b>	<b>\$ 156,000</b>	<b>\$ 244,000</b>

### **Equity office**

The 2019/20 budget for the Vice President's office included the existing equity budget accounts totaling \$7,000 plus an additional \$50,000 for improving King's capacity to address equity and diversity issues, including the designation of an equity officer, supporting the work of the equity committee, providing or ensuring access to advising and support services for racialized students and other related matters. That budget did not necessarily contemplate funding for a new position but, rather, it was funding meant to generally improve King's capacity to address equity and diversity issues.

With advice from King's Equity Committee and input from various stakeholders over the course of the 2019/20 fiscal year, it was recommended that King's hire its own half-time permanent Equity Officer. A Presidential Advisory Committee was established to perform a search for a suitable candidate to fill this important role. The successful incumbent began employment at King's in early April 2020. An operating budget of \$20,000 has been established to support the work of this office in addition to the existing equity budget of \$7,000. The equity budget has been re-pointed from the Vice President's office budget to a standalone Equity office budget.

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Salaries & benefits	\$ -	\$ -	\$ 34,000
Operating costs	57,000	10,000	27,000
<b>Total Equity office</b>	<b>\$ 57,000</b>	<b>\$ 10,000</b>	<b>\$ 61,000</b>

### **Sexualized violence awareness, prevention and response office:**

The 2019/20 budget anticipated a start date for the new SVPOR (Sexualized Violence, Prevention and Response Officer) of April 1, 2019; however, the position was not filled until early August. The salary for the position was not known at the time the 2019/20 budget was approved; therefore, an estimate was used. The salaries and benefits budget for 2020/21 reflects an annual increase offset by savings from the Blue Cross premium holiday.

The operating costs budget for 2020/21 has been kept the same as for the 2019/20 budget.

	<b>Approved Budget 2019/20</b>	<b>Unaudited Actual 2019/20</b>	<b>Budget 2020/21</b>
Salaries & benefits	\$ 83,000	\$ 49,000	\$ 73,000
Operating costs	15,000	3,000	15,000
Total Sexualized violence awareness, prevention & response office	\$ 98,000	\$ 52,000	\$ 88,000

**Registrar's office, recruitment & academic support:**

The 2019/20 actual salaries and benefits reflect savings from budget due to the departure of two employees and the timing of their replacements. The 2020/21 salaries and benefits budget includes the full staff complement with annual increases, offset by savings from the Blue Cross premium holiday.

As noted under the Advancement office above, the Registrar's office and the Advancement office reconsidered the division of efforts around recruitment marketing efforts in the Spring of 2019. As a result, direct recruitment marketing efforts was migrated back to the Registrar's office along with the \$50,000 budget allocated for this work in the Advancement office. The two offices will continue to work collaboratively around the development of key messages for recruitment.

Of the \$17,000 cost covered by internally restricted funds shown in the table below, \$16,000 relates to a three-year carryover of 2017/18 unexpended Familiarization tours funds shown above under "Use of internally restricted funds". Only \$15,000 was spent of the \$65,000 approved in the 2017/18 budget. The Board authorized the carryover of \$16,000 to each of the following three fiscal years (2018/19 through 2020/21) to assist with costs associated with campus tours (\$9,000) and open houses and events (\$7,000). The other \$1,000 cost covered by internally restricted funds relates to a student hired under the Student Employment Fund.

The budget figures below assume a 'normal' year with respect to recruitment and operations. Although recruitment may not be possible in the traditional sense, as a result of pandemic-related travel restrictions, it is still anticipated that the recruitment budget will be required to convert to online marketing efforts. There may be savings from not hiring the two 17-week recruitment positions; however, the fall recruitment plan is still in progress. The unallocated anticipated reduction in spending is reflected in Schedule 2. Schedule 2 also anticipates reductions in spending that have not been factored into individual budgets, including on university travel.

	Approved Budget 2019/20	Unaudited Actual 2019/20	Budget 2020/21
Salaries & benefits	\$ 677,000	\$ 670,000	\$ 666,000
Part-time help	38,000	41,000	41,000
Recruitment & academic support (non-salary)	155,000	153,000	199,000
Operations	23,000	28,000	32,000
Total Registrar's office, recruitment & academic support	893,000	892,000	938,000
Cost covered by internally restricted funds	(16,000)	(17,000)	(16,000)
Net cost of Registrar's office, recruitment & academic support	\$ 877,000	\$ 875,000	\$ 922,000

### **Divinity and chapel:**

Chapel expenses are largely funded by donations and a draw from endowment funds designated for Chapel purposes. Salaries and benefits for the chapel have increased slightly due to a small anticipated annual increase.

Aside from the small increase in salaries and benefits, the overall operating expense budget for 2020/21 remains the same. Some funds from the Chapel retreats budget have been reallocated to other operating expense lines. The impact of the pandemic on Chapel programming and the impact of changes in programming to the Chapel's budget is yet to be determined. After applying offerings revenue and endowment income, the Chapel is budgeted to break even, with the exception of half of the Chaplain's salary which the university contributes (\$44,000).

