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OF THE UMFA  
BARGAINING  
UNIT ONLY**

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(Libraries)

**Barbara Yapps**  
(UMFA Professional  
Officer)

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**Stay in touch...**  
We welcome the opportunity to meet at the UMFA Office with individual Members or groups of Members who wish to discuss matters related to bargaining or any other concern they might have.

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# BARGAINING NEWSLETTER

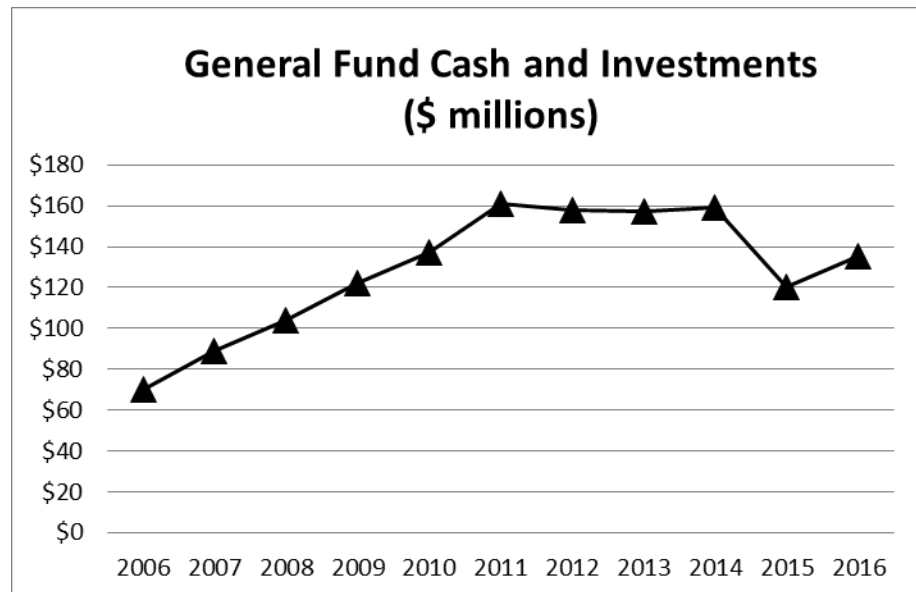
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## University of Manitoba Financial Analysis Part II: Where's the Money?

In our newsletter of July 27, we saw that the University of Manitoba has been generating strong, perhaps record, operating surpluses at rates that exceed those of other U15 universities and even some well-known and successful for-profit Canadian companies.

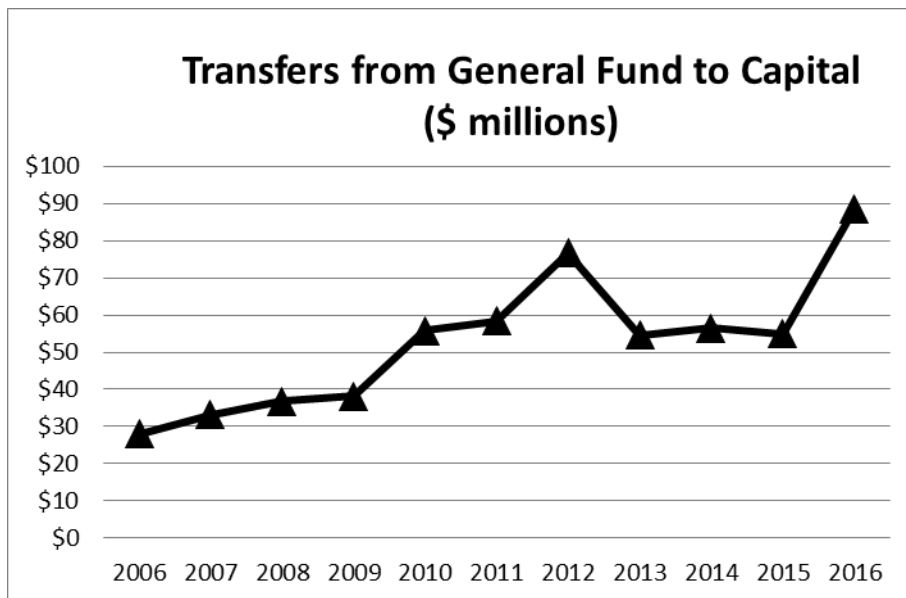
So where is all of this surplus? Is there a pile of cash sitting somewhere that the university is, for some reason, refusing to spend? The answer is not straightforward, and comes from two places. First, we plot the UM's unrestricted cash and investments (i.e., cash and investments that are not restricted by donors for specific purposes) as at the end of each of the last eleven years below.



