S P E C I A L   B U D G E T   I S S U E

BUFA Forum

Editor: Jonathan Younker   Executive Editor: Kimberly Benoit

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Inside this Issue:

The Brock Brand

President's Message

As everyone knows by now, the University administration has embarked on yet another round of budget cutting exercises. For many of us, this looks very much like the exercise of a few years ago when academic units were asked to submit budget proposals showing recisions of 3% and 6%. Now, we've been asked to submit proposals showing cuts of 7% in order to reach 5%.

The purpose of this is to cover a shortfall in the 2008-2009 budget of $12.6 million, in the anticipated absence of the "one time" provincial government infusions that have been made in previous years. The Administration has known about this shortfall since at least June of 2008 (according to the minutes of the June 2008 meeting of the Board of Trustees), and at that time anticipated the re-appearance of "one-time" government funding to offset it. Now, however, they are looking at other ways to deal with this shortfall in case the government does not live up to its responsibilities to support the universities in the province.

There are several problems with the process as it has come down to our level, most important of which is the requirement that departments and centres submit scenarios cutting 7% of their current budget; even more disturbing is the Faculty in which academic units are asked to cut 7% of their "footprint", that is, the total amount that the unit "costs" the university, including faculty and staff salaries. Attempting to do this will result in the obliteration of any unit's Operating and Part-time budget, which means a devastating impact on the academic programmes of the university.

The Brock Brand

Continued...

Demanding cuts on this scale from the academic units has put the chairs and directors into a very difficult situation, as they are caught between the demands of the deans that they submit these cutting proposals (although the *Collective Agreement* requires only that they submit the unit's "budgetary requirements") and their duty under the *Collective Agreement* to represent the department's academic interests to the Dean and the University.

At the same time, the University is spending a great deal of money on a "branding exercise", to showcase Brock to the world: we're branding on the outside, but on the inside demanding cuts that may very well undermine the substance of what Brock has to offer. It would certainly be more appropriate for the University to do whatever is necessary to safeguard the academic programmes and the academic mission. As faculty, we were all hired to create and develop programmes that would lead to Brock's becoming a comprehensive university; the work we have done in this regard, some of us for only a few years and some of us for forty, has created the "brand" that the University is spending so much money to advertise. Undermining that work now will do considerable damage to that brand.

If the University is to be faced with such a great shortfall (and we won't really be sure until the release of the provincial budget in March), it would be far better to consider how to defend the academic mission, rather than implementing "across the board" cuts that may weaken and eventually destroy some academic units. There must be a better way.

In the meantime, it may be up to us to keep the academic mission and academic programmes front and centre during this interesting interlude. So, protect your programmes, look after your students, help your Chair (who may be having a very hard time) and maintain what we have created. It's the Brock brand.

Carol U. Merriam
President, Brock University Faculty Association

BUFA Special Speakers Meeting

Tuesday, March 31, 2009
10:30 a.m. to 1:00 p.m.
Sankey Chambers

Speaking on the Strike at Windsor and Provincial Issues

Brian Brown, President of University of Windsor Faculty Association-WUFA and OCUFA,
and
Henry Mandelbaum, Executive Director of OCUFA

Refreshments will be served—all members are encouraged to attend.

Operating Budgets vs. Capital Budgets
Answers from Mohammed Dore, Department of Economics

[Editor] The University is still pursuing aggressive capital expenditures while asking departments to cut back operating costs. Can these two budgets truly be separate?

[Mohammed Dore] Operating costs rise as the capital investment increases. We know the provincial government does not give Brock an operating grant based on its capital assets, but only based on enrollment (BIUs). So here is an idea: suppose a marginal increase in capital (buildings etc) of say $100 and suppose that the incremental operating cost for the "average" additional capital investment is 3%, i.e. $3. Then as operating costs rise with capital, a $100 capital investment requires an increase in an annuity of $3.00 for operating. Therefore for every capital expansion of $100, we would need to invest in the market another $100 to generate an increase in operating funds of $3.00. I think something like this is done by the private US universities.

This means a funding drive must aim to generate enough money to cover the future increase in operating costs. That means a funding drive must raise TWICE as much money, use half for the capital project and invest the other half to generate a stream of annual income to cover the increased future operating costs.

