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KWANTLEN POLYTECHNIC UNIVERSITY

March 10, 2025

Delivered via e-mail

Mark Diotte
President
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RE: 2025 Faculty Layoff Consultation Process - Employer Response

Dear Mark,

Thank you for the KFA's response to the University regarding the layoff of regular faculty employees planned for the 2025-2026 academic year.

As you are aware, on January 31, 2025, the University provided the KFA with notification of its intention to proceed with the layoff of Kwantlen Faculty Association bargaining unit members, with an August 31, 2025 effective date. Since then, the Parties have engaged in consultation in accordance with Article 7.01 on February 11, 24 and March 3, 2025.

In reality, and also in accordance with Article 7.01, the University began consulting with the KFA in August 2024 as soon as the impacts of the Immigration, Refugees and Citizenship Canada (IRCC) changes to international student regulations on KPU were known. The University has continued this consultation on a regular, almost monthly, basis. During this period of consultation the KFA was advised of the University's commitment to keep its employees whole for the 2024-2025 academic year (i.e., until August 31, 2025) as the IRCC changes had already negatively impacted international student enrollment; and, undertook initiatives to mitigate layoffs, including:

- alternate work assignments for faculty;
- early retirement incentive offers; and,
- reduction of non-regular assignments.

The need for these measures represents clear indication of the reduction in teaching work available for faculty. Unfortunately, the trend in declining enrollment is projected to continue into the 2025-2026 academic year, which has resulted in the need to layoff faculty.

In its written response to the planned layoffs, the KFA included comments to which the University will provide a response, primarily for the purposes of clarification and common understanding.

In its response, the KFA's calculations of seats filled has introduced rounding errors. The budget model calculations presented to the Union are done in Excel to many decimal places.

Calculations are done at the level of Faculty/Intake/Academic Level/Student Status; for example: Arts/Open intake/Undergraduate/Domestic. These are then rolled up to the institutional level. The model is based on FY23/24 actuals and ensures that the seats filled per head are the same in FY23/24 and FY25/26. The following table shows the calculations without the rounding errors.

Status	Year	Headcount	Seats	Seats/Head
International	FY25/26	4,417.24500	30,376.62733	6.9
	FY23/24	7,959.00000	55,202.00000	6.9
Domestic	FY25/26	10,760.16150	62,493.33533	5.8
	FY23/24	11,205.00000	64,583.00000	5.8

To be clear, and as indicated during the consultation presentation, these numbers for FY25/26 are projections.

The Union also referred to, and put forth its position on, the significance of fill rates in determining sections – specifically, that "*any reduction in sections to be offered is fully dependent on the fill rate*." The Union further indicated that the Employer had not been transparent in what the fill rates are, nor did it provide an explanation or methodology.

In response, and as explained during our meetings, there are no minimum fill rates in place – fill rates are not a component of the model presented to the Union. Similarly, there are no standard or minimum fill rates used during the regular scheduling process. The Employer also explained that there are too many variables associated with the decision to plan or run sections. If there were to be a standard minimum fill rate implemented, this would be done so by the University as a management right and, therefore, not subject to negotiation with, or agreement from, the Union.

The Union also had further comments and questions regarding the draft budget information presented during our March 3rd meeting. Specifically, the Union has put forth the question: "*Why is it that we say planned layoffs are far in excess of what is required to maintain financial solvency?*"

The University's planned revenues for fiscal 2026 are net $38M lower than planned revenues for fiscal 2025. This figure represents the budget gap the University is targeting to fill, and is primarily the result of an approximate $49M decline in international student revenues. This shortfall is being partially offset through expected grant and other revenue increases; and, partially absorbed through the use of $25.8M in deferred revenues to pay for international student recruitment, retention, academic accommodations, bursaries, and recruitment. The remaining $23.2M shortfall is being offset by:

- ($6.3M) Faculty salary reductions planned layoffs and retirements and reduced temporary staffing;
- ($1.7M) Faculty benefits reductions due to planned layoffs/retirements/temp staff;
- ($5.0M) BCGEU and administration salary reductions;

- ($3.0M) decreased spending in non-salary;
- ($3.0M) decrease in contingency; and,
- ($4.2M) decrease in international agency commissions and other non-salary.

An important note is that the planned use of the deferred revenues is over the next three years and, once used, are no longer available. If the University were to use the full $78M in deferred revenues in fiscal 2026, this would create the need to find an equivalent amount in fiscal 2027, thereby creating an even more substantial reduction in staff. Further the use of the funds over three years allows the University to strategize around spending reductions and revenue and enrollment increases in order to avoid staffing reductions as much as possible.

In response to the Union's comment that the planned reduction in total faculty salary of $3.8M is not reflective of the planned layoffs, please keep in mind that the net change in faculty salary is inclusive of the planned layoffs, retirements/resignations, as well as the reduction in non-regular faculty assignments. The net change in budgeted faculty salaries from fiscal 2025 ($95M) to fiscal 2026 ($91.2M) is reconciled as follows.

