

## APUO response to VP Resources' message on Ontario 2015 budget

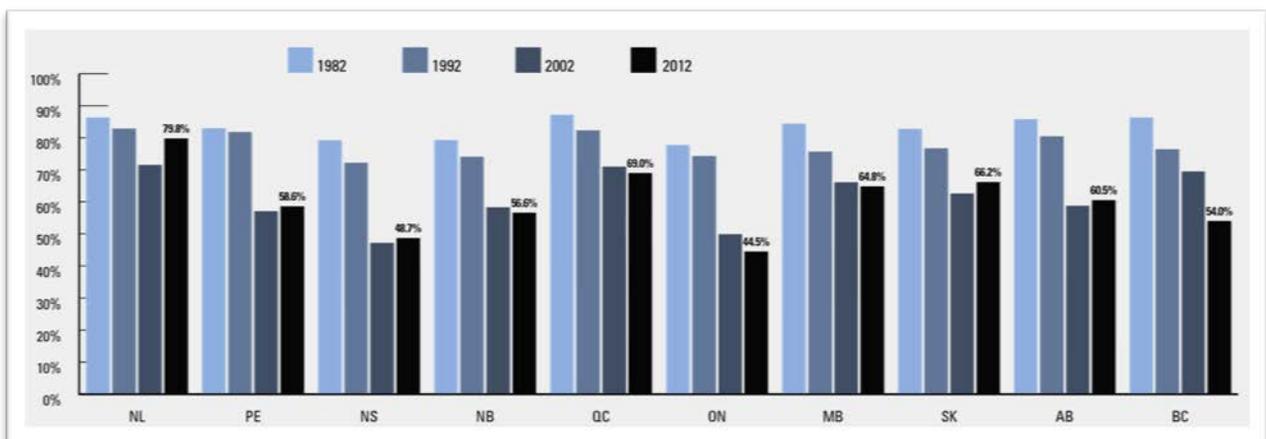
On April 30, 2015 the Vice-President of Resources of the University (VP Resources) forwarded a message to all staff concerning the provincial budget for 2015. This message presented a number of arguments and claims about the financial situation at the University of Ottawa. Although some of the claims are supported by evidence and agreed by the APUO, as a whole this message is misleading in that APUO members could reach the conclusion that the University is facing a financial crisis, which is in fact not an accurate representation of the situation.

This message is a deliberate attempt to feed into the atmosphere of fear and anxiety with regard to the University's financial situation. The APUO believes that the purpose of this message is to sow doubt in the minds of staff in order to extract concessions at the bargaining table. The University of Ottawa's financial situation is strong and is not in a state of decline.

### *Provincial under-investment in higher education*

The VP Resources rightly identifies the relative under-investment by the Province of Ontario in higher education, an issue that both the Canadian Association of University Teachers (CAUT) and the Ontario Confederation of Faculty Associations (OCUFA) have frequently highlighted. The CAUT Almanac 2014-2015 presented the following bleak picture for government funding of universities in Canada.

Figure 1: Government Funding as a share of University Operating Revenue<sup>1</sup>

