

Administrators, cont'd from page 1

Univeristy would be unwise, because in order to attract the very top persons to this Univeristy means that they would probably have to pay more than that in certain areas. There aren't a large number of people earning more than that, but there are a not insignificant number who would in due course of time leave this Univeristy and go elsewhere. I think these people are very valuable and I think their contribution is worth the salary they are being paid."

The President: "I don't want to comment here, because we have a procedure by means of which the staff association negotiates directly with the Board of Governors on the whole matter of salary."

Question: What is your personal position on an increase in salary to the academic staff when the Univeristy is in this difficult financial position?

The Vice-President: "I think there should be some increase, but that it should be smaller than the earlier increase (of 4.5%) which was negotiated on a conditional basis."

The President: "I don't want to try and influence the decision. I say categorically that the 4.5% increase was a responsible settlement and that any data that we have since that settlement was made has not detracted from the reasonableness of that settlement. If we had any money I would not hesitate to say that it should be given. But in view of the circumstances I think the staff and the Board have to talk about it to see what can be done."

"It would be quite wrong of me to try to make any personal statement."

Question: What is the position of people in the University without fixed contractual commitments, and those, for example, with one year contracts? Are they in trouble?

The Vice-President: "No. What it means is they have less protection than others. They may or may not be in trouble. It depends upon whether on the other grounds that particular area is expected to absorb a cut."

There is some date, and frankly I don't recall precisely the date; it gives them (seasonal staff) several months notice... There have been some departments which have had to reduce the number of seasonal appointments. I understand that letters have been going out to these people telling them, we're sorry, we can't reappoint you for 1972-73, unless the budget situation improves."

The President: "I feel that the priorities that this University should use in a situation of this kind is to protect the welfare of the people on the University staff, the continuing staff of all kinds, and even part-time, and Graduate Teaching assistants ... My number one priority is of two types, the welfare of people involved, and to protect our academic and research programmes."

Question: What is your position on a tuition fee increase to alleviate the financial difficulties?

The Vice-President: I understand from what I have heard in the press and over the air, that the Minister has requested the Universities Commission and the Universities not to increase fees in the present year. And I rather suspect - and this is just a personal opinion - that the request will be honoured ... Under the Act, it is the Universities Commission which must approve any increase in fees."

The President: "There is no thought of a tuition fee increase on my part, because I don't know what the effect would be. If such an increase were proposed I wouldn't support it because I wouldn't know that that would give us more revenue. It might give us less."

"What the University needs is to buy time. Even in the reduction of staff, if we had 3 years to do it I think we could have done it in a systemic and orderly fashion through resignations and deaths ... I think the University will have to gamble several million dollars to try to buy that time."

M. Wyman

Investment portfolio loses \$2.7 million

The Auditor's report provides some insight into the budget in that it contains account of fiscal activity not included in the budget. One such interesting bit of information, contained in the Financial Statement for the year ending March 31, 1971, summarizes investment activities for that year - the University of Alberta lost 2.7 million dollars.

Note 1: Investments are summarized hereunder:
(all figures are stated in thousands of dollars)

(a) Operating Funds:			
Corporation debentures	\$ 40	\$ 31	
Common shares	1,381	1,454	
	1,421	\$ 1,485	
(b) Trust Funds:			
Government of Canada bonds, direct and guaranteed	20	\$ 21	
Provincial debentures, direct and guaranteed	288	261	
Municipal debentures	6	5	
Corporation debentures	2,813	2,662	
Convertible corporate debentures	7,009	5,980	
Preferred shares	524	485	
Convertible preferred shares	273	256	
Common shares	17,153	16,268	
Mortgages receivable	2,922	2,922	
Advance on mortgage bonds	700	700	
	31,708	29,560	
	\$ 33,129	\$ 31,045	

Note 6: The following net capital losses on investment transactions realized during the year ended March 31, 1971, have been changed to the undernoted funds:

Killam estate, endowment	\$ 1,499
Academic Pension Fund	648
Unallocated interest, dividends and capital gains and losses	587
Trust fund losses, net	2,734
Capital fund losses, net	50
	\$ 2,784

In an interview with Dr. Stephens-Newsham, President of the AASUA, it was learned that investment by the University became a major problem in the mid-1960's, the time when the University Trust Funds were building up.

At that time, Dr. D.G. Tyndall was hired as Vice-President of the University, Finance and Administration in accordance with the recommendations of a New York Consultant Firm which had suggested that such an administrative post be created.

According to Dr. Stephens-Newsham, it was at that time that investment became the responsibility of Dr. Tyndall who would act as the Secretary of the Board of Governor's Investment Committee.

Evidently, there was some consideration of handing the investment portfolio over to a Consultant Firm which would have charged a commission for its services. However, Dr. Tyndall, hired from a large American University, "had suggested that since he had considerable experience, he would take this responsibility on", said Dr. Stephens-Newsham, adding, "he seems to have done reasonably well up to now."

