

Changing Priorities – Acadia by Numbers

by
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In 2001, Dr. Soren Bondrup-Nielsen, then President of AUFA, conducted an analysis of Acadia University's finances, covering the years 1988-2001. In his summary, he stated

The annual expenses of Acadia University during the period 1988 to 2001 have increased dramatically. Students now carry the largest burden of this expense. Academic expenses have increased from about 60.5% to 63.8% of total operating expenses.¹ However, money spent on academic salaries has decreased from 42.7% to 32.5% of total operating expenses; this is a result of there being fewer faculty. A change in priorities from spending money on professors to spending money on other academic aspects seems to have taken place. The increase in Academic spending is in Materials and Supplies. This does not seem to relate to Department or School budgets. It is in all likelihood tied to the Acadia Advantage.²

Given the current talk on campus about a financial crisis and the need to cut back budgets, it seemed like a good time to revisit this type of analysis to see what more recent trends in spending at the University reveal.

The data used in this current analysis were extracted from Schedules A and B of the audited financial reports of Acadia University for the years 1999-2000 through 2004-2005.³ I have assumed that consistent and appropriate accounting procedures have been used for all the years reported in this study.

At the time of this writing, the 2005-2006 Financial Statements have not yet been approved by the Board of Governors and are thus not available as public documents. It is my understanding that the 2005-2006 Financial Statements are to be approved by the Board at its October meeting and that data should then become available.

The raw data from Schedule B, dealing with expenditures, are given in Table 1 and plotted in Figure 1.

¹ Bondrup-Nielsen used as his definition of Total Operating Expenditures Operating minus Ancillaries (also not included are Special Reserves, Research, Endowment and Capital Expenses). In the current analysis, we have simply used Total as listed in Schedule B.

² Available online at <http://www.caut.ca/aufa/newsletter/0112/analysis.htm>

³ Available online at http://admin.acadiau.ca/busioff/financial_report.htm

Year	Academic	Academic Salaries	Physical Plant	Admin	Library	Student Services	Other	Ancillary	Total
2000	27964	14800	3974	3754	2152	2534	2828	10776	53982
2001	29832	15192	4450	4740	2264	2624	2840	10923	57673
2002	31661	15644	4495	4978	2338	2848	2986	11857	61163
2003	33536	16711	5254	5084	2364	2884	2685	13811	65618
2004	34499	17164	5202	5859	2438	2964	3717	16111	70790
2005	33583	18780	5288	6915	2513	3279	3492	15172	70242

Table 1 – Expenditures for the period 2000-2005 Extracted from Schedule B of the Audited Financial Reports of Acadia University. All amounts are in thousands of Dollars. Academic salaries are included in the Academic column and are listed explicitly.

Clearly the overall budget has increased during this time period. In order to get a better picture of any changes in how the budget has been allocated to the various sectors of the university, it is useful to examine what percentage of the total budget has been allocated to each sector. These data are given in Table 2 and plotted in Figure 2.

Year	Academic	Academic Salaries	Plant	Admin	Library	Student Services	Other	Ancillary	Total
2000	51.8	27.4	7.4	7.0	4.0	4.7	5.2	20.0	
2001	51.7	26.3	7.7	8.2	3.9	4.5	4.9	18.9	
2002	51.8	25.6	7.3	8.1	3.8	4.7	4.9	19.4	
2003	51.1	25.5	8.0	7.7	3.6	4.4	4.1	21.0	
2004	48.7	24.2	7.3	8.3	3.4	4.2	5.3	22.8	
2005	47.8	26.7	7.5	9.8	3.6	4.7	5.0	21.6	

Table 2– Percentage of Total Budget Allocated to Each Sector. Academic Salaries are included in Academic expenses and in addition are shown explicitly.

