

UT-AAUP Newsletter Budget Issues - Part II

Dear Colleagues,

The UT-AAUP Administration has announced employee furloughs and pay cuts. These have included UT administrators, staff, and Medical School faculty. Part-time and Visiting faculty are being terminated. Some Deans and Chairs have threatened that UT-AAUP faculty will be furloughed or terminated. The UT-AAUP faculty have not been involved in any of these employee cuts. It has and is the UT-AAUP position that the CBAs must be followed and there must be administrative cuts before the UT-AAUP will consider asking its members for pay cuts. In addition, the UT-AAUP stands firmly against layoffs of faculty including Lecturers and T/TT. **Some Chairs and at least one Associate Dean in Arts & Letters have proposed going around the UT-AAUP Executive Board and asking UT-AAUP faculty to take pay cuts. *This is an Unfair Labor Practice by these Chairs and the Associate Dean.*** Nonetheless, we understand the frustration over the financial uncertainty of **our** University. We assume the Associate Dean & Chairs are concerned for the future of **our** University and are acting in good faith.

Below is a snapshot of The University of Toledo finances:

BUDGETS

- UT has **three** separate budgets:

	<u>Budget</u>	<u># Faculty/Staff</u>
○ General Fund	\$400M	2952
○ Auxiliary Fund	\$56M	68
○ UTM C	<u>\$300M</u>	<u>1891</u>
Total	\$756M	5114

- The General Fund budget is made up of the Colleges. UTM C is the hospital budget. The Auxiliary Fund includes Athletics, dorms, food services, etc.
- The UT-AAUP faculty salaries and benefits are \$70M. This is 17.5% of the \$400M General Fund budget.
- The General Fund budget is 80% employees. Because they do not let facts get in their way, some administrators have implied for years that this 80% is UT-AAUP faculty. **The UT-AAUP faculty represent only 17.5% of the General Fund Budget, not 80%.**

Fiscal Year 2019-2020 (FY20)

- The number of UT-AAUP faculty is 650. This is 22% of the 2952 employees in the General Fund Budget. The General Fund budget is over 2300 staff which includes administrators.

- The General Fund budget has a deficit of \$20M for FY20 (ending June 30, 2020). This is being addressed through employee cuts and other measures.
- The announced employee pay cuts and furloughs for FY20 are about \$2.5M. These cuts are FY20, not FY21.
- The 20% pay cuts for President Gaber, her cabinet, and the Deans total about \$303,000. These cuts are for six (6) pay periods through July 3, 2020. This represents about 4.6% of the annual pay for each administrator. These cuts are not for FY21. We have not been advised of the Administrative cuts for FY21.

UTMC (University of Toledo Medical Center)

- UTMC has had operating deficits for years. After the merger, these deficits were covered by the General Fund. As reported by Dr. Gaber in her recent letter, UTMC is losing over \$1M per week mostly because of the virus.
- As noted in a recent Faculty Senate meeting, we have been told there is a firewall between UTMC and the General Fund. There is no firewall. The deficits at UTMC have been covered by the General Fund at the expense of the colleges and academics.
- The General Fund which includes all colleges has been supporting UTMC since the merger. After the Affiliation Agreement between UT and ProMedica in 2015, the UTMC deficits substantially increased.
- The UTMC deficits were \$7M in FY18, \$12M in FY19, and are projected to be over \$35M in FY20.
- The projected UTMC deficit for FY21 is over \$100M. This is partially reflected in the UNIVERSITY CASH POSITION slide that was shown by Matt Schroeder to Faculty Senate. **During this Fall Semester 2020, our cash position will decrease from \$128.5M on August 31, 2020 to \$17.2M on December 31, 2020. As of New Year's Eve 2020, UT will have about 8.2 days of operating cash. The industry standard is 90 days of cash. This drop of \$111.8M in operating cash is due to UTMC deficits.** It can not be the General Fund. Our General Fund projected shortfall is \$36M and this is being covered by cost reductions in the colleges.
- One outspoken Medical School faculty has repeatedly said at meetings that UTMC has been financially supporting the Bancroft campus. This is not true. We question the good faith of such statements especially since the General Fund has and is financially supporting UTMC.
- One Medical School Faculty Senator recently said at Faculty Senate that the Medical School has been financially supporting the Bancroft Campus. This is not true. However, the Medical School is receiving \$40M per year from ProMedica under the Affiliation Agreement which has caused losses at UTMC.

Fiscal Year 2020-2021 (FY21)

- The General Fund deficit for FY21 is made up of an Ohio SSI (State Share of Instruction) decrease of 20% or \$22M and a projected Fall 2020 enrollment decrease of 7.5% or \$14M, a total deficit of \$36M.
- The Administration has set goals for budget decreases among the colleges and administrative units to address the projected \$36M deficit. For example, the Provost Office is to take a budget decrease of 13% and the Research Office 15%.
- Colleges have also been assigned budget decreases. For example, Arts & Letters is to take a decrease of \$3.8M out of a \$25M budget. COBI has to take a decrease of \$3M out of \$16M. Preliminary budgets were submitted today to the Provost and Matt Schroeder, VP Finance.

Fall 2020

- The projected Fall 2020 enrollment decline of 7.5% or \$14M represents a loss of over 1483 students. UT Enrollment Tracking is currently 11.4% down, a loss of 2255 students. Each 1% change in enrollment is about \$2,000,000. If enrollment stays at 11% down, the General Fund budget will be down \$22M instead of \$14M. However, enrollment is expected to improve. BGSU has estimated enrollment to be down 5 to 10%.
- Ohio has decreased the UT SSI by 20% of \$110M or \$22M. If the SSI is further decreased, it will impact our General Fund budget. The Administration does not expect a further decrease in SSI.

We will be providing another informational newsletter regarding budget cuts very soon.

In the meantime, we encourage faculty to remain strong and stand tall. We need to see a good faith effort by the Administration to reduce the administrative bloat on campus before approaching the faculty for any give-backs. Remember, faculty and what we do are the reason a university exists. We teach students. Faculty are the revenue producing employees.

UT-AAUP Executive Board