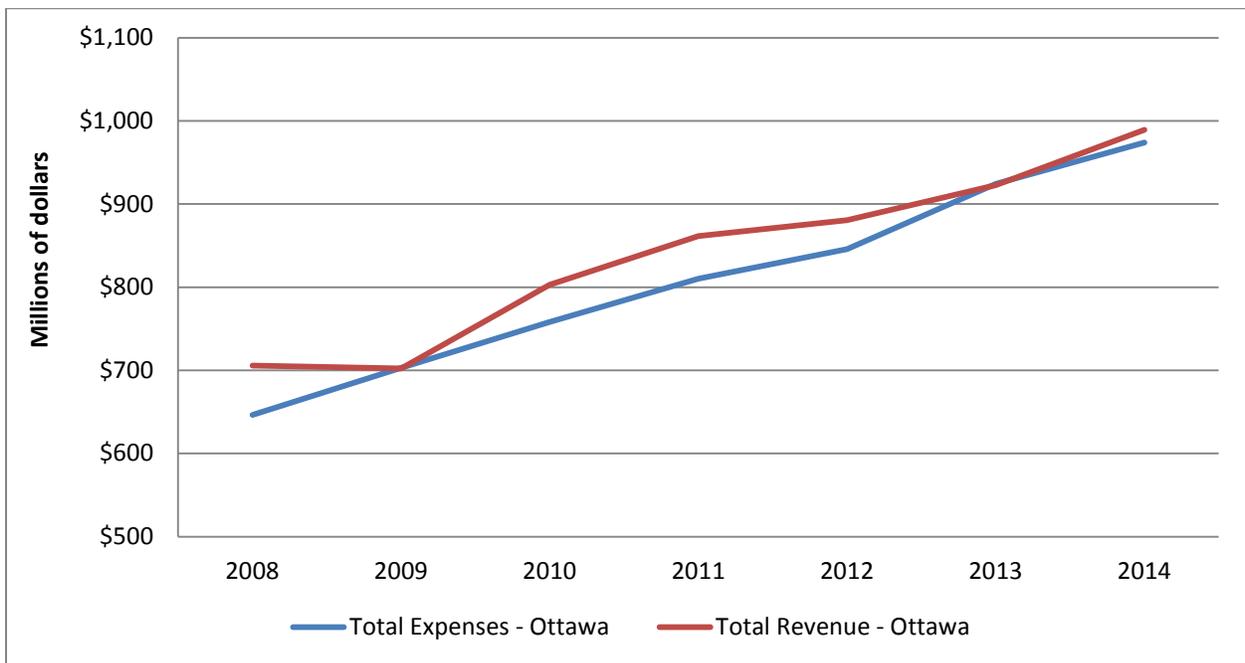


Furthermore, OCUFA's analysis echoes the CAUT results above noting that "Ontario already has the lowest level of per-student public funding in Canada alongside the highest tuition fees"<sup>2</sup>.

Although provincial funding has declined in relative terms, the University of Ottawa does not suffer from a structural deficit (or even structural challenges, as stated by the VP Resources). A structural deficit would suggest that revenues are regularly falling short of expenses, whereas in actual fact the University has consistently operated surpluses, sometimes even very large surpluses, which leads us to conclude that it might even be more appropriate to speak of a structural surplus.

The VP Resources also claims that the University has “...still not received additional funding to make up for increased expenditures due to inflation”. In fact, figure 2 (below) clearly indicates that, based on its audited financial statements, the University has been able to increase revenues to meet expenditures consistently.

**Figure 2: University Revenues and Expenses 2008-2014<sup>3</sup>**

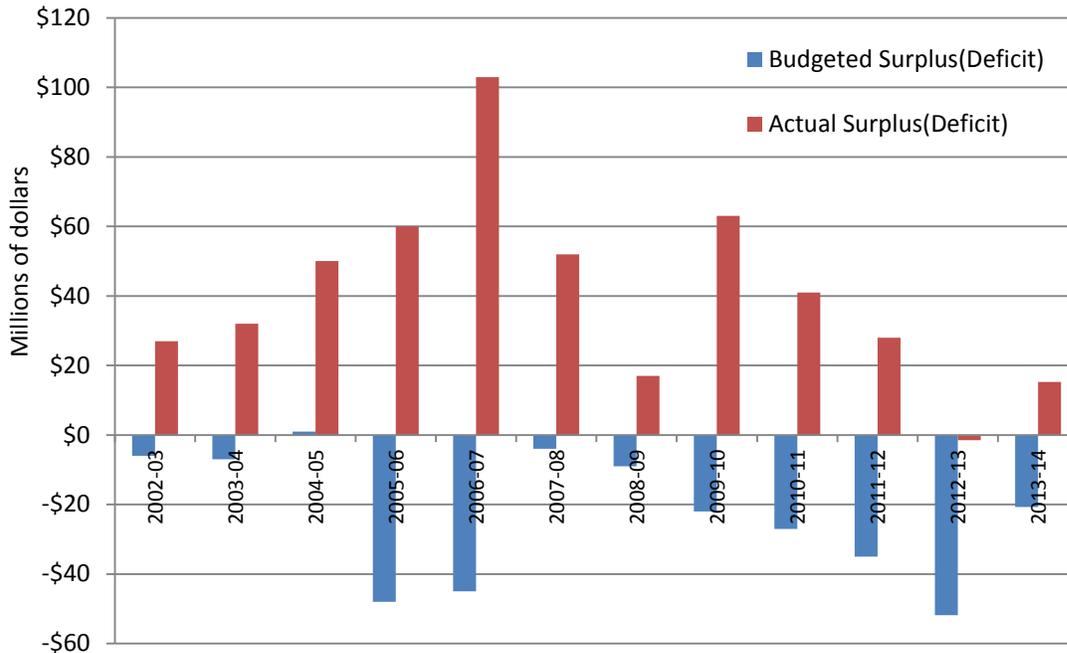


### **Planning**

Demographics are also quoted as a potential source of future financial challenges for the University. Prominent demographers (e.g. David Foote of the University of Toronto) have indicated a potential decline in university enrolments in Ontario for many years, with the potential of up to a 10% decline projected by 2020<sup>4</sup>. However, it should be remembered that, in its *Destination 2020 Strategic Plan*<sup>5</sup>, the University of Ottawa has committed to “...double the number of international graduate students (from 700 to 1,400) and increase the number of international undergraduate students by 50% (from 1,500 to 2,250), for a total of 3,650 international students, or 9% of the entire student body” (p. 8). Does this therefore mean that the University is now stepping back from its *Destination 2020* promises or are these commitments merely inconvenient for the current message of fiscal austerity and financial insecurity that the University is attempting to deliver? In this respect it should be noted that the University has

demonstrated difficulties at predicting future expenses and deficits. As you will doubtless recall, for several years the University of Ottawa had budgeted for significant deficits, only to run surpluses, and sometimes exceptionally large surpluses, which is amply demonstrated in Figure 3 below.

