



# UTFA Information Report

University of Toronto Faculty Association - January 9, 2012

## Information Report #20

### Shrinking Expenditure for Academic Salaries at the University of Toronto

An examination of the annual operating budgets, for the 38 years from 1972 to 2009, shows a substantial and recent decrease in the share of the budget that is devoted to faculty salaries<sup>1</sup>.

Faculty salaries once averaged 36% of the operating budget. Today they account for 23%. This is a one-third reduction.

In the 1980s ‘Academic Rank Salaries’<sup>2</sup> used to be as high as 38% of the operating budget<sup>3</sup> The average from 1972 to 1998 was 36%. The decline began in 1999 when the salary share dropped to 32% and it has been decreasing ever since - as illustrated in the following chart.

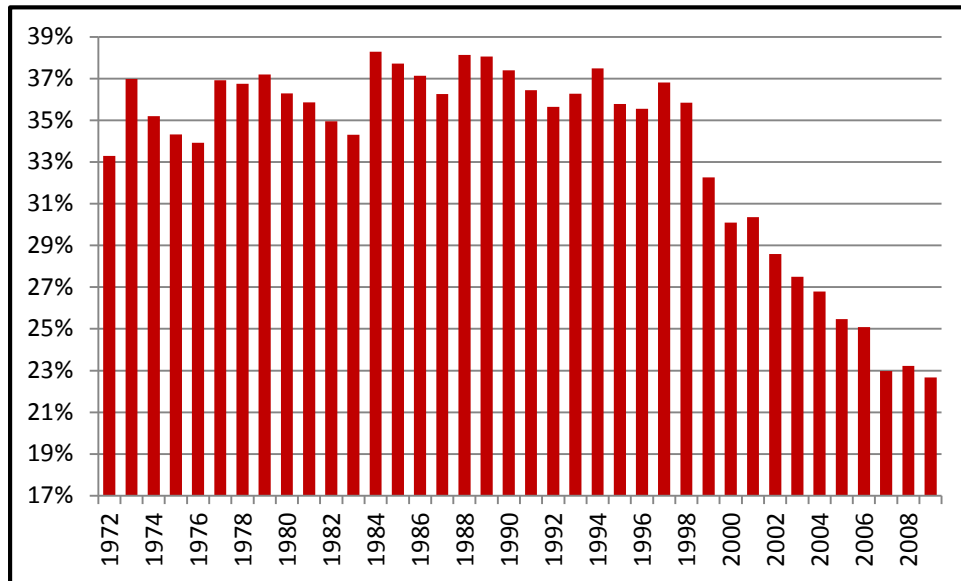


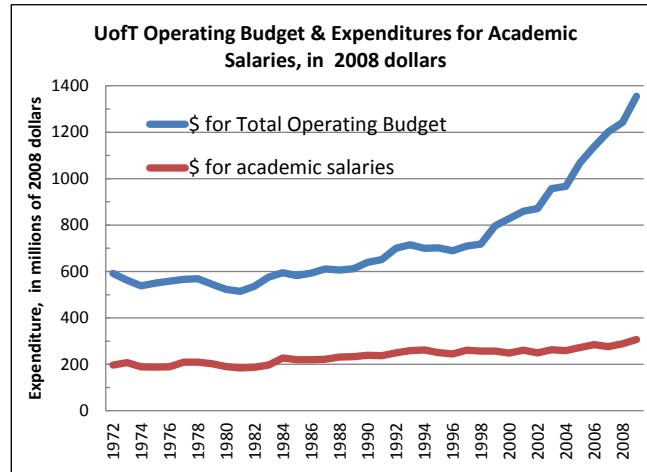
Chart-1

<sup>1</sup> The data used in this newsletter is what UofT reports via COFO-UO and CAUBO to Statistics Canada. The data from UofT reflects actual expenditures and not simply budget estimates. To ensure that an institution’s information is based on its audited financial statements, the COFO-UO Guidelines require institutions to submit a reconciliation between their audited financial statements and the information provided by this (the Stats Canada) financial report.

