



Every Budget Is a Choice 3.0¹

September 2022

This report documents Western's finances over the last 12 years, focusing on the four years since we negotiated our last Collective Agreement. How committed is Western to its core mission of teaching and learning? Not so much. The following report shows that:

- Western is one of the richest universities in Canada according to key financial indicators.
- Western has accumulated staggeringly large surpluses that have not trickled down to its employees.
- Western's administration is **the best** paid Administration in Southern Ontario.
- While the student body has grown, the number of Full-Time Faculty has declined.
- Western's gender pay gap is one of the worst in the province.

In 2014, UWOFA took a comprehensive look at Western's financial designs and resulting priorities for the first time. It determined that the university had accrued \$202 million in operating surpluses in the four years prior, from 2010-2013. Four years later, in 2018, UWOFA found that the university's financial position had only gotten stronger. The university accumulated \$353.9 million in operating surpluses between 2014 and 2017. This trend intensified between 2018 and 2021, as **the university accumulated \$576.6 million in operating surpluses.**

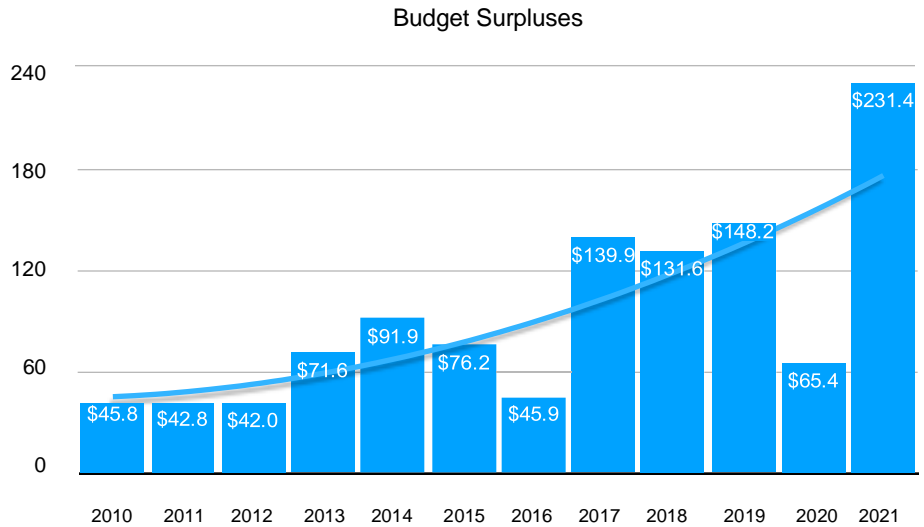
And yet, the university continues to impose budget cuts on faculties, which result in expanded class sizes, job losses and further strain on resources.

How does this kind of accumulation happen? In simple terms, Western generates more money than it spends, as it calls for perpetual budgetary restraint.

¹ Report prepared by the UWOFA Ad Hoc Committee on University Finances. This version is abridged and edited for clarity.

Western has built up almost \$1.132 billion in surpluses over the last twelve years

2021 - \$231.4 million
 2020 - \$65.4 million
 2019 - \$148.2 million
 2018 - \$131.6 million
 2017 - \$139.9 million
 2016 - \$45.9 million
 2015 - \$76.2 million
 2014 - \$91.9 million
 2013 - \$71.6 million
 2012 - \$42.0 million
 2011 - \$42.8 million
 2010 - \$45.8 million



Pandemic Surpluses & Internally Restricted Funds

As faculty struggled with the novel demands imposed on them by the pandemic, including the additional workload created by emergency online teaching, managing students’ stress and their own, Western accumulated a record setting surplus of \$231.4 million during the first year of the pandemic (May 2020-April 2021).

Internally restricted funds are funds that the university can choose to spend on its priorities. Some of these funds include carry-forwards and reserves related to capital projects, equipment replacement and research. These funds grew from \$373 million in 2009 to \$1.277 billion in 2018 and to 1.726 billion in 2021.

A large portion of the internally restricted funds are comprised of Undistributed Investment Returns, with no clear designation of how these funds might be used. Will these investments include renewing faculty, reducing class sizes, and improving research infrastructures? Western isn’t saying. The balance of these investment returns was \$282 million in 2018 and \$320 million in 2019. In 2020, Western created a Major Strategic Opportunities Fund to be used for “transformative opportunities” and “the long-term benefit of the university.” What exactly this means remains unclear, but what **is** clear, from Western’s Manual of Administrative Policies and Procedures, is that the funds will **not** be allocated to the general operations of the university.²

In 2020 the combined value of the Undistributed Investment Returns Fund and the Major Strategic Opportunities Fund was \$309.3 million, and, by 2021, it had grown to \$437.5 million.

