

“Eight Years in the Making” Part 2: The Questions & Responses

As a summary of Part 1, over the past 8 years, we have seen these “accomplishments”:

- ① 38% growth in full-time students
- ② No growth in faculty complement
- ③ Enormous amounts of money set aside from the Operating Fund

In addition,

- ④ The Wellness @ Work survey showed that unreasonable workload, poor work-life balance, and lack of trust in leadership are at alarming levels
- ⑤ Pension solvency payments are likely to disappear by Summer 2019

Taken all together, these observations suggest that the Administration should be pressed to commit to hiring substantially more faculty members, if not immediately then certainly once the UPP/JSPP exists. The UGFA believes that the key to improving faculty wellness—workload, work-life balance, trust in leadership—is for the Administration to hire more of us to help share the work.

At three recent events, the UGFA presented some of the above observations and asked a question. The first two events are available for listening and viewing, respectively, on the internet by following the associated hyperlink below. In presenting the assorted responses we received, we will include a timestamp, at least on occasion, so that interested readers can go directly to the recording and listen to the interaction themselves.

1	April 2, 2018	<u>Budget Town Hall</u> (questions @ 41:30)
	Respondent: VP Academic & Provost Charlotte Yates (CY)	
	Presented ①-③a, and mentioned expectation of Part 1. Time stamp 46:32.	

UGFA: *Can you say something about this larger set of accomplishments in the 8-year window and can you highlight something in the budget that addresses them in a meaningful way?*

CY: *So when you say “addresses it,” what are you looking at?*

UGFA: *I don't want to jump ahead, but on Wednesday we have the Wellness presentation of the Wellness @ Work survey. [...] I have expectations of what I'm going to hear there based on what I hear from my members now, and it contextualizes exactly with what I'm trying to demonstrate with these numbers, right?*

On to the responses...

- A** CY: You're quite right that the University has been accumulating reserves, and if you compare Guelph to all the other...for some...for a number of reasons all universities have been accumulating these types of reserves. So it is a consistent pattern across Ontario, except with some exceptions for some universities where they have declined in enrolment, where they have been struggling.
- B** CY: I think part of that is there is an element of catch up there, and I have to say I say that because there was incentives for us to grow, and, as you know, in years past, particularly, I think, the first year I came and then the year before, the University projected a certain enrolment and we went significantly over that enrolment. And it was not for want of trying, I would say, but we didn't really have a good strategic enrolment management, and you need that in order to actually be more accurate in your estimations. So, I would say you're right, we've taken in more students than I think we had anticipated and that we'd even planned for. That contributed obviously to reserves, but it also says something about the planning process, which is why we now have a more robust strategic enrolment system, so that we can become more accurate. [This was followed with a bit more about using good statistical models and, later, making more accurate assumptions and projections to predict enrolments.]
- C** CY: I think a second change that you'll see going forward is...the reserves I think partly, a large number of the reserves, yes the pension reserves I'm going to leave to one side okay, but if I look at say College reserves, they've grown significantly, and in part I would say as have other units. Why? Partly, with MYP1 and 2, I would say that kind of approach to budgeting may put us in good fiscal shape, but it tends to change people's behaviour. If you think you're going to have a cut you start to make sure you've got a few deep pockets so that you can cover that without having too big an impact. I think it had an unexpected, or maybe it was expected, I don't know, but I would have said an unexpected outcome of changing people's behaviour, so people were more cautious. So, instead of, say, hiring that faculty, they might say, "We'll wait a year or two until we see what the impact." [...] The colleges are investing significantly in new hiring. That's where, as they've seen more stability in their budgets, their priority has been to hire more people. But again that takes time for us.

Keep in mind that the Colleges/Deans have \$49M of the \$320M that was shifted out of the Operating Fund, all of which at some point was intended to be spent on the missions of the University. Deflecting the question to the Deans can be seen as an attempt to shift the focus to just 15% of the set-aside money.

We delivered the following closing comment.

UGFA: A concern is that when circumstances change, people cope. Faculty and staff have coped with the increase workload, the increased number of students for the last few years, and that's become the new normal. [...] If the determination of what to do in the future—do we need a position there?—is based on the new normal, the new normal is already so exacerbated and strained that that can't be ground zero. There has to be a change from the new normal is what I would say.

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April 4, 2018

Wellness Town Hall (questions @ 56:24)

Respondent: VP Finance Don O'Leary (DO)

Presented ①-③a, ④, ⑤. Time stamp 57:15.

UGFA: What does the University intend to do about [the outcome that Faculty have very little faith in the organizational culture and academic leadership of the institution]?

DO: That's a more complicated conversation [...] and I think that's one that we can't resolve ourselves. We have to work with everyone to resolve that question, so I think as we go along here there's a commitment from all of us to work together to deal with that issue, I think, definitely. That will probably be a topic of conversation with the Senior Team this afternoon, and it certainly I expect will be a conversation when we meet in focus groups, and let's talk about how we can create trust, build relationships, and improve leadership.