Another useful way of examining these trends is to simply look at the percentage increase in each budget relative to the 2000 budget for each sector. These data are given in Table 3 and plotted in Figure 3

Year	Academic	Academic Salaries	Plant	Admin	Library	Student Services	Other	Ancillary	Total
2000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2001	6.7	2.6	12.0	26.3	5.2	3.6	0.4	1.4	6.8
2002	13.2	5.7	13.1	32.6	8.6	12.4	5.6	10.0	13.3
2003	19.9	12.9	32.2	35.4	9.9	13.8	-5.1	28.2	21.6
2004	23.4	16.0	30.9	56.1	13.3	17.0	31.4	49.5	31.1
2005	20.1	26.9	33.1	84.2	16.8	29.4	23.5	40.8	30.1

Table 3– Percentage Growth in Budgets by Sector, Relative to 2000

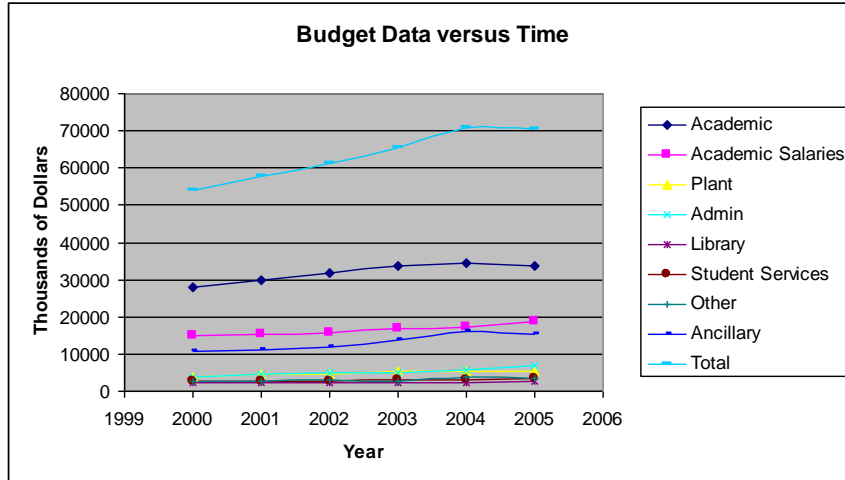


Figure 1 – Budget Data from Table 1 Plotted versus Time

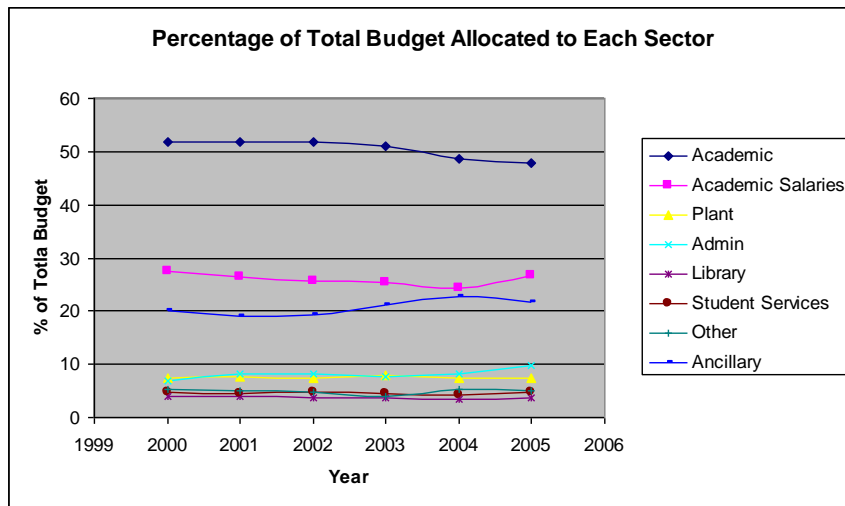


Figure 2– Percentage of Total Budget Allocated to Each Sector

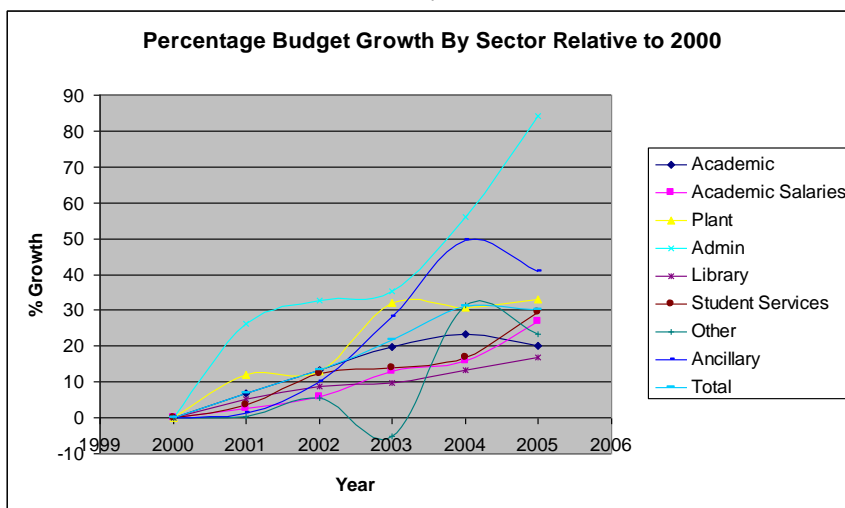


Figure 3– Percentage Growth in Budgets by Sector Relative to 2000

In order to determine if these shifts in spending priorities are appropriate, it is useful to examine how other universities in Canada allocate their resources relative to Acadia. Figure 4 and Figure 5 show the General Operating Expenditures by Function for all Canadian Universities and Acadia University respectively. These figures were drawn from a report generated by the Canadian Association of University Teachers (CAUT).