I was called to a meeting last Thursday and asked whether faculty would consider an adjustment to salaries and benefits in order to help balance the university's budget. My response was that this is a matter for the membership to decide, because it would require reopening the Collective Agreement.

In anticipation of the issue being raised under the *Budget Development and the Mandate Letter* agenda item at Wednesday's general meeting, I had already planned to prepare the following preliminary report to help inform the discussion.

As President of the Association, I will be chairing the meeting and will not take a position on the issue. However, I would provide the following advice:

1. It is too early in the budget development process to consider salary adjustments. One of the budget development principles adopted by the MRFA Executive is that "The University must protect its core business of teaching and, therefore, the cuts to direct instruction must be proportionately less than the cuts to other areas." At the last meeting of the Board of Governors, I expressed a concern that it is easier to make cuts to instruction than to other areas. As examples, I used: 1) abolishing one of twelve full-time positions in an academic department, compared to abolishing one of twelve administrative positions in different areas; and 2) increasing class sizes by 10%, compared to increasing the workload of staff in the Registrar's Office by 10%.

   One program cut has already been announced, and we expect there will be more. Salary adjustments were not suggested as an alternative to program cuts, and I do not think that such assurances could be given. We do not know what cuts to administration and to services are planned. It would be premature to consider salary adjustments until we know what the cost savings from these cuts will be and how much additional revenue the university can generate.

2. If the membership decides to open the Collective Agreement to discuss salary, we will require access to all relevant financial information and we will negotiate further reductions in administrative costs as part of any deal.

3. If the membership decides to open the Collective Agreement, we will want to discuss more than salary and benefits; many issues and articles are difficult to negotiate in interest focused bargaining because they limit management rights. Examples include articles on university policies, discipline, and academic freedom, and the addition of psychological health to our occupational health and safety article. These are standard features of university collective agreements and are required to represent members' interests. This would be an opportunity to add them to our agreement.

What other Alberta post-secondary institutions are doing

The following is what some institutions have made public about their plans for dealing with the unexpectedly large budget shortfall.

MacEwan University: The President stated in a town hall on March 21 that salary rollbacks are not being considered. The current collective agreement expires June 30, 2014 and includes a salary increase for 2013-2014. In a budget newsletter dated March 18, the President stated that there would be a hiring freeze, except for exceptional cases approved by the President. Revenue generation and cost reduction ideas that will be considered include increasing enrolments in high demand programs with no net increase in base budgets, increasing the number of Open Studies students because they fill spaces in unfilled classes and the tuition they pay is a direct net addition to the bottom line, increasing class sizes, creating a new school of Continuing Education to generate revenue through post-degree diplomas and certificates and professional and personal development courses, and reviewing non-instructional fees to ensure they are competitive within the sector.

Athabasca University: The university is in disarray after four senior administrators were dismissed by the President in late February. Since then, the President has announced that he will retire before the end of his term. It was reported on March 22 that the university will lay off 44 staff in the next few weeks. These layoffs will be a mix of support staff, management and faculty, with specific positions to be negotiated with bargaining units and the faculty association. In addition, another 35 employees have accepted a buyout package and 34 vacant positions will not be filled. “Certainly faculty will have to take on a higher teaching load,” stated a spokesperson.

Alberta College of Art and Design: During a town hall meeting held on March 13, the President committed to no cuts in academic programs, no furlough days, no salary cuts and no service cuts. Nevertheless, ACAD must cut $900,000 from its operating budget.

University of Calgary: Measures announced at a town hall meeting on March 21 included examining 55 low enrolled programs for possible elimination and contracting out support staff jobs. The university may use operating surpluses from previous years to cover some of next year’s shortfall and it may seek permission for future targeted tuition fee increases in some programs such as engineering, where tuition is said to be 27.5% below the national average. Despite the budget woes, the university remains committed to hiring 50 new professors in an attempt to improve below average student satisfaction ratings.

