UofT Finances and UTFA Salaries, Benefits, and Workload Bargaining

July 30, 2021

What follows is a brief overview of economic conditions at the University that provides helpful context for UTFA's current round of negotiations with the Administration.

While the University has experienced some budgetary impacts arising from the COVID-19 pandemic, particularly in the area of ancillary services, the University has been running a consistent budgetary surplus for the past several years and has a significant carry-forward of hundreds of millions of dollars. Moreover, the University's most recent audited Financial Report from April 2021 reports an increase in net income of 64.6% compared to the previous year (*U of T Financial Report* 30 April 2021, p. 4).

Notably, this healthy financial situation is the result of a continued growth in student enrolment. Over the relevant period, the University reported that $2.7 billion, or 68.0% of revenues, were from student fees and government grants provided in support of student enrolments. In addition, the U of T reported an increase of $445 million due to investment gains in 2020-21, and an increase of $348 million resulting from investment returns on assets of the pension plan. Overall, U of T reported an increase in net assets of $1.6 billion to a total of $8.1 billion. (*U of T Financial Report* 30 April 2021, p. 9.)

This increase in revenues resulting from student fees is directly correlated to the increase in student enrolment that the U of T experienced over the course of the pandemic. In 2020-2021, undergraduate student enrolment at the University increased by 3.4% as compared to 2019-2020, exceeding the University Administration's own projections. Moreover, total undergraduate international student enrolment increased by 9.7% in 2020-2021 as compared to 2019-2020. This is significant because international student enrolment fees are unregulated and unaffected by Provincial cuts that affect domestic tuition fees.

According to U of T's Financial Report, student enrolment has increased significantly since 2017 as a result of population growth in Ontario, increased higher education participation rates and a growing reputation around the globe as a destination of choice for international students. As a result, the University has increased enrolment from 78,291 in 2017 to 84,807 in 2021, or an increase of 8.3%.

Importantly, the COVID-19 pandemic has only resulted in an *increase* to student enrolment at the U of T. As the Globe and Mail recently reported:

> *For a few institutions, such as the University of Toronto, this brave new world of university funding has been a bonanza. U of T now collects more in tuition fees from*

> *international students than it receives in annual operating grants from the Ontario government. (Laurentian University becomes a victim of a failing business model*, Globe & Mail, February 3, 2021.)

Since a university's standing and reputation is overwhelmingly determined by the people who teach courses, conduct research/scholarship, and engage in professional practice, the fact that the University's appeal to students, both domestic and international, continued to grow during the pandemic is a remarkable tribute to the extraordinary efforts of faculty, librarians, and staff.

In that light, the University reports significant growth in student enrolment and tuition revenues over the same period in which UTFA members have reported extraordinary workload increases and high stress and burnout.

Further, all indications are that the University will continue to increase its enrolment. The University reports that "Revenues are expected to increase modestly over the next several years, primarily as a result of increasing international enrolment, domestic enrolment changes within the ±3% flexibility of the fixed provincial funding envelope, and modest fee increase assumptions." (p. 14)

More specifically, the University Administration projects continuing increases in student enrolment from year to year through 2025-2026. (*U of T Enrolment Report 2020-21, February 8, 2021*.)

The University is also realizing substantial cash savings from the absorption of its pension plan in the University Pension Plan ("UPP") as of July 1, 2021 as agreed to by UTFA. These savings amount to several tens of millions of dollars per year resulting from both a decrease in the University's pension contributions as well as a decrease in special payments associated with solvency. (*Actuarial Valuation as at July 1, 2019 for University of Toronto Pension Plan.*)

Cost of Living

While Bill 124 imposes limits on what would otherwise be appropriate salary and compensation increases, in considering the issues in our negotiations with the Administration it is important to bear in mind the extent to which University of Toronto salary levels have not kept up with increases to the cost of living. In 2019, the Consumer Price Index rose 2.2% year-over-year.[1] Although the CPI slowed to 1% in 2020 as a result of the pandemic,[2] economists predict that—given positive vaccine developments, rebounding economic activity, and signs of inflation—CPI

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[1] Statistics Canada, Consumer Price Index, December 2019; https://www150.statcan.gc.ca/n1/daily-quotidien/200122/dq200122a-eng.htm [accessed 27/12/2020]

[2] Statistics Canada, Consumer Price Index 2020; https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000411&cubeTimeFrame.startMonth=11&cubeTimeFrame.startYear=2020&referencePeriods=20201101%2C20201101 [accessed 27/12/2020]

will increase significantly in 2021 and 2022. Statistic Canada currently reports a CPI of 3.6% over the last 12-month period.[3]

In the GTA, the cost of housing continues to be a particular stressor and despite the pandemic Toronto's housing market has continued to climb on an upward trajectory. In November 2020, the Toronto Regional Real Estate Board reported year-over-year increases of 15.2% for detached houses in the GTA, to an average cost of $1.2 million. Across the GTA, the aggregate average selling price—for detached, semi-detached, town homes and condos—climbed 13.3% year over year to $955,615. This amounts to an $110,000 increase in the cost of purchasing a house in 2020 alone. Prices are expected to rise a further 7.5% in 2021. (*Detached home sales jump 30% across the GTA as Toronto's housing market continues to soar*, Toronto Star Dec 3, 2020; *Royal LePage: Canadian home prices forecast to rise 5.5% by the end of 2021 as low inventory and unmet demand set of fuel price increases.)*

UTFA salary levels have simply not kept pace with these rising costs of living in the GTA.

[3] https://www.statcan.gc.ca/eng/subjects-start/prices_and_price_indexes/consumer_price_indexes [accessed 03/07/2021]