	Approved Budget 2019/20	Unaudited Actual 2019/20	Budget 2020/21
Salaries & benefits	\$ 80,000	\$ 79,000	\$ 82,000
Chapel retreats	24,000	20,000	18,000
Operations	37,000	28,000	43,000
Total Divinity and chapel	\$ 141,000	\$ 127,000	\$ 143,000

### **Chapel music:**

The salaries and benefits budget for 2020/21 remains the same as annual increases are offset by savings from the Blue Cross premium holiday.

Actual expenses for 2019/20 exceeded budget by \$9,000 but actual revenue (from gifts and concerts) exceeded budget by \$39,000. Budgeted expenses for 2020/21 are \$20,000 lower than the prior year budget and \$29,000 lower than prior year actuals primarily due to the cancellation of the Easter concert as a result of the pandemic. Due to commitments made to Easter concert participants, there were still some costs incurred.

The impact of the continuing pandemic on the music program and the implications of this impact for the program's budget is yet to be determined. The budget below does not anticipate the cancellation of additional concerts in the fiscal year; however, it is anticipated that, at a minimum, all concerts budgeted to occur before Christmas will not proceed. The unallocated anticipated reduction in spending is reflected in Schedule 2.

	<b>Approved</b>	<b>Unaudited</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	
	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>	
Salaries & benefits	\$ 118,000	\$ 118,000	\$ 118,000	
Concerts	70,000	78,000	48,000	
Singers	18,000	19,000	19,000	
Other operating costs	23,000	23,000	24,000	
Total chapel music	<u>\$ 229,000</u>	<u>\$ 238,000</u>	<u>\$ 209,000</u>	

#### **Professional fees:**

The professional fees budget for 2020/21 is \$15,000 lower than the 2019/20 budget but higher than 2019/20 actuals by \$7,000. The 2019/20 budget includes \$25,000 for the services of a consultant to assist King's with developing an Enterprise Risk Management (ERM) plan (the cost has since been quoted at \$32,000). This work began during 2019/20 but was stalled due to the pandemic, which is the reason the actual results for 2019/20 are lower than budget. It is anticipated that this work will resume and be completed in 2020/21.

	<b>Approved</b>	<b>Unaudited</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	
	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>	
Professional fees	\$ 165,000	\$ 143,000	\$ 150,000	

#### **Interest & service charges:**

Bank charges for 2020/21 are anticipated to be lower than 2019/20 by \$31,000 as a result of King's no longer receiving the provincial operating grant as a lump sum payment at the beginning of the fiscal year (which comes at a cost for the time value of money). The operating grant will be received in monthly installments in 2020/21. It is anticipated that there may be more reliance on the operating line of credit as a result; therefore, an additional \$16,000 was added to the budget for a net decrease of \$15,000 from 2019/20 actuals. The operating line of credit limit was increased from \$1 million to \$1.5 million in 2020/21 in the event there are cash flow pressures resulting from the pandemic.

In May 2020, to assist with potential cash flow issues resulting from the pandemic, King's arranged with its lender to defer principal payments on all five long-term debt issues. Principal payments for the two debt issues with the largest principal payments have been deferred for 12 months, while principal payments for the remaining three debt issues have been deferred for six months. This deferral has resulted in \$11,000 in additional long-term debt interest for 2020/21 but has freed up \$823,000 in cash in deferred principal repayments.

King's obtained a bridge financing loan facility in May 2020 to assist in financing the gap between donations received and contractor payments for the Chapel Bay, Middle Bay and Radical Bay (i.e., the "Tri-Bays") renovation project. The project started in March 2020, a month earlier than anticipated, due to the campus being vacated because of the pandemic. The facility is interest only (prime less 0.25%) with payments to be made from donations when they are received. An amount of \$45,000 has been included in the 2020/21 for interest on this facility.

	<b>Approved</b> <b>Budget</b> <b>2019/20</b>	<b>Unaudited</b> <b>Actual</b> <b>2019/20</b>	<b>Budget</b> <b>2020/21</b>
Bank charges	\$ 54,000	\$ 50,000	\$ 35,000
Long-term loan interest	360,000	352,000	391,000
<b>Total Interest &amp; service charges</b>	<b>\$ 414,000</b>	<b>\$ 402,000</b>	<b>\$ 426,000</b>

#### **Investment management fees:**

In 2018/19, the Board of Governors approved King's to engage the services of an alternative investment manager (to manage investments in commercial mortgages, real estate and infrastructure) in addition to its value manager to manage approximately 27% (or \$11 million) of its investments. The transition has taken longer than anticipated, which is the reason actual investment management fees for 2019/20 are less than budget. The decision to transition to an alternative investment manager should result in higher investment returns (and higher investment income) but will come at a cost of higher investment management fees. The budget for 2020/21 contemplates this transition will be completed by the fall of 2020.