⁴ The CAUT purchased the data used in their report from the Statistics Canada Centre for Educational Statistics, which collected the data from the Canadian Association of University Business Officers (CAUBO). These data are from the 2004-2005 academic year.

It is important to note that the CAUBO data does not correspond directly to the categories used in the Acadia Financial statements. We do not see the same set of categories and a quick comparison of the Acadia CAUBO numbers in categories with the same name with the data in Table 2 for 2005 reveals that the numbers are not the same. However, for the purposes of comparison between Acadia and the rest of Canada, we assume that the CAUBO data were reported in a consistent fashion and any comparisons between CAUBO sets are valid.

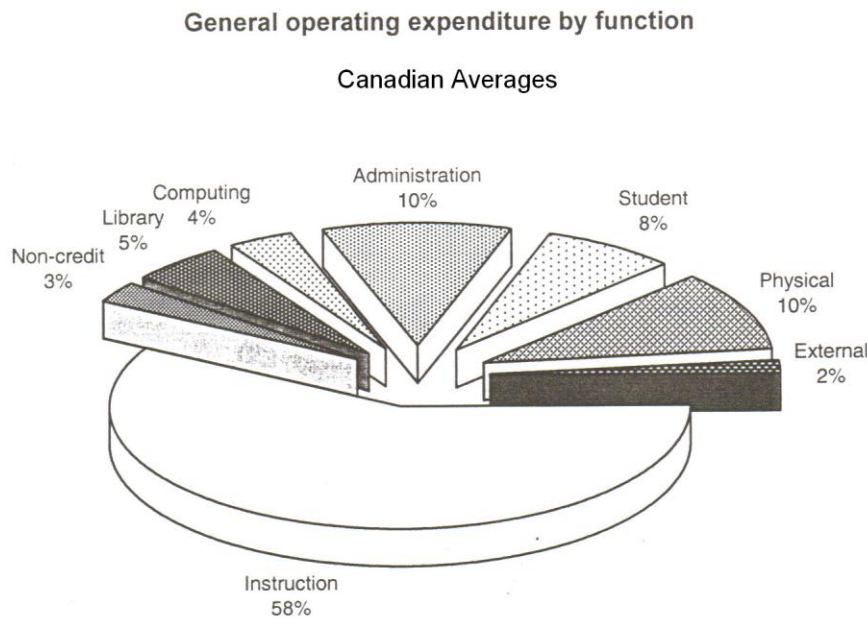


Figure 4 – Average Expenditure by Function for All Canadian Universities

⁴ This is not a publicly available document. Those interested in examining it may do so by contacting Jane Longley at the AUFA Office, Huggins Science Hall, Room 211.

