

# MUFA

SINCE 1951



McMASTER UNIVERSITY  
FACULTY ASSOCIATION

## Response of the MUFA Budget Advisory Committee to the President and Provost's letter of July 22, 2008

Feedback from faculty on the June 24, 2008 MUFA Budget Advisory Committee (BAC) report has so far been extremely positive and has underscored the importance of MUFA's responsibility to provide public scrutiny of University planning and finance.

On July 22, 2008 the President and Provost issued a statement in which they welcomed faculty examination of finances and reiterated Administration efforts to involve the University community in planning and restructuring. In particular, they acknowledged McMaster's inadequate funding and referred to their efforts to rectify this situation. They endorsed the principle that the reputation of the University is primarily determined by the quality of its faculty and described as imperative recruiting and retaining talented faculty. They expressed appreciation for the recommendations in the BAC report and listed a number of actions that they consider to be implementations of most of those recommendations. We acknowledge these points of agreement and hope that initiatives now under way will be fruitful.

In contrast to these positive comments, the President and the Provost were critical of the quality of scholarship in the report, stating that "...a significant amount of the data presented in the MUFA report does not rise to the level of normal research standards." Since the BAC report involved the review and analysis of a large amount of data from sources both external and internal to the University, criticism of the rigour of analysis must be taken seriously and addressed. In this document, MUFA responds to the issues raised by the President and Provost. We also provide, in Appendix I, a brief discussion of how University information is reported to government agencies and released through the national and provincial faculty associations (CAUT and OCUFA).

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### Background: MUFA's Challenge of University Allocation to Faculty Salaries

Two years ago, in light of administration statements regarding impending structural deficits and their impact on the university community, MUFA began examining relevant statistics to better understand McMaster's position in a broader context. A key table prepared by OCUFA, showed that the percentage of McMaster's operating budget spent on faculty salaries was the lowest in the province among the major universities and was declining rapidly (especially over the previous 6 years).

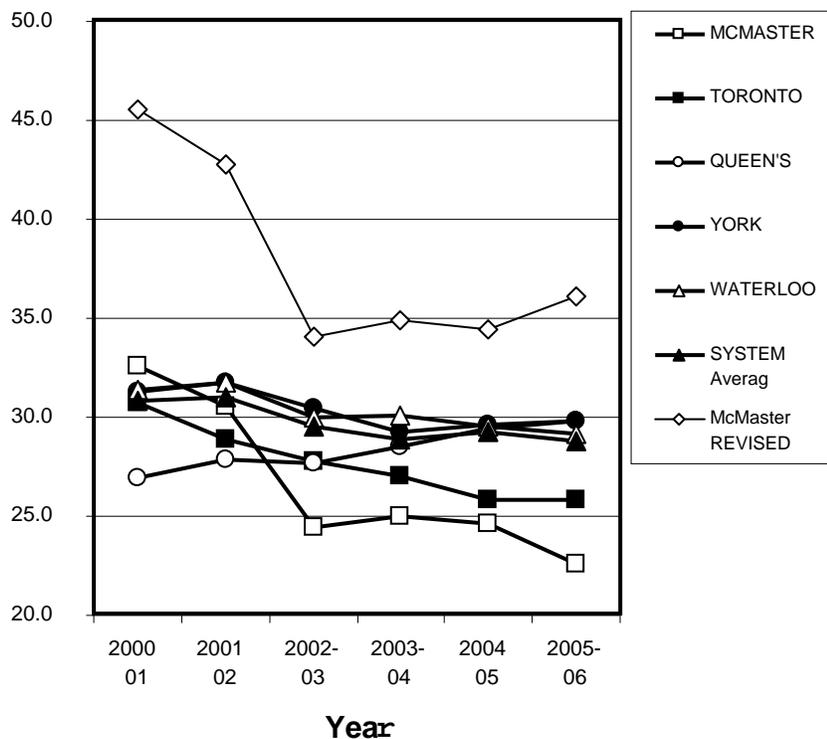
MUFA went back to the original source data in the Statistics Canada database and confirmed this trend. The data have since been presented in several forms to the MUFA membership, most recently in the 2008 BAC report. In October 2006, MUFA requested clarification regarding these data from the University administration through our representatives on the Joint Committee. A response was received 14 months later in the form of a letter from the Office of Planning and Analysis. The letter acknowledged that McMaster has misreported data to Statistics Canada for several years and provided revised data for McMaster and comparisons to several universities.

In their July 22 letter, the President and the Provost were critical of the fact that the original Statistics Canada data were used in Fig. 5 of the report, rather than the revised data, even though the problems with these data were clearly disclosed and discussed in the report. Here we provide further explanation of the way that the data were presented.