<sup>2</sup> ‘Academic Rank Salaries’ is the label used in the data file from Stats Canada. According to the CAUBO guidelines (see [http://www.statcan.gc.ca/imdb-bmdi/document/3121\\_D1\\_T1\\_V10-eng.htm](http://www.statcan.gc.ca/imdb-bmdi/document/3121_D1_T1_V10-eng.htm)) and UofT Administration: This includes salaries paid to full-time and part-time instructional staff who hold an academic ranking in the reporting institution - from lecturers to deans inclusive in faculties, academic departments or programs, summer schools, credit extension courses and other academic functions. Salary payments to staff members on paid academic, administrative or sabbatical leave are also included.

<sup>3</sup> In 1984, in 1985, in 1988 and in 1989.

Chart-1 follows from calculating the ratio of the reported annual expenditures for ‘academic rank salaries’ divided by the total for the general operating budget for that year. This excludes non-operating funds such as sponsored research, capital expenditures (new buildings, etc), and ancillary operations (i.e ‘sales-producing’ activities such as parking, food services, etc). As expected both the academic rank salaries and the total budget have been increasing with time, but at different rates. The following Chart-2 shows both increases, from 1972 to 2009 in constant 2008 dollars. In real terms, the operating budget has more than doubled since 1990.



**Chart-2**

The 2009 expenditure for academic salaries was about \$307 million, representing 23% of the \$1,355 million operating budget. [These numbers and others are tabulated on page 2 in the appendix.] If academic salaries today were still at the 36% level, they would represent an expenditure of \$481 million, or about \$174 million more than is allocated for academic salaries today. What accounts for this consequential and dramatic change?

## Accounting for the full 100% of the Operating Budget (1972 to 2009)

The questions are: Where has the 13% decline for the percentage in academic salaries gone? If the share of the operating budget for academic salaries has been decreasing over time, what has been increasing ?

The table in the appendix shows the eight main expenditure columns (“A” to “H”) that constitute the operating budget plus the miscellaneous column “X”<sup>4</sup>.

In 2009 the following percentages reflect the eight main expenditure allocations (columns):

- 23% for Academic Rank Salaries (Column “A”)
- 8% for Other Instruction & Research Salaries (Column “B”)
- 24% for Non-Academic Salaries (Column “C”)
- 14% for All Benefits for all salaries in A+B+C (Column “D”)
- 8% for Scholarships, Bursaries & Prizes (Column “E”)
- 5% for Library Acquisitions (Column “F”)
- 5% for Bldgs, Land & Site Services, utilities, renovations & alterations (Column “G”)
- 11% for Operational Supplies& Expenses, Furniture & Equipment (Column “H”)

<sup>4</sup> Column “X” in Table Appendix-1 is unusual. It includes items such as ‘cost recoveries’ it can appear as a ‘negative expenditure’ when reported as an expenditure. For additional discussion and explanation about “X” see page 7 in the appendix.

The following Chart shows the year by year percentage of the eight main constituents of the operating budget. (See page 7 in the appendix and the chart there plus note explaining why the total is not exactly 100% every year.)