	Net Change: Budgeted Faculty Salaries FY2025 to FY2026 ($M)
FY2025 Budgeted Faculty Salaries:	**95**
PLUS estimated increases	2.8
LESS one-time only funded positions (not extended)	(0.3)
LESS savings from layoff, retirements, NR staffing	(6.3)
	91.2
Net Change FY2025 to FY2026	(3.8)

Further, the Union commented that "*There is no fiscal connection between the number of layoffs and the reduction in faculty salary shown in the draft budget.*" In summary, the revenue decrease of $49M equates to a requirement for an equivalent reduction in expenditures; and the $49M revenue reduction represents a 15.6% decrease from the FY25 $313M budget revenue. If the University chose to equally apply the expenditure reduction against its budget, the proportionate split in reductions would result in a $15M reduction in budgeted faculty salary (i.e., $95M x 15.6%), rather than the planned $6.3M reduction, or 6.6%. In a strategic effort to minimize the impact of the revenue shortfall on both faculty job security and student experience, the required layoffs were determined based on the total decline in the number of anticipated sections being offered in FY2026. These layoff numbers result in projected budget savings that are less than the $15M reduction, and can later be fine-tuned during the notice period as actuals become clear.

In its response, the Union also referenced the initial document provided by the Employer on February 11th (included as Appendix II in its response), indicating that the table was presented as "*a direct justification of the planned layoffs.*" As has been acknowledged previously, the intention of this document was to simply present initial *information* to the Union by providing the reason for the layoffs, the affected programs, and the numbers of impacted faculty and FTE.

Finally, while the Union concluded that there is no reasonable or supportable rationale for faculty layoffs and proposed that no faculty layoffs be issued in fiscal year 2026, it submitted a number of proposals should there be "*a real diminishment of enrollments or a projected further financial tightening over the longer term past fiscal 2025/26.*" Please be assured that the Employer has thoroughly reviewed and considered these proposals and provides the following responses.

- Strategic Enrollment Management Plan – The University is developing a Strategic Enrolment Management Plan and has implemented a number of initiatives to determine the numbers and types of students the University needs in order to fulfill its mission, as well as to recruit new students to help offset the loss of specific student markets. These efforts will not be sufficient to offset the revenue impact in the upcoming fiscal year.
- Excluded Hiring Freeze – Excluded positions are being reviewed and hiring managers must provide justification for their creation/continuation prior to posting in an effort to balance the University's fiscal and administrative needs.
- Use of Accumulated Surplus – As stated above, the University has a plan to access and utilize surplus revenues over a three-year period with a view to avoid staffing reductions as much as possible.
- Reduction of Faculty through Issuance of Retirement Incentives – As substantiated through this response, faculty reductions, beyond the scope of attrition that would be expected by offering further retirement incentives, are necessary to offset the declining revenues.
- Adjust Maximum Enrollments in Sections – This proposal does not address or offset declining revenues.
- Workload Adjustments – Workload adjustments were offered in the current academic year to mitigate layoffs due to workload reductions. The University cannot continue to delay reductions due to a lack of demand for sections and revenue shortfalls.
- CPS Growth to Offset Faculty Reductions – While the revenues from CPS do partially offset the costs of some sections offered within the bargaining unit, these revenues do not come close to offsetting the loss incurred as a result of the decline in international enrolment.

KPU is a public sector organization, funded by BC tax dollars. As a result of the decline in international student enrolment, there is less demand for sections, and therefore less work for faculty members. It would be an irresponsible stewardship of provincial funding to continue offering sections when there is no corresponding demand for this service.

Further, I will reiterate that the University began mitigating impacts on the security of faculty work prior to and during the 2024-2025 academic year in response to the immediate and real impact of enrollment decline, as well as to the projected, continuing decline in the future, including:

- offering alternate work assignments;
- offering early retirement incentive offers;
- not filling vacancies created by retirements and resignations; and,
- reducing the use of non-regular faculty assignments.

During the consultation process, the Union has been provided with a significant amount of detailed information to allow for a clear understanding of the reasons behind the layoff plan impacting the security of faculty members' employment; and, therefore, to formulate alternative proposals which may serve to lessen the impact. To this point, it is clear that the University has taken significant measures to avoid layoffs in the 2024-2025 academic year; and, has continued its efforts to mitigate faculty layoffs as is evidenced in the budget planning process. There has been a decline in international student enrollments which is projected to continue, and there is an associated decline in revenues. As a result, there is a decline in faculty work which, unfortunately, necessitates layoffs.

We appreciate the Union's diligent and thoughtful participation in the layoff consultation process and look forward to further discussions as we move into the next stages of this process.

Sincerely,

Dale Hunter
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