### McMaster's Revised Data

The revised data indicate that McMaster spent tens of millions more per year on faculty salaries than had been reported to Statistics Canada. For example, for 2000/01, McMaster is said to have spent 45.6% of its operating budget on faculty salaries, compared to a system-wide average of 30.8%, with a relatively modest variation among other universities (see Figure 1). Although these data do indeed indicate, as the Provost and the President have stated, that "... McMaster has been well above the average for the percentage of operating budget spent on academic salaries when compared to the six G13 universities in Ontario," the data are, in our opinion, difficult to believe and, in fact, appear less credible than the original data that were submitted to Statistics Canada and which have not to our knowledge been withdrawn.

**Figure 1**  
**Percent of Operating Budget Spent on Academic Salaries**



Note: The first five lines are from Statistics Canada data reported by each university, and the system average is an average for all Ontario universities. "McMaster-Revised" data are based on data supplied to MUFA in Dec 2007 from the McMaster Office of Planning and Analysis and are not, therefore, part of the Statistics Canada data.

We note that the revised data show the same trend as the earlier data (except for the 2005-06 data points) and that they are basically just scaled up from the original data by a factor of about 1.4. The revised data were included, in scaled form, in Fig. 2 of the BAC report, but the Revised Percentage of Budget Spent on Academic Salaries data were not shown in Fig. 5 because they seemed so obviously incorrect and have not been publicly released.

The revised data are not supported by either salary data statistics that are reported separately to Statistics Canada or by MUFA's analysis of faculty salary data. It is difficult to see how a university that has a relatively poor record of faculty recruitment (See Table I) and a ballooning student/faculty ratio, as is discussed in the BAC report, would claim to be spending a much higher fraction of its operating budget on faculty salaries than any of its competitors. It is essential for the University to recognize that it has fallen behind in faculty hiring in order to begin to rectify this shortfall.

**Table I**  
**New Tenured and Tenure-Track Appointments at Research-Intensive Universities**

	<b>New Tenured and Tenure-Track Appointments</b>						
	<u>McMaster</u>	<u>Queen's</u>	<u>Waterloo</u>	<u>Western</u>	<u>Alberta</u>	<u>McGill</u>	<u>Toronto</u>
<u>2003/04</u>	62	57	51	67	81	107	119
<u>2004/05</u>	35	50	73	72	115	98	153
<u>2005/06</u>	36	24	51	83	70	85	117
<u>2006/07</u>	<u>31</u>	<u>44</u>	<u>64</u>	<u>70</u>	<u>77</u>	<u>77</u>	<u>158</u>
TOTAL	164	175	239	292	343	367	547

Source: G10 Data Exchange: data from Statistics Canada

NOTE: To facilitate comparison, we note that, in 2007, the FTE undergraduate enrolments at the 7 universities were: McMaster (20,114), Queen's (14,700), Waterloo (19,557), Western (26,971), Alberta (29,899), McGill (21,513), Toronto (56,957). Enrolment data are from the Association of Universities and Colleges of Canada (AUCC).

The administration has indicated that it will modify its future reporting to ensure consistency with that of other universities. MUFA welcomes this change and also encourages the University to correct previous filings to allow correct comparisons to be made within the Ontario and Canadian university systems.

## Conclusions

In conclusion we have argued that the research on which the BAC report was based is sound and that it dealt properly with incorrect data, both original and revised, that McMaster's administration has provided. The problem is that the University's financial reporting is deficient, which limits its ability to plan, to manage its resources, and to be publicly accountable.

Nevertheless it would be unfortunate if this rectifiable deficiency were to distract attention from the main point of our report which is that the University has lost sight of its core mission of education and research. It has expanded enrolment enormously without hiring enough faculty to teach, resulting in overcrowded courses and limited elective choices, while straining graduate supervisory capacity to the limit. It is essential that McMaster look inside itself, at the resources that it has, and see how these can be redirected to its core mission of education and research. This priority must not be ignored or dismissed.

## **Appendix I – Reporting of University Financial Information**

As publicly funded institutions, universities must report financial information on a regular basis to Statistics Canada for use by stakeholders and to ensure some degree of external oversight. In Ontario, financial information is also reported to the Council of Ontario Universities and some of this is made available to the general public as the CUDO database. CUDO itself has a mandate to ensure comparability of data across Ontario universities. Provided that all universities follow the same rules in collecting and reporting financial information, the Statistics Canada database can be used to compare revenue and expenditures for a given university and appropriate comparators. In the case of McMaster, such comparators would include medical/comprehensive universities, Ontario universities, and Canadian universities. Statistics Canada provides summary statistics for each of these groups which allow valid comparisons between institutions. CAUT subscribes to the Statistics Canada data and compiles additional data sets of particular interest to faculty across Canada. OCUFA uses the same data to examine funding and allocation within Ontario. Both CAUT and OCUFA provide access to primary Statistics Canada data and their own derived tables to member associations (including MUFA) through password-protected websites. It is important to note that all primary data are supplied to Statistics Canada by universities themselves as part of their reporting requirements. In its recent BAC report, MUFA used data supplied by OCUFA, CAUT, some data from other university websites and, additionally, from Bond ratings agencies such as DBRS. As part of an agreement with the University administration, MUFA can and does sometimes request additional financial information to clarify issues deemed important to faculty interests.