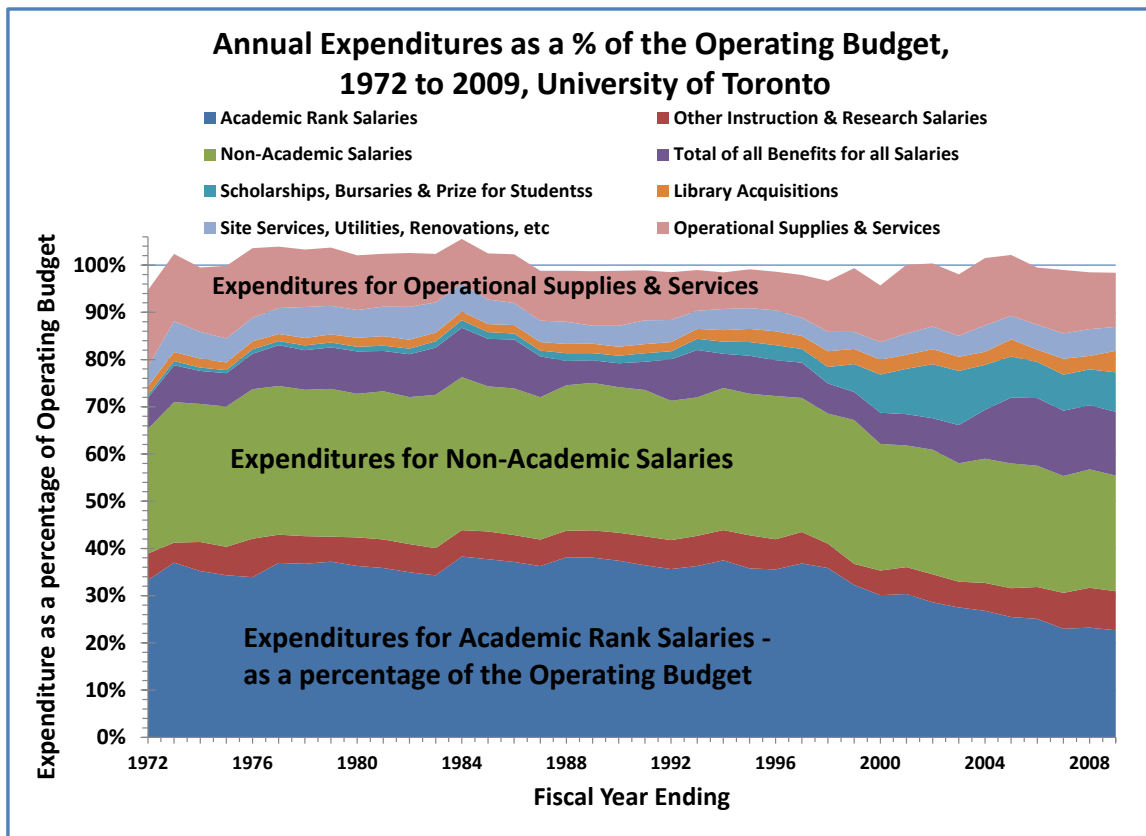


Chart-3

## What has changed and by how much?

While there are many ways of quantifying the information in the above chart, we compare the average changes for the period from 1972 to 1998, when there seemed to be minimal change, to the last three years, from 2007 to 2009, as a representation of where we are today.

There are two expenditures that have decreased as a percentage of the operating budget.

- (i) Academic rank salaries have decreased from an average of 36.3% during the period 1972 to 1998 to 23.0% for the period 2007 to 2009. This is a 13.3% change. It suggests that while student enrollments were increased (to increase the operating budget income) faculty hiring increases did not keep pace.
- (ii) Non-academic salaries have decreased from an average of 30.3% to 24.8% of the operating budget in the same time period - a decrease of 5.5%.

However, five areas of expenditures have increased.

- (iii) Benefit expenditures for all salaries increased from 7.9% of the operating budget as an average from 1972 to 1998 to 13.6% for the last three years (i.e. 2007 to 2009) - a 5.7% change. The increase represents the university's recent increase in pension contributions. It reflects the underfunding of the pension plan from 1987 to 2004 via missing contributions (contribution holidays)<sup>5</sup> and the recent investment 'loss' of \$1,000million (one billion) dollars<sup>6</sup> by UTAM. Expenditures for the pension plan may need to be increased even more. And Chart-Appendix-D on page 4 in the appendix, showing expenditures for all benefits from 1972 to 2009, reflects some of the pension story.
- (iv) Expenditures for scholarships, bursaries and prizes increased from 1.6% of the operating budget to 7.9% of the operating budget over the last three years - a 6.3% change. This reflects the likely need to alleviate the corresponding increases in tuition. The operating budget is increasingly dependent on tuition income.
- (v) Expenditures for 'other instruction and research salaries' increased from 6.0% to 8.1% - a change of 2.1%. How does this expenditure relate to that in (i), for academic rank salaries? These are payments made to full-time and part-time staff members without academic rank, who are engaged in instruction and research as instructors, tutors, markers, laboratory demonstrators, teaching assistants, research assistants, invigilators, clinical assistants, post-doctoral fellows, and others. Included are payments made to graduate and undergraduate teaching assistants.
- (vi) Expenditures for library acquisitions increased from 2.0% of the operating budget to 3.6% for the last three years, a change of 1.6%.
- (vii) Expenditures for operational supplies and expenses, furniture and equipment, etc increased from an average of 11.2% to recent 12.3%, a change of 1.2%

What expenditure percentages did not have a significant change over these same time periods?

