

## A message from Dr. Janet Morrison



## Recalibration

**May 26, 2020**

Colleagues:

With the Spring/Summer term well underway, I'm writing to provide an update on our efforts to safeguard Sheridan's long-term economic sustainability. Consistent with the principles we articulated in March and have shared repeatedly, the frankness of this note reflects our commitment to navigating the pandemic response *together*.

Specifically, this email covers:

- Balancing the 2020/21 budget
- Vacation balances
- Voluntary retirement incentive plan
- Fall recruitment efforts

### **Balancing the 2020/21 budget**

At our Town Hall just over a month ago, we shared that Sheridan was preparing a "high impact" budget scenario based on a projected decrease in domestic enrolment of 10% for spring, 21% for fall and 20% for winter, and decreases in international enrolment of 8% for spring, 42% for fall and 35% for winter.

The "high impact" enrolment loss scenario described above translates to a decrease of ~\$81M in annual revenue. An expense avoidance exercise (which included hiring freezes, reducing discretionary budgets, and the reduction of hours, contracts or positions among our part time colleagues) identified \$48M in savings; we're

proposing to the Board that the remaining \$33M gap be bridged by using funds from our 2019/20 surplus.

Notwithstanding the uncertainty ahead and – specifically -- the significant impact we would incur from any further decrease in enrolment, we continue to focus on preserving as many jobs as possible for as long as possible. To that end, we are pursuing two other measures to generate savings and protect full-time positions from being cut: addressing vacation balances and offering voluntary retirements.

## Vacation balances

At a time when expenses are expected to exceed projected revenue (due to the projected dip in enrolment related to COVID-19, the Board expects that I will reduce the extent to which Sheridan is financially encumbered. I appreciate that there has been confusion about why the use of accrued vacation is germane to this goal. Here is my best effort to explain why it's so important.

Simply, unused vacation contributes to a “vacation liability” on Sheridan's balance sheet. It represents the amount of money owed to employees for vacation that has been earned but not taken. The year-over-year increase in the “vacation liability” is recognized as a growing expense that is recorded on Sheridan's financial statements.

**When less vacation is taken, the expense grows, which in turn, further increases Sheridan's deficit.** When more vacation is taken, it reduces Sheridan's deficit. Hence, drawing down unused vacation improves our overall financial health.

Employees were also asked to draw down their vacation balances now -- while we are prevented from physically gathering on campus -- so that whenever a physical return to campus is permitted, Sheridan's full employee complement is available to support learners.

As vacation entitlements continue to accrue throughout the year, we need every employee to use their balance because (a taking time off is good for your health and wellbeing; and (b managing our institutional vacation is crucial to balancing our budget and preserving existing full-time positions.

## Voluntary retirement incentive plan

During our Town Hall event, a number of you inquired about retirements in an effort to achieve savings that will support Sheridan's fiscal sustainability. To that point, Sheridan launched a voluntary retirement incentive plan earlier today for eligible current full-time employees, including faculty, support staff and administrators. Eligibility is generally restricted to employees who are qualified for an unreduced pension (those who are age 65, those whose age plus pensionable service equals 85, or those who are age 60 with 20 years of pensionable service). Anyone who meets the criteria has already been contacted directly.

It goes without saying that many on the list are long-term employees who have devoted decades to building Sheridan's legacy. Our debt of gratitude to these colleagues is immense. Providing an incentive to depart is not something we considered lightly nor is it a reflection of the value these employees bring to our community. To enable our Faculties, Departments and Divisions the time to prepare for potential departures, the retirement date will be July 31 for most employees. Faculty who are already scheduled to teach in July and August and who choose to retire under this plan will do so on August 31.

## **Fall recruitment efforts**

In addition to our focus on cost avoidance, significant effort is underway across our entire institution to drive enrolment recovery.

In typical years, our spring and summer months are spent converting new students with offers of admission to enroll at Sheridan. This year, we have the added pressure of convincing returning students that their experience – delivered remotely wherever possible – will continue to be academically rigorous, engaging and more compelling than taking a gap year.

I'm heartened by the tremendous insight, integrity, goodwill and collaboration that so many of you are contributing to the effort. Our faculty continue to rethink course delivery in ways that substantiate our reputation for trailblazing. Working collaboratively, colleagues in facilities, scheduling, IT, health and safety, institutional research, ancillary services, recruitment and admissions, student services, marketing and communications and more are all supporting recruitment and retention. We're doing targeted outreach to prospective students and parents focused on what makes our programs great, individualized guided virtual tours, and are hosting special events featuring program coordinators. Throughout it all, we're conveying that regardless of how our programs are delivered, the value proposition of attending Sheridan remains crystal clear; specifically, our commitment to academic quality and student success is unwavering, even in the face of a global pandemic.

In a world where almost every industry has been significantly and abruptly disrupted by COVID-19, many of our traditional planning assumptions are suddenly no longer applicable. Given the unprecedented level of volatility and uncertainty, we may need to adjust the budget mid-cycle to address evolving conditions and reflect our enrolment results. Please rest assured that I will continue to be honest and forthright in my communications.

Thank you for the innovative and thoughtful ways that you have responded to the challenges presented by the pandemic. I honestly believe that the Sheridan community is stronger than ever because of your efforts.

Sincerely,

Janet Morrison