



Senate Chambers following the New Budget
Model consultation, Oct 18

UMFA Bargaining Newsletter

FOR MEMBERS OF THE UMFA BARGAINING UNIT

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Financial health, but at what cost?

A note on University finances and bargaining

*Parameters on the use of **performance metrics**, clearer **limits on workload**, **increasing the power of Members meeting in committee**, ensuring the administration **exercises its management rights in a way that is fair, reasonable, and equitable**, the administration committing to **seek the approval of the Association when major policy changes are proposed** – these are some of UMFA's core demands.*

Why?

After UMFA's [bargaining newsletters](#) on the financial situation at the University, the administration acknowledged that the University of Manitoba is in a healthy financial position. However, there has been little discussion of the state of the University's academic life.

We hear often enough about strategic priorities, but little about our core mission and the academic integrity of the University's various programs.

The reality is that the UM's core functions are ailing. In the recent past we've seen:

- a report released by the Faculty of Arts that shows that many of the academic **needs of faculty and students are not being adequately met**;
- **workload increases planned for the Faculty of Science**, following in the footsteps of the Faculty of Arts;
- layoffs of library support staff and even the **temporary closure of libraries because of understaffing**; and
- **fewer administrative supports for Members** in using systems like Concur, fewer supports for the financial administration of research monies, and maintenance staffing that is leaving buildings across campus underserved.

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In response, UMFA is proposing...

- that **Members have the power to vote on unit-level workload provisions and tenure guidelines** to ensure that those who do the work have a say in how faculties are administered;
- **adequate administrative support** for systems like Concur; and
- A binding commitment from the administration to **exercise its management rights in a way that is fair, reasonable, and equitable.**

The administration, however, has very different ideas about how to solve these problems.

A new budget model is the answer?

In the months ahead the central administration will claim that a new budget model will help address these problems. While the current budgeting system isn't perfect, UMFA has significant concerns about the one under development. This is because it will resemble a 'performance management system' that uses highly problematic quantitative [performance indicators](#) as one of its driving forces.

While at the bargaining table the administration said there have been no decisions made as to what the new budget model will look like, and the same has been said at two recent consultation meetings. However, their choice of consultant – Huron Consulting – suggests they have already chosen the general outline. Huron specializes in helping universities create performance management systems that go by the names **“responsibility centre budgeting,” “activity based budgeting,”** and **“incentive based budgeting.”**

Generally speaking, these models involve:

- calculating the number of research dollars and student funding/tuition associated with each unit;
- allocating resources based on the costs of administering those research dollars and instructing those students (for example, the cost of 'rent' for facility use); and
- 'taxing' each unit's 'revenues' in order to create a fund used to support services like HR departments and to fund strategic priorities and special projects.

Huron tells its university clients to focus on the benefits of the new model and to create 'a bold and repeatable story.' We've already begun to hear such a story at the UM: we need greater flexibility, we face financial problems, we need to modernize, we need to embrace our strategic initiatives.

But **here are some of the negative aspects of this type of budgeting:**

- They are 'decentralized' only in the sense that tuition dollars and research dollars associated with a unit are the primary drivers of budget allocations. Each unit is transformed into an 'entrepreneur' looking for ways to increase 'revenues';
- This 'entrepreneurial spirit' undermines units' core mission (teaching, research, and service) as they focus on new ways to generate 'revenue.' In a report produced by the University of Alberta in 2015, for example, it's suggested that creating professional programs and capturing the 'indirect costs of research' are ways to raise revenues. This suggests **changing one's academic focus** in a bid to charge higher tuition, and **finding ways to tax researchers.** At the UM right now, for example, the administration



“It isn't all about money, but it was mostly about money”

– administrator at U of T on their new budget model. Cited in *Tertiary Education and Management*, 20:3, 2014

continues to charge Members to park University-owned research vehicles, against UMFA's protests and a formal grievance. Examples like these might multiply under an activity based budget model;