While the university has been busy accumulating record-high profits that it doesn’t appear to be planning to reinvest in its core mission, Faculties have been constrained by budgets which have only increased minimally (relative to what the university has available to spend) in the last decade.

² https://www.uwo.ca/univsec/pdf/policies_procedures/section2/mapp231.pdf

Here we can compare accumulated university surpluses with the budget increases of the six biggest faculties on campus over the same time period.

University Surpluses as a Percentage of the Total Revenue of the University

Year	Surplus (x\$1000)	Revenues (x\$1000)	Surplus over revenues
2010	\$45,803	\$961,065	4.77%
2011	\$42,791	\$994,995	4.30%
2012	\$42,031	\$1,017,442	4.13%
2013	\$71,573	\$1,081,273	6.62%
2014	\$91,886	\$1,159,332	7.93%
2015	\$76,237	\$1,160,401	6.57%
2016	\$45,919	\$1,152,918	3.98%
2017	\$139,928	\$1,288,812	10.86%
2018	\$131,642	\$1,253,731	10.50%
2019	\$148,177	\$1,317,964	11.24%
2020	\$65,377	\$1,247,944	5.24%
2021	\$231,351	\$1,367,942	16.91%
Average	94,393	1,166,985	8.09%

As you can see less than 10% of Western’s surpluses flow down to its faculties.

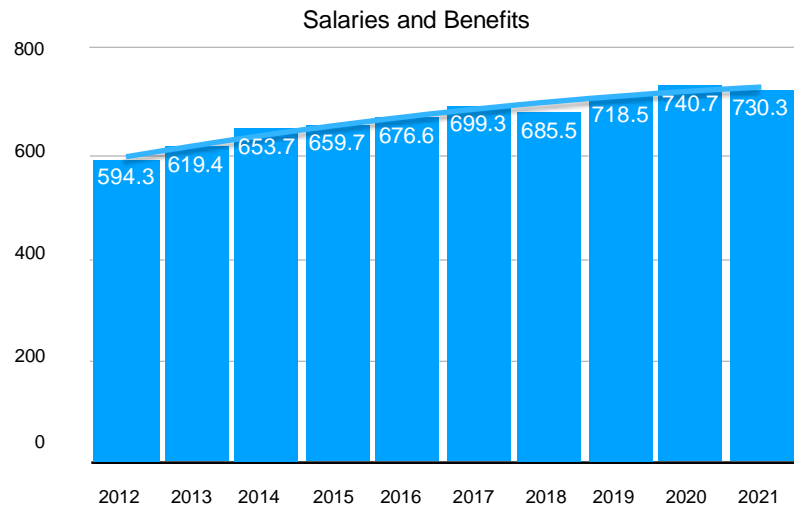
Base Budgets Increase of the Largest Faculties

Base Budget	2010	2021	Increase	Cumulative yearly growth rate
Arts and Humanities	\$22,095,423	\$31,513,353	\$9,417,930	3.28%
Health Sciences	\$21,179,982	\$32,428,169	\$11,248,187	3.95%
Engineering	\$18,104,862	\$33,929,919	\$15,825,057	5.88%
Faculty of Science	\$41,290,785	\$60,537,877	\$19,247,092	3.54%
Social Science	\$41,196,538	\$60,595,381	\$19,398,843	3.57%
Medicine & Dentistry	\$48,857,413	\$71,291,531	\$22,434,118	3.49%
Total Increase			\$97,571,227	

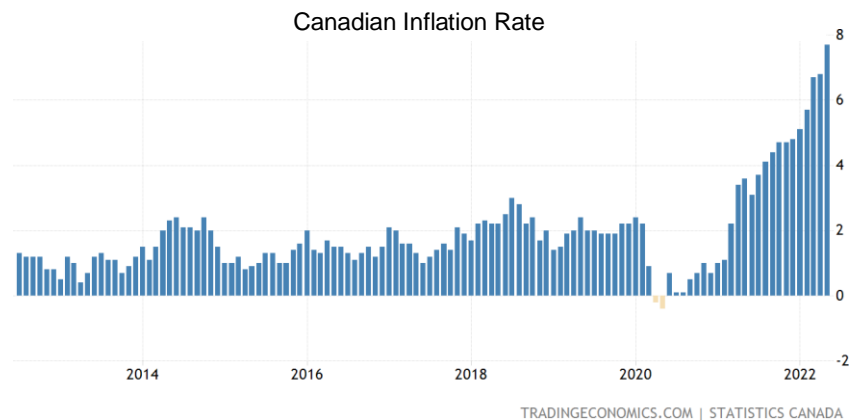
The “Western experience” so proudly advertised to students requires an investment of funds significantly greater than those currently promised. **But where does the rest of the money go?**