	<b>Approved</b> <b>Budget</b> <b>2019/20</b>	<b>Unaudited</b> <b>Actual</b> <b>2019/20</b>	<b>Budget</b> <b>2020/21</b>
Investment management fees	\$ 206,000	\$ 184,000	\$ 230,000

#### **Conference services:**

Due to the pandemic, the 2020 summer conference services season has been cancelled. The insignificant amount of budgeted revenue consists of facilities rental revenue that might be earned during the academic year but is dependent on public health directives. Budgeted expenses include the compensation of the ancillary services manager, conference services software annual

maintenance, advertising for the next conference season and conference travel (which is unlikely due to the ongoing pandemic situation). Schedule 2 also anticipates reductions in spending that have not been factored into individual budgets, including on university travel.

Conference Services' profit for 2019/20 is slightly lower than budget due to a reduction in guest bookings and in the number of large-scale conferences.

The \$4,000 cost covered by internally restricted funds shown in the table below relates to the hiring of a student during the academic year under the Student Employment Fund.

	Approved Budget 2019/20	Unaudited		Budget 2020/21
		Actual		
		2019/20		
Conference services revenue	\$ 309,000	\$ 277,000	\$ 6,000	
Conference services expenses	253,000	230,000	75,000	
Profit	\$ 56,000	\$ 47,000	\$ (69,000)	
Student salaries covered by internally restricted funds	-	4,000	-	
Revised profit/(loss)	\$ 56,000	\$ 51,000	\$ (69,000)	

### **COVID-19 emergency response fund: \$500,000**

A COVID-19 emergency response fund of \$500,000 has been incorporated into the budget. It is not known at this time if this amount will be sufficient.

- **Academic Planning**

Funding will be required to enable King's to reconfigure its curriculum and pedagogy for online delivery. This will include consulting, human resources and technology/audio-visual expenditures. There may also be computer hardware and software purchases required.

- **General Campus Safety**

Funding will also be required to implement COVID-19 return-to-work safety plans for faculty, staff and students. Minor renovations will be required, including, but not limited to, the installation of plexiglass barriers in high traffic areas, modifications to offices to separate workers, furniture modifications to reduce the density of seating, etc. The purchase of personal protective equipment (PPE) will also be required, including surgical grade masks and disposable gloves. There may also be additional computer hardware and software required to shift away from in-person administrative interactions towards on-line interaction only. Increased sanitation services will also likely be required from our custodial services provider.

- **Residence**

Funding will also be required to implement COVID-19 safety plans for the residences. Minor renovations may be required to the entrances, lobby areas, Alex Hall front desk, corridors and washrooms. Modifications to special quarantine spaces may also be required. The purchase of PPE for students may become a significant expense. Additional sanitation services are likely.

- Recruitment

It is anticipated that at least \$10,000 - \$15,000 will be required for online marketing to make prospective students, who have not yet applied, aware of the unique advantages of doing FYP in the context of online or blended options for the 2020/21 academic year.

### **Unallocated anticipated reductions in spending: \$721,000 (Schedule 2)**

Given the circumstances under which King's is operating and the considerable uncertainty surrounding the 2020/21 academic year as a result of the pandemic, King's is anticipating reductions in spending. Schedule 2 provides a listing of unallocated anticipated reductions in spending that are largely dependent upon public health directives and travel restrictions which could result in the potential closure of facilities; the ability to hold large events and gatherings; the number of faculty, staff and students that are permitted to be on campus; and the ability to travel.

Spending reductions are anticipated related to travel, conferences, events, utilities, staff salaries, casual employment (including student employment), part-time recruitment costs and certain departmental expenses due to the possible closure of facilities. This might include a significant portion of the Athletics budget if varsity sports are cancelled or reduced.

Rather than reducing individual departmental budgets, these potential reductions have been factored into the budget at a central level as they may or may not materialize. If spending reductions are achieved in certain areas, departments will not be permitted to reallocate these savings to spend elsewhere to ensure the savings are maintained.

The scale of the financial challenges that could be facing King's could necessitate consideration and discussion of measures to prevent increases in staffing costs and/or reduction in staffing costs where that is possible. This was more fully described under the "Salaries and benefits" section above.

Campus jobs have always been an important part of the King's experience for many students. In addition to funding their education, they are one of the ways King's students contribute to the King's community and build relationships with each other and King's faculty and staff. While student employment opportunities will undoubtedly be affected by the closure of facilities (for example, the gymnasium, library, and residences), King's will endeavor to provide other student employment opportunities at the university. The Student Employment Fund has an unexpended balance of just over \$200,000 as at March 31, 2020.