The key to the investment loss appears to be the inordinately large venture into common shares, "hardly the thing that I'd expect of a financial wizard, when you consider what's been happening in the economy," Dr. Stephens-Newsham pointed out. During the disastrous year, \$18,534,285 was invested in common shares, approximately 56 per cent of the total value of investment for that year, \$33,129,108.

As well as the considerable loss in investment, which was charged as the tables show against trust funds such as the Academic Pension Fund, the University operating budget took a considerable loss in interest earned on University revenues in the following year (1971 - 72).

In 1970, the net interest earned was \$1,041,000; in 1971 it rose to \$1,064,000, an increase of \$23,000. However, the 1972 Operating Budget shows that the net proceeds from interest that year fell to \$800,000 - a loss of \$264,000 rather than the normal gain.

This table shows the relationship between the size of each faculty's total budget and the number of students in the faculty.		Engineering	2,397
		Grad. Studies	1,145
		Household Econ.	1,826
		Law	1,422
		Library Science	4,543
		Medicine	8,596
		Nursing	1,524
		Pharmacy	1,837
		Phys. Ed.	1,759
		Rehab. Med.	1,622
		Science	3,973
Agriculture	\$6,639		
Arts	2,748		
Business	1,011		
Dentistry	7,141		
Dental Hygiene	3,246		
Education	1,173		

DISASTER BUDGET

(All figures are in thousands of dollars.)

Revenue:	\$ 57,200
Grant	9,000
Fees	1,200
Other	\$ 67,400
Expenditures at present level of operations:	
1971 - 2 Budget (adj.)	\$ 68,200
Fixed Increases	
Gross	1,410
Savings from Turnover	310
Physical Plant (due to increased space)	900
Unemployment Insurance	300
Merit Increments	1,333
	\$ 71,833
Salary Adjustments ¹	1,688
Figures in parentheses are decreases; all other figures are increases.	\$ 73,521
Adjustments:	% of
Faculties & Schools	1971-72 Budget
Agriculture	18 .6
Arts	(270) (3.2)
Business	65 5.8
Dentistry & Dental Hygiene	—
Education	(115) ⁴ (2.3)
Engineering	(91) (2.8)
Grad. Studies	(482) (19.5)
Household Ec.	(20) (3.4)
Law	30 5.8
Library Science	(8) (4.0)
Medicine	(135) (2.7)
Nursing	25 6.8
Pharmacy	—
Phys. Ed.	(19) (1.8)
Rehab. Med.	40 11.5
College St. Jean	30 7.4
Science	(135) (1.2)
E.C. & S. S.	—

I.I.E.

Boreal	(60) ²	(55.6)
Computing Service	(650) ³	(55.3)
PDF Program	(30)	(100.0)
Research Fund	(70)	(100.0)
Salary Pool	(25)	(36.2)
Theor. Physics	(56) ²	(100.0)
Theor. Psych.	(40) ²	(70.4)
Conferences	(25)	(50.0)
		(39.1)
Library	(600) ⁵	(11.9)
Physical Plant	(500)	(6.7)
Student Services	(150) ⁶	(39.4)
Admin. Misc. & Pub. Service	(350)	(5.3)
	\$ 69,898	
Deficit	2,498	

One department

proposes alternatives

February 29, 1972.

To: President M. Wyman,
University Hall.

From: Dr. M. Schachter,
Dept. of Physiology.

Dear President Wyman:

Subsequent to the meeting which you called of Deans, Heads, etc., to discuss the Budget, I called a Departmental meeting to obtain opinions. The following views were agreed to unanimously.

1. That there be no reductions in student services.

2. That there be no financial penalties on graduate students.

3. That there be no victimization of staff (non-academic or academic) unprotected by tenure.

4. That in our opinion, the 1971-72 University Budget indicates clearly that a substantial sum can be saved without adversely affecting genuine academic activities.

5. That we support a Review of Administrative Activity within the University with a view to reducing superfluous and costly activities which have little or no academic or other value.

6. That we bear in mind that the University is a Community, and that it serves a wider Community. It is desirable that all of us examine our proper objectives as members of a Community, and the decency, honesty and integrity with which we pursue them.

Yours sincerely,

M. Schachter,
Prof. and Chairman.

FOOTNOTES:

1. If conditional agreement with A.A.S.U.A. were not modified and comparable settlement were reached with N.A.S.A.

2. Part of this may be offset by a grant from the President's N.R.C. Fund.

3. Due to purchase of Computer on 25% down basis (\$500,000) plus increase in charging rate from 20% to 40% (\$150,000).

4. Of this, \$40,000 results from purchase of Computer on 25% down basis.

5. Of this, \$450,000 will be offset by use of reserves.

6. Preliminary estimate.

(as revised February 1, 1972)