General operating expenditure by function

Acadia University

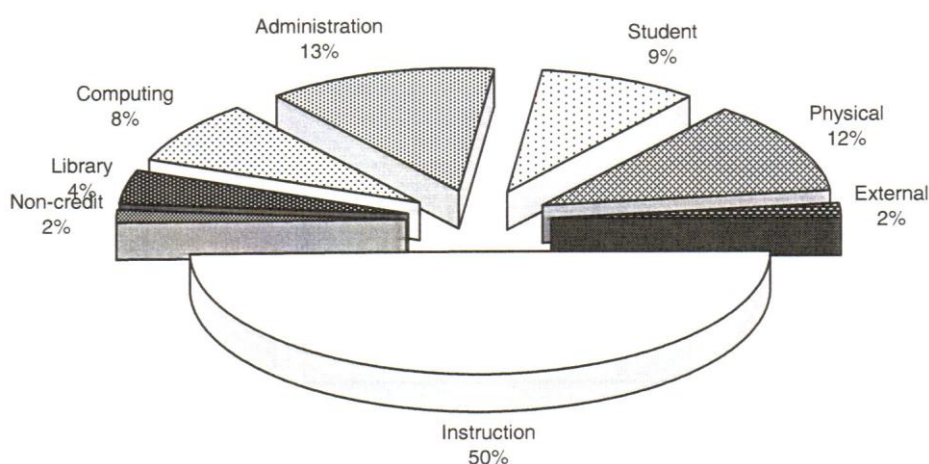


Figure 5—Expenditure by Function for Acadia University

One can also compare our academic salaries with national averages. The data in **Table 4** were obtained from the 2006 CAUT Almanac, which covers the year 2004-2005.⁵ CAUT obtained the data from Statistics Canada.

	Full Professor	Associate Professor	Assistant Professor	Lecturer	Librarians
National Average	113,254	90,292	72,441	66,861	68,090 ⁶
Acadia Average	101,169	76,386	62,353	51,919	47,989
Percent Below National Average	11.9	18.2	16.2	28.8	29.5

Table 4 – Average Salary Data by Academic Rank – National and Acadia Averages. National Averages were not available for Instructors or Part-Time Faculty.

It is also interesting to examine the sources of revenue that the university enjoys. Figure 6 and Figure 7 show the revenue by source and the percentage of the total revenue by source respectively.

⁵ Available online at <http://www.caut.ca/en/publications/almanac/2006-2.pdf>

⁶ Estimate based on an un-weighted average of regional averages.