Over the period 2006 – 2011, the UM's operating surplus allowed the University to save significant amounts of money, on the order of \$18 million per year. That accumulation has stopped since 2011, and the stock of Cash and Investments has even dropped slightly since 2014.

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Where has the surplus gone lately? Note 23 of the annual financial report shows that \$88.6 million, over 90% of the operating net revenue, was transferred from the General Fund into Capital. This has been the trend in recent years, as shown in the chart below.



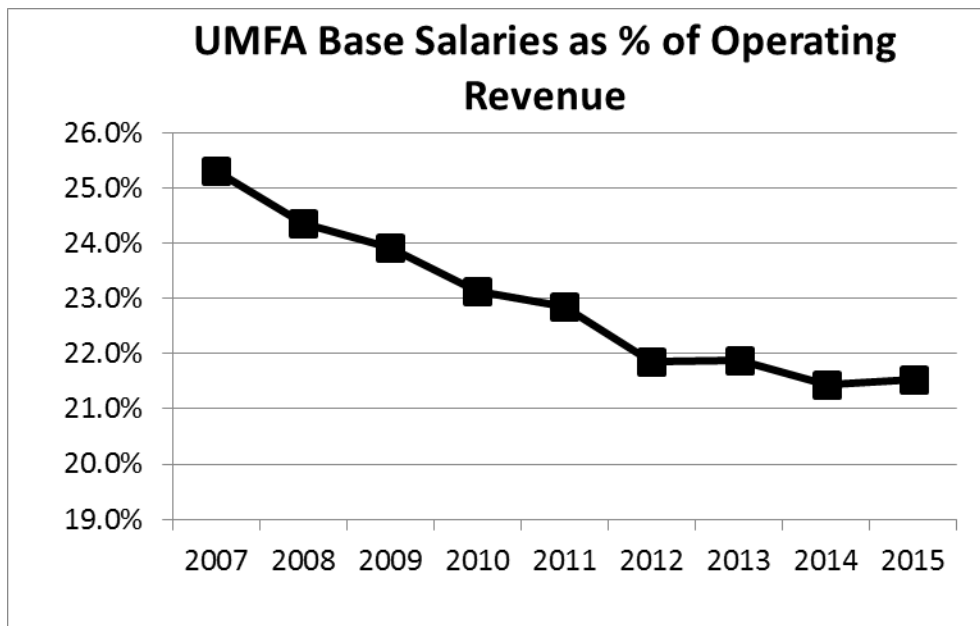
Note 23, reproduced in part below, gives us some more details about these transfers.

2016 Transfers from General Fund to Capital (\$ millions)	
Item	Amount
Funding of capital asset additions	\$72.3
Debt funding: Ancillary/Faculties <sup>1</sup>	6.5
Student Contributions for Technology <sup>1</sup>	3.4
Unit Capital Development Assessment <sup>1</sup>	5.1
Other <sup>1</sup>	1.3
<b>Total</b>	<b><u>\$88.6</u></b>