King's objective this summer was not only to create as many student jobs as possible, but to also create a lasting framework for student employment at King's. This will ensure that the jobs of students who work for King's over time have meaningful and documented educational value, in the present and in their later careers. King's applied to two federal programs that provide matching funds for work-integrated learning and internships and secured some 17 positions. Seven have been filled as follows: Online Teaching and Learning Internship (4 – one for each program), Archival Research Internship (2), and Program Administration Internship: King's Student

Ambassador & Liaison for the Combined Honours Programs (1). Position descriptions for the other 10 positions are being solicited and an abbreviated posting and filling process is underway.

Additionally, the Public Humanities Fellowship which had been cancelled in April is being resurrected to fund two additional student positions (outside King's) for up to eight weeks of employment. Finally, the KSU petitioned for and received funding for stipendiary support for O-week (Orientation week) leaders and executive members so that their changed conditions of work could be accommodated.

**University of King's College**  
**Statement of Operations (Operating Fund)**  
**2020/21 Operating Budget and Projections for 2021/22 through 2023/24**

**Schedule 1**

REFER TO NARRATIVE FOR EXPLANATION OF VARIANCES

Favorable (Unfavorable)

	Budget	Unaudited Actual	Draft Budget	Projection	Projection	Projection	2021 Budget to 2020 Budget Comparison	2021 Budget to 2020 Actual Comparison
	March 31, 2020	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	\$	%
<b>First-Year Students including FYP (October 15)</b>	<b>221</b>	<b>221</b>	<b>175</b>	<b>225</b>	<b>230</b>	<b>250</b>	<b>-46</b>	<b>-21%</b>
# of FYP Students (October 15)	196	192	147	195	200	220	-49	-25%
<b>Headcount (October 15)</b>	<b>895</b>	<b>899</b>	<b>739</b>	<b>789</b>	<b>825</b>	<b>884</b>	<b>-156</b>	<b>-17%</b>
<b>Revenue:</b>								
Government grant	\$ 8,270,000	\$ 8,270,000	\$ 8,353,000	\$ 8,436,000	\$ 8,521,000	\$ 8,606,000	\$ 83,000	1%
Student academic fees	7,172,000	7,459,000	6,225,000	6,987,000	7,487,000	8,189,000	(947,000)	-13%
Student ancillary fees	977,000	1,013,000	569,000	911,000	919,000	989,000	(408,000)	-42%
Student residence fees	1,729,000	1,786,000	334,000	1,590,000	1,835,000	1,879,000	(1,395,000)	-81%
Continuing Education	-	8,000	-	-	-	-	-	0%
Investment income	1,963,000	1,943,000	1,802,000	1,832,000	1,866,000	1,902,000	(161,000)	-8%
Sale of goods and services	311,000	345,000	162,000	289,000	287,000	290,000	(149,000)	-48%
Conference services	309,000	277,000	6,000	357,000	287,000	294,000	(303,000)	-98%
Gifts (annual fund & scholarship)	632,000	589,000	681,000	609,000	595,000	591,000	49,000	8%
Other government grants	65,000	100,000	68,000	72,000	72,000	72,000	3,000	5%
<b>Total revenue</b>	<b>\$ 21,428,000</b>	<b>\$ 21,790,000</b>	<b>\$ 18,200,000</b>	<b>\$ 21,083,000</b>	<b>\$ 21,869,000</b>	<b>\$ 22,812,000</b>	<b>\$ (3,228,000)</b>	<b>-15%</b>
<b>Expenses:</b>								
Academic	\$ 6,283,000	\$ 6,260,000	\$ 6,222,000	\$ 6,772,000	\$ 7,007,000	\$ 7,196,000	\$ 61,000	1%
Continuing Education	-	6,000	-	-	-	-	-	0%
Allotment to Dalhousie	4,038,000	3,943,000	3,876,000	3,193,000	3,712,000	3,951,000	162,000	4%
Facility operations	1,775,000	1,802,000	1,678,000	1,769,000	1,828,000	1,884,000	97,000	5%
