



Prof. George Luste
By email/open letter

January 10, 2012

Dear Professor Luste,

Thank you for sending along your UTFA newsletter focusing on long-term changes in the allocations of the University's annual operating budget.

The report contains some illuminating local data, including the observation that the proportion of the University's operating budget dedicated to academic salaries has decreased over time.

I am, however, puzzled that you relied on this observation to raise criticisms of administrative decision-making and governance at the University of Toronto. Institutional comparators make it very plain that this unsettling trend is evident from coast to coast, as well as in the US and the UK. For example, among the 'Highlights' on page 1 of the CAUT Almanac for 2011-12 is the following point. From 1980 to 2009, spending on academic salaries as a proportion of Canadian university budgets fell from 31% to 20%. At U of T, the equivalent proportion fell from 36% to 23%. The relative reductions are almost identical.

The CAUT Almanac also highlights the sad state of university funding in Canada. Between 1979 and 2009, the proportion of financing provided by government fell from 84% to 58%, while tuition revenues rose from 12% to 35% of operating budgets in the same period. The per-student funding in Ontario is the lowest of all provinces; and not surprisingly, reliance on tuition revenues in Ontario is proportionately greater (p3). That observation, as you suggest, helps explain why bursaries and scholarships now make up a much larger portion of our operating budget than in yesteryear. This spending helps keep the university accessible to the best and brightest, regardless of family circumstances.

I do wish you had taken time to clarify that average academic salaries themselves have not fallen in percentage terms, but instead have undergone meaningful inflation-adjusted growth over the period under study. According to the 2009 Statistics Canada data, average salaries for full-time academics at U of T are the highest in Canada, and fully competitive with our public peers in the US.

I agree that the rising student-faculty ratio is a serious issue. However, while class sizes are clearly up, the number of courses taught on average by tenure-stream colleagues at the University of Toronto actually declined over the decades summarized in your report.

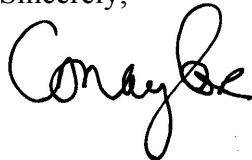
I also agree that recruitment of full-time faculty is preferable to increases in the numbers of sessional or contract faculty teachers. During and since the financial crisis of 2008, U of T has continued to hire new faculty in large numbers.

Last, you observe that the average proportion of the operating budget attributable to benefits has risen from 7.9% between 1972 and 1998 to 13.6% for the last three years. However, as seen in your UTFA newsletter Appendix Chart - D, the increases in benefits costs began in 2003, before the 2008 financial crisis. We are unlikely to agree on pension finance, but I think it is useful to recognize that two major unions here at the University have already agreed to increase employee contributions to the pension plan. A better balance of contributions will help ensure the sustainability of the plan, and free up resources over time to hire more faculty and staff.

In closing, George, I think the biggest lessons from this UTFA Newsletter are not internal, but have instead to do with the need for external advocacy. I agree with your characterization of the current financial model as unsustainable and indeed, said so very clearly four years ago in the *Towards 2030* report. The dramatically low level of per-student funding for Ontario universities is being brushed aside these days. Instead, there has been a rise in demoralizing critiques of universities and professors, along with public policy discourse about how Ontario universities can be made more 'efficient'. I look forward to joint advocacy with UTFA to address the real issues facing the higher education system in our province.

Best wishes for the new year.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Naylor". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Naylor
President



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Prof. David Naylor
President, University of Toronto

By email/open letter, in response to same from President Naylor, dated January 10, 2012

January 11, 2012

Dear President Naylor:

Thank you for responding to the UTFA newsletter and engaging in this discussion on the long-term changes in the allocations of the University's annual operating budget. I assume that we would agree on the following: the more discussion and debate there is, the better our understanding and the more informed our decisions will be.

I appreciate the new information you present. The UTFA newsletter had the very specific focus of examining the eight main expenditure categories over some 38 years at our institution and their trends over time, - and nothing more. We both agree that the trend of an ever increasing ratio of students numbers per faculty member is not sustainable. You express no disagreement with any of the numbers presented in the newsletter. But I do understand that you take exception to the suggestive nature of the questions on governance in the conclusions.

You raise several interesting questions that future UTFA newsletters will no doubt address. Some of them were anticipated when I wrote: "This report leaves many unanswered questions." Some were not. Let me comment briefly on the following:

You raise the issue of looking at comparator Canadian universities and their budget changes relative to UofT. I will try to get that data and do this comparison.

The issue of individual academic salaries was not mentioned in the UTFA newsletter. It is important and it involves a number of salary issues. One average salary number can be misleading.

- (i) There is evidence of salary inequality across the three campuses and a working group will be looking into this. It has the potential to become an Association Grievance.
- (ii) Senior administrator salaries have increased far more rapidly than faculty salaries have. This needs to be examined further.
- (iii) The PTR scheme no longer provides the career increases it once did.
- (iv) Salaries in some professional faculties are much higher than in non-professional faculties and so can skew the average salary number if lumped together.
- (v) Salaries have not kept up relative to the cost of downtown housing.
- (vi) And one can list more issues.

The UTFA newsletter did not mention pension contributions. In mentioning them you are voicing your administration's position at the bargaining table. You note that *two major unions here at the University have already agreed to increase employee contributions to the pension plan*. In doing so you fail to mention several important points. First the USW increase is conditional, not a given at this point in time. It is conditional on all the other bargaining units agreeing to increase their contributions. Secondly, the two major unions can negotiate "all terms and conditions" as part of the settlement package, something the faculty currently cannot. And you fail to mention the March 15, 2011 article¹ five of us authored showing that there was no evidence that current member contribution rates played any role in the pension deficit we face today.

On the issue of external advocacy, we are on the same page. Underfunding is indeed a pressing issue. But funding the province wide university system is also a complex issue. The present system is costly. It should consider some form of differentiation between the various institutions, changing the current "one size funding fits all" model. It also involves greater funding for the professional faculties so that they do not have to be cross subsidized by the larger undergraduate units. More flexibility in setting tuition is needed. The health care issue is the elephant in the funding room, and as Jeffrey Simpson has written in the Globe & Mail: "*Universities lost the battle for marginal dollars to health care. But this truth remained unspoken because university presidents feared incurring the wrath of their health-sciences faculty, the annoyance of government and the anger of citizens who prized health care über alles.*"

I am most pleased to see that you favour '*joint advocacy with UTFA to address the real issues facing the higher education system in our province*'. To date UTFA has never received an invitation to participate in any meaningful way. I welcome this change and await the invitation.

My best wishes.

Sincerely,

George Luste
President, UTFA
Emeritus Professor, Physics

¹ *The Administration's Proposed Increase in U of T's Pension Contributions is based on Misleading Information*, Laurence Booth, Ettore Damiano, Tom Finlay, George Luste, Helen Rosenthal, at http://www.utfa.org/sites/default/files/webfiles/pdf_files/2011-March-15%20UTFA%20response%20to%20administration's%20FAQ.pdf