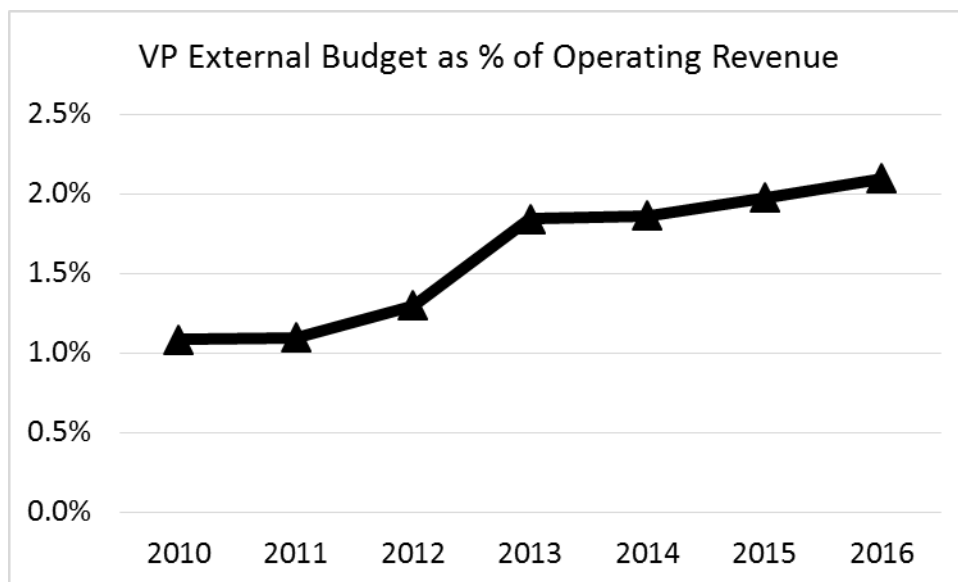
Capital assets include buildings, equipment, land, library books and collections. The largest single transfer is for funding of capital asset additions: \$72.3 million. About half of this amount, \$34 million, was for UM Strategic Priorities (described briefly on page 11 of the [2016 Annual Financial Report](#)). A further \$20.7 million was for library acquisitions and equipment and furnishings purchased by the Faculties.

1. The other four items, totalling \$16.3 million, are for repayment of debt, loans that the UM took out for such things as the Active Living Centre and asbestos abatement.

The Administration’s view is that the UM’s current financial dilemma is exacerbated by its high salary costs. The graph below charts total UMFA base salaries as a proportion of total operating revenue over recent years.



UMFA salaries were growing during the period, but not as quickly as the UM’s operating revenue. Despite the fact that our Members are the front-line workers in the university’s core mission of research and teaching, we are receiving a smaller share of the university’s resources and do not appear to be a major contributor to the alleged financial crisis faced by the university. Other areas of the UM’s operations have received better support from the Administration in the last few years. Aside from transfers to Capital, the VP External’s office has done well, as shown below.



Our analysis leads to some important conclusions:

- Although the UM is a non-profit institution, it is more “profitable” than at any time in recent UM history. Its 2016 performance compares favourably, if that is the right term, with other U15 institutions whose financial statements are available; and with successful blue-chip Canadian companies.

- The UM’s net operating revenue (its operating “profit”) is being diverted away from the central teaching and research operations of the university and largely into Capital. This increasing diversion to Capital appears to be driven primarily by the UM’s Strategic Priorities.
- Total UMFA base salaries as a proportion of operating revenue have declined from 25.3% in 2007 to 21.5% in 2015. If 25.3% of 2015 operating revenues had been invested in UMFA salaries, the total salaries would have been \$22.9 million, or 17.6%, higher than the actual totals.

UM’s Strategic Priorities include creating “an outstanding . . . working environment” and “ensuring our undergraduate and graduate students have an outstanding educational experience”. But the UM does not seem to put its money where its mouth is. Instead, the UM is investing relatively less in its academic staff and more in Capital and marketing. UMFA’s position is that the UM’s top strategic priority should be to support university research and teaching.

**NEW UMFA WEBSITE coming soon!**

In the next few weeks, UMFA will be unveiling a new visual standard, as well as our new website, as part of our communications revamp. Keep your eyes peeled for the new look!

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