Residence & other student services	509,000	507,000	512,000	529,000	540,000	552,000	(3,000)	-1%
Scholarships, awards & bursaries	1,484,000	1,590,000	1,553,000	1,577,000	1,602,000	1,818,000	(69,000)	-5%
Other student support	75,000	87,000	88,000	88,000	89,000	89,000	(13,000)	-17%
Utilities, taxes & insurance	536,000	471,000	518,000	533,000	549,000	566,000	18,000	3%
Advancement	841,000	979,000	800,000	817,000	843,000	870,000	41,000	5%
Athletics	549,000	564,000	466,000	560,000	573,000	591,000	83,000	15%
Bursar's office	597,000	605,000	577,000	610,000	636,000	660,000	20,000	3%
General college administration	325,000	300,000	310,000	309,000	314,000	319,000	15,000	5%
Library	392,000	357,000	380,000	403,000	420,000	435,000	12,000	3%
President's office	432,000	451,000	461,000	425,000	428,000	443,000	(29,000)	-7%
Vice President's office	222,000	156,000	244,000	230,000	229,000	239,000	(22,000)	-10%
Equity office	57,000	10,000	61,000	63,000	65,000	67,000	(4,000)	-7%
Sexualized Violence Awareness, Prevention & Response office	98,000	52,000	88,000	91,000	94,000	98,000	10,000	10%
Registrar's office & recruitment	893,000	892,000	938,000	977,000	1,007,000	1,038,000	(45,000)	-5%
Divinity & chapel	141,000	127,000	143,000	147,000	149,000	152,000	(2,000)	-1%
Chapel music	229,000	238,000	209,000	237,000	240,000	243,000	20,000	9%
Professional fees	165,000	143,000	150,000	152,000	153,000	155,000	15,000	9%
Interest & service charges	414,000	402,000	426,000	432,000	403,000	372,000	(12,000)	-3%
Investment management fees	206,000	184,000	230,000	241,000	246,000	251,000	(24,000)	-12%
Conference services	253,000	230,000	75,000	261,000	260,000	268,000	178,000	70%
COVID-19 emergency response fund	-	-	500,000	-	-	-	(500,000)	0%
Unallocated anticipated reductions in spending (Schedule 2)	-	-	(721,000)	-	-	-	721,000	0%
<b>Total expenses</b>	<b>\$ 20,514,000</b>	<b>\$ 20,356,000</b>	<b>\$ 19,784,000</b>	<b>\$ 20,416,000</b>	<b>\$ 21,387,000</b>	<b>\$ 22,257,000</b>	<b>\$ 730,000</b>	<b>4%</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 914,000</b>	<b>\$ 1,434,000</b>	<b>\$ (1,584,000)</b>	<b>\$ 667,000</b>	<b>\$ 482,000</b>	<b>\$ 555,000</b>	<b>\$ (2,498,000)</b>	<b>-273%</b>
<b>Financing and investing activities:</b>								
Debt repayment	\$ (567,000)	\$ (567,000)	\$ (128,000)	\$ (934,000)	\$ (987,000)	\$ (1,020,000)	\$ 439,000	-77%
Reserve funds approved in budget	67,000	67,000	16,000	-	-	-	(51,000)	-76%
Framework for internally restricted funds	-	359,000	-	-	-	-	-	0%
Use of prior year surplus (res refunds, student emergency relief)	-	-	231,000	-	-	-	231,000	0%
Capital funded by operations	(259,000)	(419,000)	(269,000)	(311,000)	(304,000)	(298,000)	(10,000)	4%
Subtotal - Cash deficit from financing & investing	\$ (759,000)	\$ (560,000)	\$ (150,000)	\$ (1,245,000)	\$ (1,291,000)	\$ (1,318,000)	\$ 609,000	-80%
<b>Operating cash surplus (deficit)</b>	<b>\$ 155,000</b>	<b>\$ 874,000</b>	<b>\$ (1,734,000)</b>	<b>\$ (578,000)</b>	<b>\$ (809,000)</b>	<b>\$ (763,000)</b>	<b>\$ (1,889,000)</b>	<b>-1219%</b>
Additional potential spending not included above (shown on Schedule 4)	-	-	-	106,000	418,000			
<b>Operating cash (deficit) including additional spending</b>	<b>\$ (1,734,000)</b>	<b>\$ (578,000)</b>	<b>\$ (915,000)</b>	<b>\$ (1,181,000)</b>				
Debt servicing costs (interest & principal) included above	927,000	919,000	519,000	1,326,000	1,349,000	1,350,000	(408,000)	-44%