[Editor] Is there any way of reconciling the push towards further capital projects and the reduction of operating budgets?

[MD] If we continue to strive to become a comprehensive university, we will need to maintain the current graduate programs and add new ones. This can only be done by raising capital for more buildings, labs, research space, and office space, and also making sure that there is money to cover the additional operating costs. This can be done by following the idea outlined above, unless the government can be persuaded to increase the operating grant pari passu with the capital growth.

We can reduce operating costs only by cancelling some graduate programs, i.e. by going BACKWARDS! For the Department of Economics, if the University insists on a 7 percent cut, we will have no choice but to suspend our graduate program.

Interview Conducted by Jonathan Younker, BUFA Forum Editor

BUFA Status of Women Committee Annual Breakfast

Wednesday, March 11, 2009
8:30 to 10:30 a.m.
Sankey Chamber - MCC

Please RSVP to ldick@brocku.ca and mention any special dietary considerations that should be taken into account

Restructuring of Brock and the Withering of Civil Society

At a recent town hall meeting hosted by Dean Thomas Dunk for members of the Social Science faculty there was a spirited discussion of the current proposal for cutbacks made by President Lightstone and his administration. At that meeting I made some off-the-cuff remarks about my possibly paranoid fantasies as to the structural implications for the current cutback plan and their eerie similarity to neo-liberal education "reforms" in the United States. I was asked by the editor of this newsletter if I would be willing to make those remarks available to faculty who had not attended the meeting and so I will attempt to do that here. In what follows I will engage the substance of my remarks with some elaboration not included in my initial comments.

Let me begin by saying that it is entirely possible that my fears will not be realized and that I may well be substantially misreading the intentions of the Lightstone administration. I will admit that I am somewhat institutionally paranoid, a personality trait enhanced by my disciplinary affiliation with Cultural Studies and its analysis of the relation between knowledge and power. As someone deeply influenced by Michel Foucault and his assertion that the disciplinary regimes of the dominant social (in our case global capitalism) operate through the structural alignment of apparently benign institutions, I have a tendency to view institutional restructuring as a method whereby the ruling elites enhance their modes of domination through shifting both the function and meaning of social institutions. As someone equally influenced by Marx, I tend to see financial crisis as a manifestation of the inherent contradictions of capitalist rule and institutional restructuring as a method of attempting to extend that rule to an ever-increasing array of social institutions.

Twenty years ago Michael Hardt wrote an essay called *The Withering of Civil Society*. In a moment of disturbing prescience, Dr. Hardt suggested that as capitalism advances its agenda of total social saturation, the institutions of civil society such as the family, government, the judiciary, religion, medicine, community, and education will be emptied of their function of social mediation and turned fully to the ends of capitalism. They will have the same name and skeletal structure i.e. there will still be parents and children, judges and courts, prime ministers and parliament, professors and students, classes and exams, but the function will shift in each so that the purpose of the entire social will be to make money. That is to say that there will be no social that is not subject to the rule of capitalist logic.

I would argue that it is precisely this that is at stake in the current crisis at Brock University. Is the function of the university to make money? Is it, as our administration is reputed to have said, to be a business or as SHRRC and the Brock administration seem to imply to serve business? Or is there another function for the University as Dr. Lighstone has stated, that is to produce knowledge and provide a space for academic inquiry? It would be my contention that the two agendas are at odds and that the positions taken are clearly contradictory. Indeed, if one were to take Lois Althusser seriously, one would have to wonder whether or not there is a bit of ideological obfuscation at work here. I am not suggesting that the reassuring rhetoric of temporary crisis and a reasonably quick return to budgetary normality is an intentional deception. However, if this is a short-term crisis then why the necessity to restructure the University?

My fear is that we are heading into the neo-liberal cataclysm facing universities just to the south of us in the United States. There, universities were also asked to restructure over the past ten years and we can clearly see the results of such restructuring in the current crisis enveloping the U.S. university system. In that system over 60% of the faculty is part-time and non-tenured and under the current recessionary budgetary policies they are being let go. At the University of Colorado, the entire part-time faculty is being laid off. The remaining tenured faculty will have to shoulder the responsibility for the work previously done by their colleagues.

