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What impact has UGFA Member salaries had on the University's budget?



Financial Advisory Committee Comment on Salaries

In this newsletter, we address the question: what impact has UGFA Member salaries had on the University's budget?

We have access to Statistics Canada data on Faculty Member salaries. We can use the University's audited financial statements and the StatsCan data to compare the Faculty Member portion of UGFA Member total salaries against the total revenues of the University of Guelph. Going back to 2006, we obtain the table to the right. It seems reasonable to suggest that UGFA Member salaries are a very stable expense for the Administration. The slight increase in 2010-2011 might be looked at as finally getting us back to an average of 29% over these years after a small decrease (relative to total revenue) in 2007-2009.

% of Total Revenues going to the UGFA Faculty Member salaries	
2006	29.03%
2007	28.48%
2008	28.12%
2008	28.16%
2010	29.64%
2011	30.29%

You may recall the following exchanges from the September 17, 2012, Rumour Mill (12:26 on the podcast), at which time a Faculty Member asks how the PPP will save money:

Faculty Member: "So I'm still trying to understand how you can go about this...I mean we've already tried our best to address, you know, to make the cuts that we can..."

Provost: "By people leaving."

A few seconds later, the Provost explains that this is a different model of "people leaving" than recent early retirements and buyouts:

Provost: “We are not going to find another \$30-million by having people leave the institution. We’ve been there, done that. We’ve got \$46-million out largely by doing this. This means making those tough, painful decisions about what we’re going to stop doing, what we’re going to organize and change, what we’re going to reduce funding levels to...it’s those types of determinations that need to be undertaken.”

Faculty Member: “But we are talking about downsizing.”

Provost: “For sure.”

Given the stability of UGFA salaries as an expense for the University, does it seem reasonable that the Provost’s solution to the inability of units to cut further without affecting the University’s primary missions is “people leaving” “for sure,” with the clear implication that the people being talked about are Faculty Members?

Using the financial statements, we can also verify that total salaries of all university employees equate to a similarly stable 46.5-48.9% of total revenues during the same year. It would be interesting to know whether each of the other employee categories (Administration, staff, etc.) display the same salary stability as the UGFA, but we are unable to break down the non-UGFA component since we do not have access to the data for other employee groups. In the spirit of the PPP’s “differentiated cuts,” however, one might make the suggestion that yearly increases in total revenues might perhaps best be distributed in a differentiated fashion that best serves the University’s primary missions of teaching and scholarship, as opposed to an alternative model where the Administrational salary mass grows or is stable as a percentage of total revenue.

If the PPP leads to a restructuring or reorganization, as per Article 24 of our Collective Agreement, UGFA Members might leave with a buyout. Any such departures could lead to (i) a decrease in the UGFA average salary (since senior faculty members are more likely to take a buyout) and (ii) an increase in the workload of the remaining members of the academic unit.

The UGFA understands that the Administration manages the University and, as part of that, that they may decide to review academic and non-academic programs and functions, but we are extremely concerned about how the current review is being conducted via the PPP, including but not limited to

- (i) its impact on the University’s primary missions of teaching and scholarship,
- (ii) its impact on the careers of UGFA Members,
- (iii) its framing in terms of the budget,
- (iv) the lack of consultation in establishing ways to measure the quality of our programs,
- (v) the notion that academic and non-academic programs can be measured with the same criteria, and
- (vi) the fact that there is no appeal mechanism.

We should note that UGFA Members have worked hard to hold the Administration to its long-standing commitment, pre-unionization and afterwards, that the Guelph Faculty Member average salary be no worse than fifth place among Ontario universities. To address lagging salaries, the compensation articles in both of our Collective Agreements reflect this commitment with a Competitive Adjustment or Increase. The table to the right presents how the average salary of University of Guelph Faculty Members compared to the average at other Ontario universities, according to 2010-2011 Statistics Canada data.¹ Note that the average (Full) Professor salary for the six universities ahead of us is less than \$4K above the average Professor salary at Guelph. Solid progress towards “fifth place” has been made while maintaining our salaries as a very stable expense for the Administration.

UoG Faculty	Place
All Ranks Combined	5 th
Assistant Professor	5 th
Associate Professor	7 th
Professor	12 th

As we approach a period when we will not have a reliable way to check our standing in Ontario and hold the Administration to its fifth place commitment, we are told that the result of the PPP is “people leaving” “for sure.”

We close this newsletter by noting that the Administration has expressed a number of concerns to the UGFA about our first FAC communication. They feel that we should have (i) outlined the size of the (unrestricted) university budget deficit, (ii) emphasized the ongoing challenges presented by pension funding, and (iii) been more careful to accurately reflect the complexities of the Ancillary Funds. We note that

(i) The University’s Annual Financial statements are available at <https://www.uoguelph.ca/finance/report/university-financial-statements> (or use the tinyURL <http://tinyurl.com/uogfin>) . We note, in particular, that the vast majority (84%) of the projected University deficit of \$259M is based on accruals for future Employee Benefits that are required to be charged to the University’s Statement of Operations and Changes in Net Assets. These shortfalls are not required to be funded on an immediate cash basis; rather they are an indicator of projected future cash requirements.

(ii) The UGFA plans to provide analyses and discussions of pension funding at a future date.

(iii) The Administration has provided the clarification that those funds listed as Ancillary include both student housing and self-funded operations (Hospitality and Parking) and therefore, some external restrictions related to these operations (requirement to segregate funds) apply.

Members who have opinions or information to share regarding the PPP are invited to contact:

Chair, Financial Advisory Committee: Professor Herb Kunze (Math & Stats)
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Chair, Academic Integrity Committee: Professor Bill Cormack (History)
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¹ For Veterinarian salaries we have no comparison data, and for Librarian salaries we have limited comparison data of limited use. Due to changes at Statistics Canada, Faculty salary data will not be available in the future.