University of Alberta: Attendees at a town hall meeting held on March 13 heard that the effects of the reduction in government grants will include fewer professors, cuts to courses and programs, and possibly new student fees. The university may seek approval to run a deficit budget next year. Faculties have been asked to engage in a planning exercise for a 20% budget cut scenario over the period 2014-2016 and to develop ideas that could generate revenue equal to 10% of the current budget.

Lethbridge College: The President was quoted in a newspaper article on March 28 as saying that the college will not be making across-the-board cuts, but will take a strategic approach to position it in the new post-secondary reality. She couldn't yet say whether the budget cuts will mean job losses, but that could happen. Faculty are expecting that there will be program cuts and larger classes, and that two of the college’s rural campuses will be closed.

SAIT: A four-year collective agreement was recently ratified. There are no across-the-board salary increases; however, in each year, one step is removed from the bottom of the grid and one step is added to the top, resulting in the grid moving up by 13.5%. The agreement was signed before the provincial budget was announced, but the association believes that the new president intends to honour it.

NAIT: NAIT is in the process of implementing a new academic model based on a fifteen week semester and three credit courses for all programs except apprenticeship. This has produced a large "productivity gain" because it reduces the number of hours of instruction. The NAIT agreement has established the benchmark for salary increases for the past several years and negotiations are underway for 2013-2014.

The King's University College: King's is one of the six private institutions which are partially funded by the provincial government. According to an article in the Edmonton Journal on March 26, the operating grants of the private institutions were not cut. The article reported that King's letter of expectation required it "to meet regional industrial needs" with its research (the statement about research in the King's letter is identical to the one in Mount Royal's letter). "That shoe just doesn't fit," said President Harry Fernhout. King's does mostly basic science and not applied science, he said. Universities serve more than the province's economic needs, Fernhout said. A liberal arts college such as King's produces "thought leaders and critical thinkers" for society. "It's about a broader social perspective," he said.

Considerations related to a salary freeze or rollback

The following aspects of the issue should be considered in formulating an opinion.

1. A one-time salary adjustment cannot solve an ongoing budget problem. Any reduction either must become permanent or the cuts which were deferred by the salary reduction must be made in a subsequent year. A limited term can be negotiated to provide the administration time to reduce expenditures in other areas or to increase revenues.

   In an attempt to save jobs, the faculty association at the University of Alberta agreed to six furlough days during the Christmas vacation period for the 2010-2011 academic year. A furlough day is a leave of absence without pay and this agreement reduced the negotiated 4.75% salary increase to 1.69% for that year. Faculty did this in the best interests of the university, but did not think that the university reciprocated. Several large expenditures were made during the year which faculty disagreed with and there was no evidence that jobs were saved for any longer than a year.

2. We have been told that our Engineering university transfer program was suspended because it had limited prospects of being developed into a degree program. The Academic Plan lists several priorities for the development of new degrees, and it states that we must increase the proportion of foundational Arts and Science degrees to be more alike other Canadian universities. It is doubtful whether salary cuts will prevent the administration from carrying out these plans.

3. The Minister has called for a salary freeze for the next three years. Why should we begin with a reduction in salary, particularly if we will be expected to do more with less and, therefore, to work harder as a consequence of the cuts?

4. This is a multi-year problem. During the past three years, Mount Royal's operating grant has been increased by a total of only 2%, and it has been decreased by 7.3% for next year. An increase for the following year commensurate with the university's cost increases seems unlikely.

5. Movement up the salary grids creates annual cost increases greater than the usual increase in operating grants from the government. Each step on our academic rank grids is a 3.3% increase over the previous step. The total amount of the annual increase depends on the number of faculty at the top of their grid, as well as the number retiring and being replaced by new hires lower on the grid.

   It is not yet clear if the administration regards a suspension of annual grid step increments to be part of a salary freeze. Nevertheless, this too would require opening up the Collective Agreement, with all the attendant conditions described above.

6. Increases in benefit premiums and contributions to the Local Authorities Pension Plan have increased cost pressures on the university.

7. Any measures that we agreed to would also have to be agreed to by staff and administrators. I have shared this report with the President of the Mount Royal Staff Association.