However, I am a bit ahead of myself here. Let's review some of the key elements of restructuring deployed under the regimes of fiscal austerity in the U.S. We should remember that these elements were introduced there, not under the guise of fiscal crisis but under the rubric of good business practice and that great catchall of neo-liberalism accountability. The elements of such restructuring are as follows (in varying order of implementation):

Restructuring of Brock and the Withering of Civil Society (cont'd)

1. Increase the focus on graduate education and research
2. Decrease focus on undergrad education in every way but rhetorically—undergraduate education is the new high school diploma
3. Increase the number of part-time faculty teaching at the undergraduate level
4. Weaken or bust faculty and graduate student unions
5. Increase the number of graduate students teaching undergraduate courses (not TAing –teaching)
6. Increase tuition
7. Implement department-based budgeting so that each department is responsible for funding itself
8. As a result of #6 and #7 insist on more applied research in departments so that they can draw down corporate dollars
9. Increase the focus on the hard sciences and business and other applied fields so that corporate dollars can be accessed
10. Decrease the number of tenured faculty overall and reduce their undergraduate teaching load to a minimum
11. Increase class sizes at the undergraduate level
12. Increase the amount of rhetoric about community involvement but focus that involvement on the corporate sector i.e. our commitment to the community is really to the economy
13. Decrease emphasis on pure research and high theory (they don't make money)
14. Engage the university in PR campaigns that mimic those of corporate culture such as branding, slogans, mergers, acquisitions and a focus on customer satisfaction. In this regard it is primary to attract customers (students in seats).
15. Utilize a governance structure that mimics corporate culture with a thick layer of management and a CEO orientation for the leadership
16. Turn professors into entrepreneurs and make it clear that it is critical to their survival that they make sure their research makes money
17. Pit faculty against one another by making it very clear who is making money and who is being subsidized
18. Emphasize self-interest of individual departments in competition with one another

This is by no means a comprehensive list, but it most probably captures the key elements of the neo-liberal agenda. The key thing to recognize from my perspective is that it does precisely what Michael Hardt suggested. It empties the university of its role as an element of civil society and reconfigures its key elements to the discipline of global capitalism. Perhaps even more importantly, however, it is important to note that if we look south we can see that this agenda is a disaster. Like the political economic policies of neo-liberalism of Reagan, Bush and the rest, it has led not to greater accountability and fiscal prudence but to fiscal crisis and meltdown.

As I noted at the beginning, I may well be simply wrong about the parallels here. It is a failing of the paranoid personality to see correlation and connections where none really exists. Certainly many of my colleagues tell me that this cannot happen in Canada because our sense of the social is too strong and our unions too powerful. I hope they are right, but I keep remembering that the U.S. had strong unions and a powerful sense of social justice in the 60's and early 70's that was ruthlessly extinguished using rhetoric and tactics awfully similar to what we see in Canadian education today.

However, if our social is still strong and our unions powerful, then let us deploy them against any remnant of the agenda I have outlined above. Let us not just say no to the budget cuts, but pronounce an absolute refusal of a neo-liberal restructuring of our university. Let us say yes to the best of what Canada offers as an alternative to capitalism's agenda of putting money first and people second. Let us put the needs and desires of our students and faculty first and insist on a system of value in which they matter more than the bottom line.

Hans Skott-Myhre
Associate Professor, Child and Youth Studies

Preparing Brock's Budget in Uncertain Times

There is great uncertainty about how much funding Brock will receive from the provincial government this year, next year, and over the succeeding years. This is not a new occurrence. Brock, like the other Ontario universities, has regularly had to budget and operate without knowing how much money it will receive in the current or future years. Most would agree that multi-million dollar public institutions (like universities) should not have to live with such a high degree of uncertainty and instability, but that is the reality that we have to deal with each year.

Late last year the province indicated that the pattern of funding that they have provided to universities over the past few years would not continue. That seems reasonable given the recent changes in the economy. But there is still enormous uncertainty about how much funding Brock will actually receive. The expenditure reductions requested by the administration are based on the assumptions of lower than expected funding (based on the previous years' pattern) for 2008/09, "level funding" for 2009/10, and small (2%) increases thereafter. While one can imagine worse outcomes, I believe that these are very close to worst case scenario assumptions. Thus we are being asked to implement expenditure reductions for 2009/10 -- that need to be done now, through our scheduling and personnel decisions, and that will have substantial impacts on our programs -- based essentially on worst case assumptions for funding and an arbitrarily imposed four year adjustment period.