UGFA: Can you make some sort of commitment [to take effect after the creation of the UPP]...will the [\$320M in set-aside money] be used to increase the faculty complement and maybe the other staffing on campus to relieve the stress of the 37% student growth that was never properly resourced?

And the responses:

Ⓓ DO: Good question. There are [...] funds that have been allocated and grown over the years that do have some flexibility in it, but the colleges and university have earmarked those funds for certain purposes as well, but there is some flexibility in that going forward, so that's around \$65M if I remember correctly. Then there is a reserve that has been established to help us with pension. So we have been trying to save some money because of the pension obligations that we have in front of us. So we just presented the budget to the finance committee this morning, and I pointed out to them that right now the pension contribution by employees and by the University is \$90M a year. It's atrocious. \$24M of that is contributed by employees, the remainder is contributed by the University. Normal costs which would be matching similar to what you folks invest, what we all invest because it's my pension as well, but over and above that because of the financial status of our pension plans right now, we contribute, the University, an additional \$34M into those pensions because we have to fund those over a period of time. If the JSPP is successful, and we are in conversations with Queen's and Toronto about moving forward with this plan, \$22M of that \$34M is going to what is called solvency, a special accounting of pensions that is called solvency. If we merge our plans and become a JSPP, we're exempt from solvency payments. That would mean—because our solvency right now, the deficit of the plan, is \$600M, huge—that is no longer an obligation if we become a JSPP, excuse me that's a condition of us becoming a JSPP. That means we'll free up, hopefully, \$22M in the budget. And we are getting close on the going-concern basis of what the plan might be.

So to answer your question and to provide some background, I can't make any commitment on where those monies would be, but it certainly would allow some flexibility, some opportunity to change, because we wouldn't have that obligation that we have today to our pension.

This response led to the following exchange.

Ⓔ UGFA: I appreciate that. I would not mine down to the \$22M of the \$34M that is solvency. To me, the bucketing of the \$320M that is internally restricted, not externally restricted, into the

categories it is now is completely artificial: there are no transfer plans, payment plans, or contribution plans, anything associated with that money. It's just labeled as you've labeled it.

DO: Right.

UGFA: To me, all that money is just set aside, taken out of Operating, that was originally directed towards the missions of the University, got shifted out, and has never been put back to its original intended use. So I wouldn't accept an argument that \$22M of the \$320M is possibly going to be on the table; I would expect more, and I will push for that when the time comes.

DO: And I wouldn't disagree with you. I don't know how much that might be. But the other side of this is you see a lot of construction going on here...

UGFA: Oh, totally, I understand that there are other things needing money, but the human price of that growth—you know, the two consultants talked about organizations growing, and, yeah, we've grown on one side but not on the other.

DO: Yep.

Again, it is important to appreciate that this response tells us that ~\$22M that allocated in the annual budget to solvency payments will be liberated every year for other purposes once the University Pension Plan exists. The University has this freed-up ~\$22M/year in addition to the \$320M of set-aside money. These numbers suggest that meaningful growth in the faculty complement is actually quite sustainable.

	April 9, 2018	Senate
	Respondent: VP Academic & Provost Charlotte Yates (CY)	
	Presented ①-⑤	

UGFA: There's nothing suggested in the budget that helps faculty and the staff whose workload increased dramatically when the students spiked like this. It's painful for me, really painful for me. I know some situations on campus, in departments where they willingly took on all this extra work and it's just not properly resourced in any way. [...] It would be really great if there was some open commitment that when the solvency payments go away and all that money is sitting there, yeah, we're going to spend \$100M on faculty, maybe a few months of the year we'll hire faculty every day for \$112K and then we'll sock away \$112K every day for the other ten months, something like this, never said.

And the responses:

 CY: There is one thing you forgot, and that is that I did say that many of the College carry forwards do in fact contain within them plans for hiring, and most of that hiring is faculty. So I did make that clear. I just wanted to add that it isn't entirely bleak, as you might suggest. So there is some, and I think...but I'm glad you raised this. There's a number of things on this I can respond to you on. But let me say that I am committed to us hiring faculty, in fact, using the 2009, that's great, it serves the purpose of your narrative. But if I look at the change we've made over the past years, I did this calculation because I thought you might ask this question. And so if I look at when we had growth of about 5.6% in undergraduate students between 2016 and 2017. We've seen a comparable increase in our faculty complement.