## Schedule 2

### University of King's College

#### Unallocated anticipated reductions in spending as a result of the pandemic 2020/21 Operating Budget

Expenditure Category	Total Budget	Anticipated Savings %	Anticipated Savings \$
Staff salaries and benefits	\$ 4,645,000	5%	\$ 232,000
Casual employment (including students)	245,000	57%	140,000
Part-time recruiters (2 x 17 week recruiters)	23,000	100%	23,000
Travel (excluding recruitment travel)	91,000	85%	77,000
Utilities (steam heat, electricity, water)	431,000	20%	86,000
Catering (excluding conference services - already reduced)	82,000	75%	62,000
Athletics operating expenses (non-salary)	252,000	30%	76,000
Residence operating expenses (non-salary)	50,000	30%	15,000
Chapel Music concerts/singers (non-salary)	34,500	30%	10,000
<b>Total unallocated anticipated reductions in spending (to Schedule 1)</b>			<b>\$ 721,000</b>

### Schedule 3

#### University of King's College

**Known impacts of the pandemic (factored into the budget)**  
**2020/21 Operating Budget**

Description	Amount	Comments
<b>Positive \$ impacts</b>		
Salaries and benefits	\$ 267,000	Postponement of new hires, reduced summer employment due to closed facilities
Summer tuition	66,000	Higher online course registration
Student emergency relief fund donations	50,000	
MFA summer and winter residencies	24,000	Online instead of in person
<b>Total known positive impacts</b>	<b>\$ 407,000</b>	
<b>Negative \$ impacts</b>		
COVID-19 emergency response fund	\$ 500,000	To enable online course delivery in the fall - resources, technology, teaching support
Residence fees refunded	201,000	1/4 of winter residence fees refunded (April falls in fiscal 2020-21)
Conference Services summer 2020 season cancelled	168,000	
Investment income	138,000	Market declines
Forgone revenue related to closed facilities	106,000	Gym rental revenue, library revenue, catering commission, etc.
Study abroad course in Berlin	91,000	Postponed to summer 2021
Student emergency relief fund bursaries	80,000	Includes donations above plus \$30,000 contributed by King's related to not reimbursing winter athletic fees
Other adjustments	56,000	Externally contracted services (custodial, waste, security), interest on line of credit
<b>Total known negative impacts</b>	<b>\$ 1,340,000</b>	
<b>Net known negative impacts of the pandemic</b>	<b>\$ 933,000</b>	<b>Reflected in 2020/21 operating budget</b>

**Schedule 4**

**University of King's College**

**Additional Potential Future Spending**

**2020/21 Operating Budget and Projections for 2021/22 through 2023/24**

<b>Description</b>	<b>Draft Budget</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
	<b>March 31, 2021</b>	<b>March 31, 2022</b>	<b>March 31, 2023</b>	<b>March 31, 2024</b>
HOST 2-year Limited Term Appointment (incl benefits) for sabbatical coverage - deferred	\$ -	\$ 76,000	\$ 105,000	\$ 26,000
Athletics - student employment increase due to earlier opening of gym (7am from 9am)	20,000	20,000	20,000	20,000
Athletics - cardio equipment replacement (over 4 years) <sup>2</sup>	10,000	10,000	10,000	5,000
Registrar's Office - professional development (permanent increase) <sup>3</sup>	-	5,000	5,000	5,000
Advancement Office - video asset creation (permanent increase)	20,000	21,000	22,000	23,000
President's Office - Chancellor installation and related expenses (one-time expenditure)	15,000	-	-	-
Prince Hall - short-term solution for sound system (one-time expenditure) (\$700 x 10 events) <sup>4</sup>	7,000	-	-	-
Journalism - computer lab replacements (1 per year for 4 years) <sup>5</sup>	-	28,000	32,000	24,000
Journalism - faculty computer replacement (permanent increase)	5,000	5,000	5,000	5,000
Journalism - other equipment (camcorders, iPods, iPad) (over 2 years) <sup>5</sup>	-	14,000	-	-
<b>Total departmental and program requests included in budget and projections</b>	<b>77,000</b>	<b>179,000</b>	<b>199,000</b>	<b>108,000</b>
<b>Scholarships/bursaries no longer covered by internally restricted funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>
New faculty position (including benefits) <sup>1</sup>	-	-	106,000	110,000
New faculty position (including benefits) <sup>1</sup>	-	-	-	108,000
<b>Total new faculty positions</b>	<b>-</b>	<b>-</b>	<b>106,000</b>	<b>218,000</b>
<b>Total additional spending not yet included in the budget and projections</b>	<b>-</b>	<b>-</b>	<b>106,000</b>	<b>418,000</b>
<b>Total additional potential future spending (incl those reflected and not yet reflected)</b>	<b>\$ 77,000</b>	<b>\$ 179,000</b>	<b>\$ 305,000</b>	<b>\$ 526,000</b>

<sup>1</sup> This expenditure will be contingent upon the following conditions being met at the beginning of 2022/23 or 2023/24 (the year of the anticipated hire):

- a) Assurance that the positions will be filled in accordance with an overall academic plan and in ways that contribute to the renewal and diversity of the overall faculty complement;
- b) Satisfactory progress in enrolment growth; and
- c) Satisfactory progress in eliminating, reducing or avoiding a structural deficit through a combination of revenue growth and expenditure reduction, control and reallocation measures.

The two faculty hires planned for July 1, 2020 have been deferred to July 1, 2021 and are included in the 2021/22 projections.

<sup>2</sup> Athletics requested \$69,000 to replace 15 pieces of cardio equipment. It is recommended that half this amount be awarded over the next 4 years and that Athletics utilize the golf tournament proceeds designated for programming to supplement this amount as they deem appropriate.

<sup>3</sup> The Registrar's Office requested a permanent budget increase of \$5,000 for professional development beginning in fiscal year 2020/21. Since there are staff development funds remaining (of the \$75,000 approved by the Board), it is recommended that these funds come from the staff development fund for 2020/21.