- (viii) Expenditures for site services to buildings and land, utilities, renovations and alternations stayed approximately the same. They averaged 5.1% of the operating budget in 1972-1998 and 5.4% during the last three years.

The reader is encouraged to look at pages 3 to 8 in the appendix. The ten charts provide an informative overview of the major changes and trends in expenditures, from 1972 to 2009. Both this report and the appendix are posted at the UTFa website, [www.utfa.org](http://www.utfa.org)

How does one translate the discussed percentages into dollars for today's budget? The operating budget for 2010-11 (ending April 30, 2011) was about \$1,581 million. Thus a 1.0% change in the current budget translates to an approximate change in funding or expenditures of \$16 million.

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<sup>5</sup> See the links at <http://www.utfa.org/content/pension-issues> and Inconvenient Truths about the UofT Pension Plan: the missing contributions at [http://www.utfa.org/sites/default/files/webfiles/pdf\\_files/Inf%20Rep-9-II-%20final-c\(1\).pdf](http://www.utfa.org/sites/default/files/webfiles/pdf_files/Inf%20Rep-9-II-%20final-c(1).pdf)

<sup>6</sup> See the links at <http://www.utfa.org/content/pension-issues> and The UTAM Pension Investment Disaster report at [http://www.utfa.org/sites/default/files/webfiles/pdf\\_files/Inf%20Rep%2018-UTAM%20final.pdf](http://www.utfa.org/sites/default/files/webfiles/pdf_files/Inf%20Rep%2018-UTAM%20final.pdf)

## Comments and Conclusion:

The mission of a university and its faculty is to teach and mentor students as well as to further understanding of ourselves, our society and our physical environment by means of research. Diminishing the presence of faculty in the university must and will compromise that mission.

For three decades the resource allocation for faculty at the University of Toronto was a relatively stable percentage of the operating budget. During the last decade it has been reduced by a third<sup>7</sup>.

In 1997 there were 42,099 FTE students on the three campuses at UofT. By 2010 the number had increased to 66,611<sup>8</sup> - a 58% increase or 24,512 more students. During the same time period the full time faculty count<sup>9</sup> decreased slightly, from 2,817 to 2,791.

This is an unsustainable model. The student to faculty ratio needs to be reduced, not increase further.

Why and how did these dramatic changes take place? Was it discussed and debated at Governing Council and Academic Board? Who made the decisions? What are the long term consequences? These and many other questions beg serious discussion.

This report leaves many unanswered questions. It is another step in UTFA's effort to initiate meaningful and informed debate on important issues that affect our success as faculty at an internationally competitive public research and teaching university.

In conclusion I must acknowledge the helpful assistance of Larry Dufay at CAUT who provided the Statistics Canada data file that I have used in this analysis.

As always, comments from our members are welcome and appreciated.

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*UTFA Information Report* is published by:  
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<sup>7</sup> This issue was identified in the 2009-10 round of SB&P negotiations. The UTFA Arbitration Brief of April 19, 2010, pages 18 and 19 discuss "Faculty Compensation as a Diminishing Cost at the University". The Brief is posted on the UTFA website at [http://www.utfa.org/sites/default/files/webfiles/pdf\\_files/2009-10%20UTFA%20Arbitration%20Brief-xtra.pdf](http://www.utfa.org/sites/default/files/webfiles/pdf_files/2009-10%20UTFA%20Arbitration%20Brief-xtra.pdf) It includes the following text: "When CPI is taken into account, the real dollar cost of faculty compensation per student FTE has decreased by about 24% over the 12 years ..."

<sup>8</sup> In both numbers, about 19% to 20% of the total are graduate students.

<sup>9</sup> Part time faculty are not included. The part-time count changed from 261 in 1997 to 334 in 2010. Due to lack of details we cannot determine the FTE number for part-time faculty. All numbers are from "Facts and Figures".