Let's note that the idea of an 8-year window within which to assess accomplishments was spurred by the Provost's budget road show that seemingly praised the 8 years of making the \$320M set-aside money. On the contrary, the UGFA position is that this window marks 8 years of taking money from the Operating Fund, willfully under-resourcing any measured sense of faculty complement growth in parallel to the growth in student numbers. As a small exercise, suppose a new junior faculty member is hired at a salary of \$100K. Even go so far as to say that the members' "total compensation," including pension contributions and benefits, is \$150K. Then we can hire 7 faculty members for \$1M. Okay, so if the \$22M of solvency payments is liberated, as Don O'Leary remarked, we could increase the faculty complement by 150 members. Remembering that the \$22M is saved in the budget every year and looking at the set-aside \$320M, it is apparent that the total compensation of this increase in faculty complement causes little strain to the financial state of the University. A reasonable person could argue that the Administration could do even more than suggested here.

Discussion of recent one-year student growth being matched by faculty growth falls into the trap of accepting the new normal of 37% growth in student numbers with below-2009 faculty numbers, and it ignores the alarming state of affairs reflected by the Wellness @ Work survey results.

G *CY: The big increase that I think we're not always talking about is in our graduate cohort, and in our graduate cohort teaching we are, with some exceptions where we've had explosive growth which is not expected, we're actually kind of at the provincial average in terms of the number of students per faculty to be supervised as graduate students for a research intensive university. So I think it is important to both unpack the students but also start looking at we are kind of on a more positive trend. I don't want to suggest that it's all been downhill from there. It hasn't, there has been a correction.*

Again, it seems that this observation ignores the obvious workload implications. Yes, faculty who enjoy the core elements of their jobs and who want to maintain their funding and publication records take on graduate students, even when they are suffering workload issues. It isn't clear that this is a "positive trend," if faculty members feel they are suffering. Looking at the average number of students supervised is odd in any case, as we could reduce the faculty complement to only those who are extremely active in graduate supervision to generate a high average, but what would this do to the University?

H *CY: I remain committed to that change and I know that every one of the Deans has plans within their reserves to use those reserves for this purpose.*

I *CY: And I will just remind you that the Faculty Association has for a long time said to me use the reserves. Finally, I'm able to pull out of those reserves, in order for us, rather than us having any kind of cuts out of the budget, we're using the reserves in order so we can correct the budget situation. And I think that gives us some time while we continue to invest and continue to support faculty. I know we aren't going to agree on the numbers necessarily, maybe one day we will in which case it would be a banner day, but I do think we're not as far apart as you might think.*

The budget implements a 1.5% tax on units with significant carry forward in order to eliminate the \$6M budget shortfall. It may be worth noting that the past two budgets also had expenses exceed revenues by \$11M and \$15M, with internal transfers leading to a balanced budget. In both cases, when we get to the actual audited numbers at year end, the two years generated record surpluses, close to \$100M. It turns out that when you sock away \$260M and lock much of it into good investment choices, you can make \$30-40M return on that investment. This would be great if the University was an investment firm, but it isn't. Noting that this investment return would cover almost two years of total compensation for the 150 new faculty members makes it even more depressing that, instead, faculty numbers sit at just below the 2009 level.

Summarizing the responses:

Budget Town Hall Provost Yates responding	(A) Everybody else is stockpiling money, too.
	(B) We may predict enrolments better soon.
	(C) The Deans can hire if they want to.
Wellness Town Hall VP Finance O'Leary responding	(D) When the UPP/JSPP exists, \$22M that historically has been chewed up by solvency payments will be liberated for other spending.
	(E) VP Finance Don O'Leary wouldn't disagree with us expecting more spending (than the \$22M) on faculty complement growth.
	(F) We've had a small amount of growth recently in faculty numbers; accept the new normal.
Senate Provost Yates responding	(G) We're at the average grad student per faculty level for a research-intensive university.
	(H) The Deans can hire if they want to.
	(I) A tiny tax based on the carry-forward portion of the internally-restricted money shows that we are using it for smoothing.

How should we feel about these answers?

Nothing in the budget was identified as helping relieve the strain put on UGFA members.

We received no real commitment that anything would change, except perhaps a glimmer of hope from VP Finance Don O'Leary, who may have been moved both by the alarming outcome of the Wellness @ Work survey and by our efforts to help with the founding of the UPP/JSPP.

Closing

In Parts 1 and 2, we presented the (Administration's) data and their responses to our the clear question induced by that data,

Thanks to the UGFA's efforts in the University Pension Plan project, once the UPP exists, we will have eliminated for the University the spectre of \$90M yearly solvency payments, and indeed we will have liberated \$22M in yearly solvency payments that they budget for now.

The set-aside money that grew beyond belief to a third of a billion dollars over 8 years was redirected from the Operating Fund, starving academic units in which members nonetheless just dealt with student growth, increased workload, and the impact on their work-life balance and morale. This money covers the remaining reduced going-concern pension liability obligation more than three times over.

We believe that the Administration must be pressed to respond with a written commitment to address the human cost of their decisions that have led to an untenable situation "eight years in the making."

Very soon, we will be contacting you with a request to give your signature in support of signaling to the Administration that they need to deliver a written commitment to increase the faculty complement significantly once the UGFA has successfully completed its crucial role in the University Pension Plan project, literally saving the University.