<sup>4</sup> A request for proposals was issued regarding sound system design for both Alumni Hall and Prince Hall. The tender came in at \$121,000 plus HST. This design work can potentially be financed with the infrastructure renewal grant from LAE. In the meantime, a short-term solution is required. \$7,000 is being added to finance a short term solution for events held in Prince Hall (i.e., to bring in sound equipment specifically for the event at hand).

<sup>5</sup> Journalism has requested \$41,000 to replace a computer lab along with \$18,000 to replace other equipment in fiscal year 2020/21. This equipment is necessary for Journalism programming. It is recommended that these purchases be financed with the infrastructure renewal grant from LAE.

**The University of King's College**  
**Statement of Operations (Operating Fund) - Departmental Revenues and Expenses**  
2020/21 Budget

**Schedule 5**

	March 31, 2021 Budget	General University	Conference services	Academic	Facilities operations	Residence & other student services	Scholarships, awards & bursaries	Advancement	Athletics	Bursar's office	Library	President's office	Vice President's office	Equity Office	SVPRO Office	Registrar's office & recruitment	Divinity & chapel	Chapel music	
<b>Revenue:</b>																			
Government grant	\$ 8,353,000	8,353,000																	
Student academic fees	6,225,000	6,225,000																	
Student ancillary fees	569,000	145,000			234,000	190,000													
Student residence fees	334,000																		
Investment income	1,802,000	562,000			438,000	6,000	12,000	5,000		671,000									
Sale of goods and services	162,000	52,000									4,000	25,000							
Conference services	6,000																		
Gifts (annual fund & scholarship)	681,000	115,000																	
Other government grants	68,000	44,000																	
<b>Total revenue</b>	<b>\$ 18,200,000</b>	<b>\$ 15,496,000</b>	<b>\$ 6,000</b>	<b>\$ 678,000</b>	<b>\$ 206,000</b>	<b>\$ 339,000</b>	<b>\$ 1,155,000</b>	<b>\$ 4,000</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 52,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,000</b>	<b>\$ 109,000</b>	<b>\$ 127,000</b>	
<b>Expenses:</b>																			
Compensation expenses	\$ 10,027,000	68,000			5,481,000	743,000	355,000			613,000	274,000	564,000	314,000	367,000	234,000	34,000	73,000	82,000	118,000
Operating expenses	3,015,000	242,000			741,000	935,000	110,000			187,000	192,000	13,000	66,000	94,000	10,000	27,000	15,000	231,000	61,000
Dalhousie athletics fee flowthrough	-																		
Food service	47,000																		
Conference services	75,000				75,000														
Allotment to Dalhousie	3,876,000	3,876,000																	
Scholarships, awards and bursaries	1,553,000																		
Other student support	88,000																		
Utilities, taxes & insurance	518,000																		
Professional fees	150,000	150,000																	
Investment management fees	230,000	62,000			63,000														
Interest & service charges	426,000	426,000																	
COVID-19 emergency response fund	500,000	500,000																	
Unallocated anticipated reductions in spending	(721,000)	(721,000)																	
<b>Total expenses</b>	<b>\$ 19,784,000</b>	<b>\$ 4,603,000</b>	<b>\$ 75,000</b>	<b>\$ 6,285,000</b>	<b>\$ 2,196,000</b>	<b>\$ 512,000</b>	<b>\$ 1,727,000</b>	<b>\$ 800,000</b>	<b>\$ 466,000</b>	<b>\$ 577,000</b>	<b>\$ 386,000</b>	<b>\$ 462,000</b>	<b>\$ 244,000</b>	<b>\$ 61,000</b>	<b>\$ 88,000</b>	<b>\$ 938,000</b>	<b>\$ 153,000</b>	<b>\$ 211,000</b>	
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (1,584,000)</b>	<b>\$ 10,893,000</b>	<b>\$ (69,000)</b>	<b>\$ (5,607,000)</b>	<b>\$ (1,990,000)</b>	<b>\$ (173,000)</b>	<b>\$ (572,000)</b>	<b>\$ (796,000)</b>	<b>\$ (441,000)</b>	<b>\$ (577,000)</b>	<b>\$ (334,000)</b>	<b>\$ (462,000)</b>	<b>\$ (244,000)</b>	<b>\$ (61,000)</b>	<b>\$ (88,000)</b>	<b>\$ (935,000)</b>	<b>\$ (44,000)</b>	<b>\$ (84,000)</b>	
Financing and investing activities:																			
Debt repayment	\$ (128,000)	(128,000)																	
Capital expenditures	\$ (269,000)				(11,000)	(212,000)													
Use of prior year surplus (res refunds, student emergency relief)	231,000																		
Use of internally restricted funds**	16,000																		
Subtotal - Cash excess (deficit) from financing & investing	\$ (150,000)	\$ (128,000)	\$ -	\$ (11,000)	\$ (212,000)	\$ 201,000	\$ 30,000	\$ -	\$ (10,000)	\$ -	\$ (36,000)	\$ -	\$ -	\$ -	\$ -	\$ 16,000	\$ -	\$ -	
<b>Net increase (decrease) in cash</b>	<b>\$ (1,734,000)</b>	<b>\$ 10,765,000</b>	<b>\$ (69,000)</b>	<b>\$ (5,618,000)</b>	<b>\$ (2,202,000)</b>	<b>\$ 28,000</b>	<b>\$ (542,000)</b>	<b>\$ (796,000)</b>	<b>\$ (451,000)</b>	<b>\$ (577,000)</b>	<b>\$ (370,000)</b>	<b>\$ (462,000)</b>	<b>\$ (244,000)</b>	<b>\$ (61,000)</b>	<b>\$ (88,000)</b>	<b>\$ (919,000)</b>	<b>\$ (44,000)</b>	<b>\$ (84,000)</b>	