There are reasons to expect funding to be higher than the administration's assumptions. First, the final year of the provincial *Reaching Higher* funding program calls for substantial increases in 2009/10 (over 2008/09)[1] and the Ministry has been unequivocal that *Reaching Higher* is still being implemented. Second, economic stimulus fever has spread across various levels of government since the initial indications in late 2008 and universities are an obvious target for the increases in government spending. The recent federal budget includes a small increase in the Canada Social Transfer, some of which will go to post-secondary education. More importantly, the federal budget includes large amounts for deferred maintenance and repair at universities, green infrastructure projects and general infrastructure projects. These monies are for shared cost projects and it is uncertain how much will ultimately flow to Brock. But some of these monies will surely flow to Brock and the amounts received will free up other funds within the budget.

The expenditure reductions requested by the administration are also based on the assumption that our costs will increase by 6% a year. But in its submission to the provincial government, the Council of Ontario Universities has stated that costs at universities are rising by 5% annually.[2] The administration has given no rationale for why our costs would be rising faster than those at other Ontario universities. I know that our recent faculty salary settlement was in line with the increases at other Ontario universities. Further, our hybrid pension plan (with its low minimum guarantee relative to the money purchase component) means that Brock will not experience the dramatic increases in pension liabilities that are occurring at universities with defined benefit pension plans. In effect, Brock employees (and retirees) have already taken a reduction in their compensation in response to the economic downturn through their lower pension balances. Faculty and staff at other universities are protected from those decreases.

Given the uncertainty, the sources for more funding, and the lower increases in costs, implementing a 7% cut for 2009/10 is, to me, unreasonable and the confusion between the 7% and 5% targets makes the whole process appear that much more questionable. The overall funding outlook for Brock very likely has changed, compared to what we have received over the last four years, but the optimal rate of

Preparing Brock's Budget in Uncertain Times (cont'd)

adjustment to this change must be lower than what has been requested. Smaller annual cost reductions spread over more years would allow units to make changes in a more rational and less harmful manner. The resulting larger deficits (if the more pessimistic funding assumptions are, in fact, realized) are a fair price to pay for smoother and less destructive adjustments and they would provide credible signals to all concerned that more funding is required.

[1] Council of Ontario Universities University Access, Accountability and Quality in the Reaching Higher Plan (Toronto:COU) November 2006 p.7.

[2] Council of Ontario Universities The Right Balance: Navigating Present Needs and Future Opportunities 2009, Provincial Pre-Budget Submission (Toronto:COU) December 2008, updated January 2009.

Felice Martinello
Chair, Collective Agreement Committee
BUFA observer on the Senate Budget Advisory Committee
Department of Economics

What is B.L.A.S.T.?

A coalition of students, faculty and staff with common concerns

Submitted by CUPE 4207

B.L.A.S.T. (Brock labour and Students Together) is an on-campus coalition group that campaigns to raise awareness and transform policies that will more equitably represent the interests of all staff, faculty and students at Brock University. Our membership is open to all those attending or employed by Brock University and we aim to foster solidarity amongst all those who live, learn and work in our university environment.

Our current mobilization focuses on pressuring the administration to find solutions to their financial concerns that do not operate under a corporatized model and will not jeopardize the educational health of Brock University or the livelihoods and peace of mind of the thousands of people employed here.

We are also calling for amendments in the budgeting process which will facilitate transparency and accountability for Brock Trustees and administrators in the future. We believe that opening and democratizing the budgeting process to allow input from all those affected will ensure that Brock's financial decisions are equitably made, reflecting the interests of ALL those whose lives and livelihoods center around the University.

BLAST believes that such actions will help Brock University to become a public institution firmly grounded in the democratically expressed interests of its entire community.

Finally, we are committed to joining with other University groups to bring our concerns to the provincial government and beyond, so that the true costs of education continue to be supported as they should be: bouyed by public money, motivated by public demand, protecting public interest and working towards common prosperity.