The cost of salaries and benefits

2021 - \$730.3 million
 2020 - \$740.7 million
 2019 - \$718.5 million
 2018 - \$685.5 million
 2017 - \$699.3 million
 2016 - \$676.6 million
 2015 - \$659.7 million
 2014 - \$653.7 million
 2013 - \$619.4 million
 2012 - \$594.3 million



Over the last ten years (from 2012 to 2021) the university accumulated a surplus of \$1.044 billion while the salaries and benefits to all of its employees increased by \$136 million. That is, the increase in the salaries and benefits is 13% of the total surplus. In addition, (from 2012 to 2021) the salaries and benefits increased by 22.8%. That is an annual cumulative growth rate of 2.075%. The cumulative growth rate in employee salaries is even lower when we consider the rate of inflation (shown below) and the fact that the number of employees across the university has increased over the last ten years.



Additionally, the number of Full-Time Faculty declined during this time, even as full-time undergraduate enrolment increased by 13% and the numbers of full-time graduate students increased by 27%. **Clearly there has been a substantial increase in workload, whether of existing Full-Time Faculty, or precariously employed Contract Faculty, without recognition or compensation.**

Western's Administration is the best paid across the province

The following analysis draws on public data from the provincial 2021 Sunshine List. All employees listed as directors, managers, deans, provosts, vice-presidents or presidents are considered part of the administration for the purposes of this analysis.

Western administrators are the best paid of all our comparator Ontario universities, with an average salary of \$163,816.

Average Salary of Administration on the Sunshine List

Waterloo	\$135,608
Toronto	\$149,083
McMaster	\$155,499
Ottawa	\$142,507
Laurier	\$145,788
Queen's	\$157,952
Guelph	\$151,479
York	\$153,202
Ryerson	\$152,152
Western	\$163,816
Windsor	\$159,579

Meanwhile faculty salaries compare less favorably with comparable institutions. In terms of pay equity, Western lags far behind, ranking second to last. **The pay gap between male and female faculty at the same rank was \$18,625 from 2020-2021.**

Average Salary 2020-2021	Male	Female	Difference
Wilfrid Laurier	156,075	150,150	5,925
Guelph	161,450	153,775	7,675
Ryerson	155,525	144,900	10,625
Ottawa	171,475	160,625	10,850
University of Windsor	161,750	148,875	12,875
Queen's	175,175	161,275	13,900
Waterloo	169,625	154,875	14,750
York	176,125	160,350	15,775
Western	166,950	148,325	18,625
McMaster	181,575	158,250	23,325

Key financial indicators show that Western is in a VERY STRONG financial position

According to the Key Financial Indicators report to the Board of Governors on February 3, 2022, “the University maintains a solid financial position, amid the challenging circumstances caused by the global COVID-19 pandemic.”

- The excess of revenues over expenses is \$231.4 million;
- The Carry Forward Reserve is \$252.4 million; and
- The Operating Reserve for 2022 is \$75.5 million (with the target being \$7.5 million).

Western’s most recent credit rating review from Standard & Poor’s, issued February 11, 2021, reaffirmed its AA Stable rating, noting that Western had a:

- Very strong enterprise profile
- Healthy demand profile and market position
- Very strong financial profile
- History of strong financial performance
- Robust liquidity
- Moderate debt burden

What does this mean for bargaining?

Bill 124 makes it impossible for Faculty to even try to negotiate salary increases commensurate with inflation. This is already a huge savings for the university, allowing Western to continue accumulating substantial financial reserves. Surely this might make the Employer amenable to UWOFA’s non-monetary proposals or to reinvesting the savings in other ways to support the academic mission? Unfortunately, this does not seem to be the case.

The university’s response to bargaining proposals so far indicates a lack of commitment to reinvesting in faculty members or in the core mission of the university. It also demonstrates a lack of regard for the burdens that have been repeatedly placed on Faculty throughout the pandemic, as “pivot” and “flexibility” quickly became shorthand for overwork and exhaustion.

An organization that hoards money for the future without reinvesting in its people is not expanding, improving, or even maintaining its competitive advantage.

At the end of April, President Shepard issued a message of gratitude and appreciation for our work, asserting that together:

we have continued to offer world-class teaching and learning opportunities to our students. We launched innovative new academic programs, advanced important equity, diversity and inclusion initiatives, and garnered national and international recognition for our leading-edge research and scholarship.³

Why then are we not being recognized and rewarded for this achievement?

³ <https://www.youtube.com/watch?v=7k6o-mXxE38>