**The University of King's College**

**Statement of Operations (Operating Fund) - Departmental Expense Reconciliation**  
2020/21 Budget versus 2019/20 Budget

**Schedule 6**

Department	March 31, 2020 Budget Expenses	Salary & Benefits	Other	March 31, 2021 Budget Expenses	Comments
Academic	6,283,000	(39,000)	(22,000)	6,222,000	Enhanced Voluntary Retirement Program (EVRP) savings, unpaid leave of absence, Blue Cross premium holiday, offset by annual salary increases and additional teaching assistants. Postponement of study abroad course in Berlin, cancellation of Humanities for Young People, conversion of MFA residencies to online, offset by more individual course instructors to cover sabbaticals/summer teaching/retirements and an increase in the faculty computer replacement budget.
Facility operations	1,775,000	(1,000)	(96,000)	1,678,000	Annual salary increases offset by Blue Cross premium holiday and fewer summer students. Removal of one-time \$100,000 previous year budget increase related to Alex Hall basement and purchase of tractor.
Residence & other student services	509,000	28,000	(25,000)	512,000	Annual salary increases, 8.6% increase in minimum wage hourly rate April 1, 2020, offset by Blue Cross premium holiday. Reduced food services budget.
Advancement	841,000	40,000	(81,000)	800,000	Annual salary increases, top-up for parental leave and overlap training for retiring employee, offset by Blue Cross premium holiday. \$50,000 communications budget transferred to Registrar's office, offset by \$20,000 for additional video assets. Prior year budget included \$51,000 expenditures from internally restricted funds for reputational research study.
Athletics	549,000	10,000	(93,000)	466,000	Annual salary increases, \$20,000 increase in student employment budget for additional morning hours, minimum wage increase, offset by closure of gym in summer and Blue Cross Premium holiday. Reduction in Dalhousie fee due to assumed closure of facilities \$102,000, offset by \$8,000 in additional basketball travel costs.
Bursar's office	597,000	(20,000)	-	577,000	Annual salary increases, offset by Blue Cross premium holiday and removal of maternity leave/parental leave top up and temporary casual contract included in prior year budget.
General college administration & other	325,000	7,000	(12,000)	320,000	Annual salary increase and additional A&A reception coverage during campus closure, offset by Blue Cross premium holiday. Savings in membership fees, Adobe license costs and postage costs, offset by higher paper costs.
Library	392,000	(12,000)	-	380,000	Annual salary increases, offset by Blue Cross premium holiday. Reduction in student employment budget due to summer closure, offset by increase in minimum wage.
President's office	432,000	12,000	17,000	461,000	Annual salary increases, adjustment to contractual administrative leave accrual, offset by Blue Cross premium holiday. One-time budget increase for Chancellor installation and related expenses, increased copier/printer costs.
Vice President's office	222,000	22,000	-	244,000	Annual salary increases, adjustment to contractual administrative leave accrual, offset by Blue Cross premium holiday.
Equity office	57,000	34,000	(30,000)	61,000	Budget represents half-time equity officer position and an operating budget. Prior year did not treat budget as salary but all operating.
Sexualized violence, awareness, prevention & response office	98,000	(10,000)	-	88,000	Prior year budget estimated the salary and benefits of the new SVPRO.
Registrar's office & recruitment	877,000	(8,000)	53,000	922,000	Annual salary increases, offset by Blue Cross premium holiday. Transfer of \$50,000 communications budget from the Advancement office
Divinity & chapel	141,000	2,000	-	143,000	Slightly higher Chaplain Diocese stipend and small salary increase for Chapel Administrator.
Chapel music	229,000	-	(20,000)	209,000	Annual salary increases, offset by Blue Cross premium holiday. Cancellation of Easter concert resulted in some savings.
<b>Total expenses</b>	<b>\$ 13,327,000</b>	<b>\$ 65,000</b>	<b>\$ (309,000)</b>	<b>\$ 13,083,000</b>	