IF YOU WOULD LIKE TO KNOW MORE ABOUT BLAST:
email us at: blastagainstcuts@gmail.com or join the Facebook group 'B.L.A.S.T - Fighting the Budget Cuts!"

OCUFA Notes on University Announcements of Financial Crisis

Endowments

For all that substantial declines in the value of endowment funds provide fodder for dramatic headlines and fantastic claims by university administrations, for the most part these should not be treated as serious threats to university operating budgets. The possible exceptions may be institutions such as the University of Toronto, which has endowments large enough to generate substantial cash flows. If there is a threat to operating activities, it should call into question the strategies and diligence of senior university administrators, not the viability of the university's operations.

For one thing, endowment funds are restricted funds and treated separately from operating funds. If there were an impact on operating funds, it should only occur if a university were using restricted endowment money to fund activities or programs that normally would be included in operating budgets. In this scenario, operating funds would have to be diverted to fill in the gap left by declines in money drawn from endowment funds. This would suggest that a university administration has decided to adopt a strategy of covering permanent or on-going expenses from sources it has itself decided to treat as contingent (on market conditions).

To the extent that there is a conceivable operating impact, the effect of reductions in the value of university endowment funds will vary between universities. For most universities, the size of endowments will not be of sufficient size that revenue from them will represent a significant proportion of overall university funding. If, for example, 5% of the combined revenue for operating fund and trust fund (to which endowment money would flow) budgets came from endowment funds, and if reductions in revenue from endowment funds followed the value in endowment value, say 20%, the actual reduction in the combined funds would be 1%.

Even that 1% is subject to a number of "ifs." There is simply too little publicly accessible information on the flow and use of revenue from endowment funds. It does appear, however, that a substantial proportion of revenue from endowment funds may be going to student aid. In 2006-07, nearly 40% of Ontario universities' expenses paid from restricted trust funds went to student scholarships and bursaries.

Endowment funds are comprised of a number of different endowments, each of which will have unique conditions for the management and use of the funds. That said, endowment funds are unlike pension funds in that there are no legal requirements to ensure minimum funding levels: university administrators may choose to continue the same level of payouts in expectation that the longer term investment cycle and future additions to the endowment funds themselves will be sufficient to offset the near term fund balances. Endowment payouts are based on – and strictly limited even in years of very good investment performance – by fund management models that allow for marked swings over a long investment cycle, precisely to ensure the capital is preserved and the payments continuous.

Pensions

The status of pension funds is a much more serious issue with direct implications for operating budgets. Plan sponsors can be required to make up funding deficiencies through special payments, drawn from operating budgets as a benefit expense.

Declines in the value of pension funds do not have the same implications for operating funds at each university. Effects will depend, first, on the funding status of the respective funds before the recent stock market swings. The ratio of funds to liabilities varies between plans because of differences in plan performance.[1] If a pension fund was in surplus, the potential funding deficiency and the magnitude of

1 Because of plan differences, there is no rule, but hybrid plans may be less susceptible to funding deficiencies because the level of benefit guarantee is typically lower than those provided in a defined benefit plan.

possible special payments required will be reduced. For example, a 10% decline in a fund that started with a 110% funding ratio would simply reduce its funding status to virtual parity – 99%.

If a decline in pension value is such that there is a current funding deficiency, the impact on operating budgets also will depend on the timing of the tri-ennial funding valuation. If a funding valuation is not currently due, no immediate special payments will be required to address funding deficiencies. Before the next valuation, the value of the fund may recover sufficiently that any special payments, if required at all, will be much lower than if the valuation were to occur today.

Even if a funding valuation were to be conducted today, and substantial special payments were required, a plan sponsor can seek a new funding valuation before three years have elapsed. Again, equity market recovery can be expected to reduce the size of required special payments. In addition, the provincial government may choose to follow the federal government in extending from five to ten years the period over which funding deficiencies must be made up.

In the case of Wilfrid Laurier University (WLU), the next valuation is not due until the end of 2009. What the value of the pension fund will be at that time is not known. What is known is that the university administration is using its worst case scenario to justify proposed budget reductions.