- The entrepreneurial system gives the central administration greater power to allocate resources based on **centrally-monitored performance indicators (PIs)**. When these types of systems were introduced at UCLA, the University of Minnesota, and the University of Michigan, the administration made units sign performance agreements that had to be met in order to maintain their 'revenue' allocations;
- While a 'tax' system has been used to mitigate the extremes of the entrepreneurial system, **PIs can be used to determine how 'tax dollars' are spent**;
- The competition for revenue and 'tax dollars' creates inter-unit friction and strains collegiality, as units are pushed to compete for 'revenues' and 'tax dollars';
- Units can more easily be **denied financial support due to their financial (and other) 'underperformance', as measured by performance indicators**;
- These models often result in the growth of the administration, as decentralization inevitably leads to duplications of function; and
- The 'entrepreneurial spirit' drives units into an even greater reliance on contract faculty in order to 'contain costs'.

All of these possibilities are serious threats to both academic freedom and program integrity in that market incentives, rather than academic needs, are the central drivers of decision making. The term generally used, however, is 'incentivizing.' **We're already seeing inklings of how this will work.** In the Faculty of Science the Dean is telling faculty that the Dean's office is 'rewarding success' in undergraduate and graduate teaching recruitment, as well as research output, in the Biology department **by taking more than \$90,000 from other departments' budgets and reallocating it.** This is what the new budget model will look like.

Every budget is a choice. These types of choices – like the choice of budget model – are one of the reasons that UMFA is demanding that **PIs not make up any part of any system of governance, review, or resource allocation**, and that **the administration exercise its management rights in a way that is fair, reasonable, and equitable.**

This is also why we need a collective agreement that's shorter than we usually ask for – as a new budget model is developed, one of the strongest defences we have is the ability to collectively bargain how it will affect UMFA Members. Having a shorter agreement will mean that we can better intervene in this process as it unfolds.



“It is possible, if not probable, that budgetary decisions will come to drive academic decisions in this model, no matter the intentions for the model now; for example, the effects of incentivizing performance depend on how performance is defined”

– York University Faculty Association's report on the new budget model proposed at their university

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Recent information sessions confirm some of our worries

On October 17 and 18 the administration held two information sessions, attended by just over 100 people. At these meetings Andrew Laws of Huron Consulting spoke of budget “taxes”, referred to Units as “entrepreneurs”, and discussed how the new model would “incentivize” units to find ways to raise “revenues”. Members of the finance department discussed new software they have purchased to help with a new budget model. Janice Ristock, Provost and VP, discussed creating incentives for units to innovate, and used international recruiting and international students (and by implication the higher fees they pay) as her examples.

Perhaps most alarmingly, the central feature of the budget model under discussion is that the incentives it creates are almost exclusively monetary, rather than academic. The administration uses “decentralization” and “transparency” not to mean that each unit will make judgements based on academic needs, but that “metrics of productivity” will make it clear why money is spent in one way rather than another. **This is punctuated with the absence of a discussion of how decisions will be made about the spending of the centrally collected “taxes.”**

President Barnard claims that fiscal restraints necessitate a new budget model. He also acknowledges that the UM is in good fiscal shape, and attributes that success to his multiple rounds of cuts. UMFA is concerned that this new budget model will not only *not* remedy ‘the constrained fiscal environment’, but that a new model will make cutting budgets easier because they will be based on seemingly transparent, but highly problematic, performance metrics.

A new budget model is not the answer, but one more iteration of a problem – **the erosion of collegial governance**. This is why UMFA is proposing strict parameters for the use of so-called performance indicators, increasing the power of Members in setting workload and tenure/promotion guidelines, and that the administration hold themselves to the fair, reasonable, and equitable exercise of their management rights.

But the administration has failed to adequately respond on any of these issues at the bargaining table.

However, Members affirmed our bargaining priorities with an historically strong strike mandate. We further showed that the community is with us with our [Rally on October 21](#). We are in a strong position to make progress at the table on our core issues.

All this week and throughout the weekend the UMFA Bargaining Team will be meeting with the Employer, with the help of a third-party mediator. We’re hopeful that they will acknowledge our strong mandate and work with us to find a fair deal that addresses our concerns.

Watch your email, check the umfa.ca website, and contact your Board Rep for updates as negotiations continue.

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