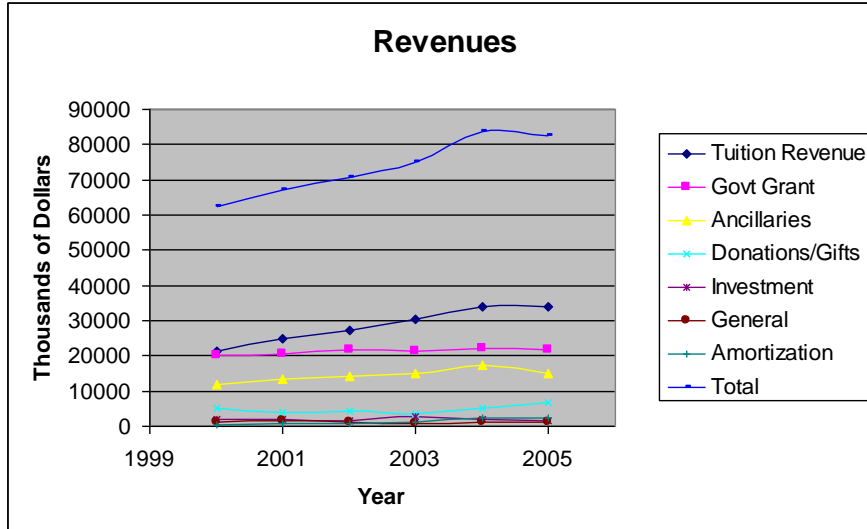


Figure 6 – Revenue by Source for Acadia University

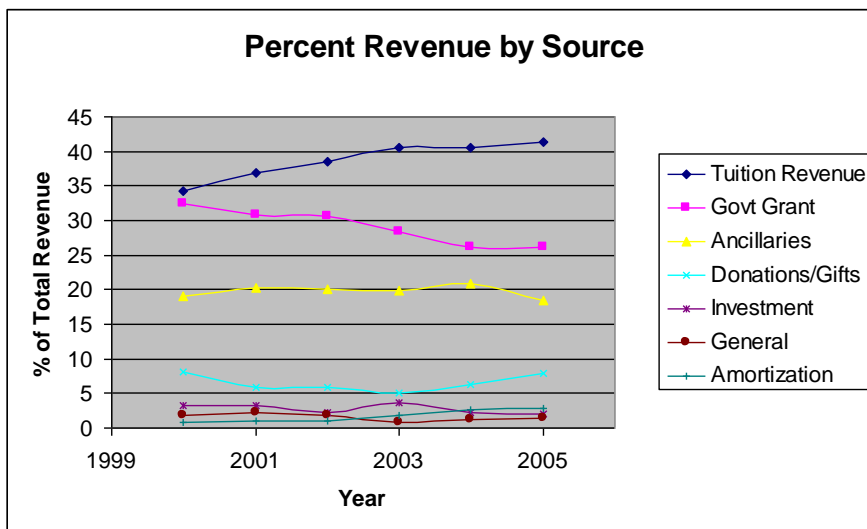


Figure 7 – Percentage of Total Revenue Represented by Each Source

Discussion – It is quite clear from the data that there has been a shift towards more spending on Administration and less spending in the Academic sector during the six years represented in this report. During this time period, while the overall University budget has grown by approximately 30%, spending in the Academic sector has only increased by 20%. Academic salaries have lagged behind the average growth, having increased by approximately 27%. However, administrative spending has grown by a total of 84% during this time period. Further the rate of growth in administrative spending increased dramatically in the last 2 years of this period.

When we compare our spending by sector to Canadian averages, we see that we are spending roughly 8% less of our total budget in the academic sector than is the norm in Canada, while we spend 3% more of our total budget on administration compared to the norm. Note that this implies that our academic budget is 16% smaller

than the Canadian norm while our administrative budget is 30% larger than the Canadian norm.

Another area that stands out in the comparison is computing, with the Canadian norm at 4% while at Acadia we spend 8%. Presumably this is due to the Acadia Advantage program. We should also recognize that sectors where there are small percentage differences actually may be quite significant. For example, while we spent 4% on our library, with the national average being 5%, to bring our library to the national average would represent a 25% increase in our current library funding.

The academic salary comparison reveals that academic salaries at Acadia lag behind national averages by anywhere between 11.9% for Full Professors to 29.5% for Librarians. These lags are consistent with the under funding observed in the academic sector and the library.

The marked increases both in tuition and the percentage that tuition fees play in the total budget indicate that the bulk of the budget growth is being financed by students.

Conclusion – The budget of Acadia University has grown significantly since 2000, with the bulk of the additional monies coming from increases in student tuition. In 2001, Bondrup-Nielsen observed a shift in spending away from the professoriate and concluded that it was largely due to the Acadia Advantage program. It would appear from the current analysis that that shift in spending has persisted and a new shift into administrative spending, largely at the expense of the Academic Sector, has occurred. While some of this occurred prior to 2004, the rate of this increased administrative spending accelerated markedly between 2003 and 2004. The under funding observed in the academic sector budget is echoed in the low academic salaries relative to national averages. This is somewhat surprising in light of Letter of Understanding #3 that appears in the 11th Collective Agreement, which states:

Commitment to Recruitment and Retention of Faculty

Acadia University is a proud and strong institution with a long history and a wonderful future. The key to that future is a faculty composed of the strongest and best scholars which we can attract and retain.

From my vantage point of being a new President, I believe that we must commit more of our financial resources to faculty. I am committed to making the necessary changes in our budgeting to achieve that goal. As soon as possible Acadia and its faculty should arrive at the point where our compensation structure is seen by all as being regionally and nationally competitive. This pledge will take time to implement. Our new Collective Agreement is an important beginning. Now we must work together to explore the options and make the changes to achieve this vital goal.

Sincerely,

Gail Dinter-Gottlieb
President and Vice Chancellor
Acadia University