Year-end provincial government grants
Since the McGuinty Liberal government was elected, the only year-end funding announcements that have been made are:
• Ontario Research Chairs
• Ontario Graduate Fellowships
• Facilities Renewal Program (FRP) funding

Research Chairs and student fellowship funding is one-time-only. Presumably universities do not undertake on-going costs that are not self-funded from these sources.

The FRP is an annual funding program for universities and colleges that allocates $40 million per year for capital repair and renovation costs. The universities' share is $26.7 million. With the possible exception of the Budget 2007 announcement of $390 million one-time only funds for PSE, the "one-time only" reference in the WLU announcement presumably refers to FRP funding above the $40 million per year.
Announcements of additional funding include:

• May 2005 Budget announcement of $250 million for colleges and universities FRP -- $133.3 million for universities
• April 2007 budget announcement of $365 million for colleges and universities – including $15 million to universities for new construction and $210 million to universities for "immediate cost pressures" Funding for universities was not explicitly designated for facilities renewal in the universities (although the budget did indicate that this was the purpose of the bulk of the colleges' share).
• January 2008 of $200 million in FRP funding to colleges and universities -- $135 million to universities
• April 2008 announcement of $200 million to universities for facilities renewal

With respect to whether the provincial government is contemplating the elimination of these onetime only payments, OCUFA is unaware of any such plans. As far as we are aware or have been able to determine, funding for the most recent one-time only announcements has come from federal sources. The money for the 2007 announcement was the federal PSE Infrastructure Trust allocation (the $390 million corresponds to the amount for Ontario). Since then, the federal government has increased the amount of funding transferred to Ontario through the Canada Social Transfer (CST), which is expected to be a minimum of $400 million per year (the amount agreed in the Canada-Ontario Agreement[2]).

The federal government has indicated that transfers to the provinces will not be reduced. The provincial government could opt to distribute the additional $400+ million to universities in additional operating funding and/or for new construction rather than for the FRP. Whatever the case, it is not and cannot represent a reduction in operating funding. The one-time funding arrangements permit universities to address their backlog in deferred maintenance. The most that could be said is that the additional funding provided temporary relief for operating funds. But surely no responsible university administration would undertake additional on-going obligations simply because of temporary funding relief.

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2 The amount notionally destined for PSE is estimated to be closer to $500 as a result of changes in the CST.

One-time only funding has been a vexing question.

One-Time Only Funding Analysis by OCUFA

There is warrant for the universities to say that some operating funding is OTO. I just found a reference in one of the MTC memos to the universities re. undergraduate accessibility funding.

The memo is dated March 20, 2008 and accompanies the final instalment of the funding for that year. It states that the funding is OTO, but really this is a misnomer. To quote: "allocations for 2007-08 are provided on a one-time (OTO) basis and are not incremental to the 2006-07 Undergraduate Accessibility grants."

That they are not incremental simply means that the amount is calculated on an annual basis. 2006-07 funding also would have been "OTO". As would be the funding for 2008-09.

The grant is based on:
- the current year net additional undergraduate enrolment above 2004-05 (excluding certain programs like nursing which receive funding from other envelopes)
- Base Operating Income (BOI) per BIU of $5,113.27 less formula fees (net of tuition set-aside)

The Minister's 2006 memo indicated the fund would exist through 2008-09.

With respect to the "year-end" characteristics of this fund, the Minister's memo indicated the total fund for 2007-08 was planned to be $100 million. The preliminary allocations memo indicated the fund would be $101 million. The March 2008 memo indicated the final allocation for the fund would be $116 million. The only possible surprise or "year-end" funding would be the $15 million difference, which is only ONE-HALF of ONE per cent of the 2007-08 operating allocation to universities (excluding MTCU funding for scholarships, etc. to students).

In any case, if the additional $15 million is distributed at year-end, it is in part because there were unallocated funds:
a) provided for already, in the preliminary allocations and/or
b) from other envelopes (e.g., graduate expansion) that were transferred to the Undergraduate Accessibility grants.

The total amount of operating allocations did not decrease. The only uncertainty was the name of the fund under which the funds would be delivered. Which fund might also affect the distribution, but that is still only some fraction of one-half per cent.