**Figure 3: Budgeted surpluses (deficits) versus actual surpluses (deficits) 2002-2014<sup>6</sup>**

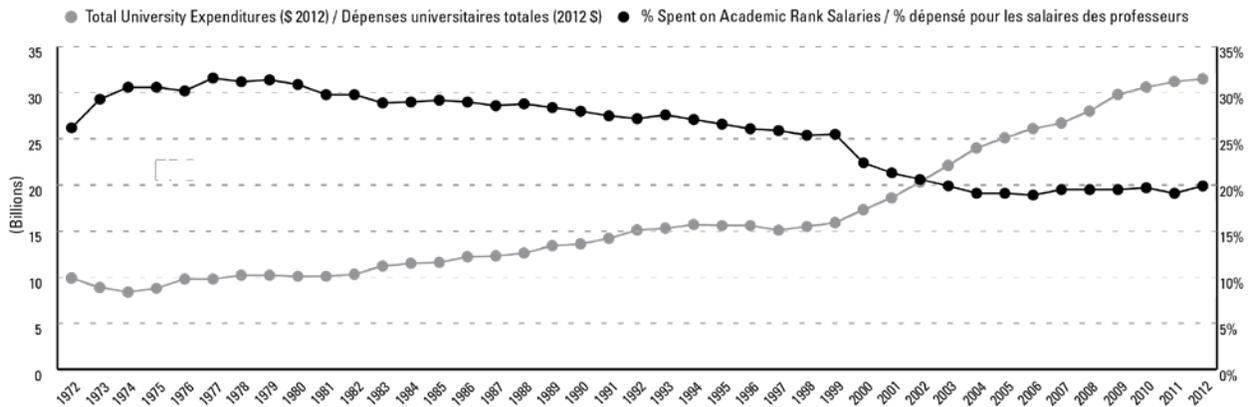


***Provincial evidence***

The University has reiterated the often mentioned directive of the last two Premiers of Ontario that labour negotiations must be net-zero in terms of costs. While this message has been repeated frequently, it has nevertheless not been enforced either within the university sector or across the broader public service. Moreover, it should be noted that academic salaries as a percentage of university expenditure at the University of Ottawa are relatively low and represent a diminishing expense for universities across the sector.

In its 2014-2015 Almanac, CAUT has demonstrated that, over the past forty years, the percentage spent on academic salaries has in fact declined continuously compared to total university expenditures, which have increased dramatically.

Figure 4: Changes in spending on Academic Rank Salaries v. Total University Expenditures<sup>7</sup>



<sup>1</sup> CAUT (2014). *CAUT Almanac 2014-2015*, Canadian Association of University Teachers, Ottawa, ON. Available online at: <http://www.caut.ca/resources/almanac>

<sup>2</sup> OCUFA (2015). *Budget 2015 continues erosion of public funding for Ontario Universities*, OCUFA Report, Vol. 9, Iss. 16, Ontario Confederation of University Faculty Associations, Toronto, ON. Available online at: <http://ocufa.on.ca/research-publications/ocufa-report/>

<sup>3</sup> University's audited financial statements. Available online at: <http://www.uottawa.ca/financial-resources/financial-planning/financial-statements>

<sup>4</sup> Cf. e.g. Brown, L. (2014). *Ontario universities enrolment down for the first time in 15 years*, Toronto Star, September 22, 2014

<sup>5</sup> University of Ottawa, (2015). *Destination 2020: The University of Ottawa's Strategic Plan*, University of Ottawa, Ottawa, ON. Available online at: <http://www.uottawa.ca/about/sites/www.uottawa.ca/about/files/destination-2020-strategic-plan.pdf>

<sup>6</sup> Source: University of Ottawa audited financial statements and Budget documents. Available online at: <http://www.uottawa.ca/financial-resources/financial-planning/financial-statements>

<sup>7</sup> CAUT (2014). *CAUT Almanac 2014-2015*, Canadian Association of University Teachers, Ottawa, ON. Available online at: <http://www.caut.ca/resources/almanac>