

## **Contract Negotiations Between UVM and United Academics: Frequently Asked Questions**

### **1. WHAT IS THE NEGOTIATION PROCESS?**

In Vermont, the State Employees Labor Relations Act (“SELRA”) establishes a required process for collective bargaining. The university and UA, the union representing some faculty, must negotiate in good faith for a reasonable period of time. Both parties make proposals, and consider the proposals of the other party. However, if the university and UA cannot reach agreement on their own, it is called “impasse.”

### **2. WHY ARE THE UNIVERSITY AND THE UNION AT IMPASSE?**

The union has proposed significant increases to base salaries over the timeframe of the contract: a 2.5% increase in the first year of the contract followed by consecutive 5% increases in years two and three. With compounding, this amounts to 13% over three years. The university countered in July with a different salary offer that had progressive reductions of up to 5 percent in the current fiscal year, a percentage reduction to be determined based on net tuition revenue in the next fiscal year, and no reduction or increase in the third year. In addition, in late August, the university also provided another off the record economic package for the UA to consider as well. But after considering the university’s proposal for seven weeks, the union maintained its demand for base salary increases totaling 13% and did not counter the university’s offer. The university’s offer reflects challenges faced across all of higher education brought on and exacerbated by the pandemic. In the face of those challenges, staff and administrators have taken a 5% wage cut this fiscal year, with most senior administrators taking an 8.3% cut. The entire faculty of the medical school, none of whom are members of United Academics, voluntarily took a 5% cut. The university has found no other public research university offering the salary increases demanded by the union during this period of great uncertainty, challenge and change in higher education.

While the union unilaterally declared impasse on the economic issues, the two sides found common ground on a number of non-economic issues. Notably, UA publicly stated their commitment to join the university’s ongoing Inclusive Excellence effort by endorsing practices long advocated by the university.

### **3. WHAT HAPPENS FOLLOWING IMPASSE?**

Following the declaration of impasse, by statute, the parties enlist the help of an outside mediator who has special training in labor negotiations to continue attempts to reach agreement in mediation.

### **4. WHAT HAPPENS IF MEDIATION FAILS?**

The next step in the process is fact-finding with an independent fact-finder, who hears evidence from both parties and then makes a recommendation on issues in dispute. Following receipt of the fact-finder’s recommendation, the parties have the opportunity to negotiate further in light of the fact-finder’s recommendation and reach a settlement, or, if they cannot reach an agreement at that point, they must present their last, best offers on all unresolved issues as a single package to the Vermont Labor Relations Board (VLRB). The VLRB holds a hearing, and selects between the last best offer packages of the parties. The Board may also select the fact-finder’s recommendation under certain circumstances.

## **5. HOW DOES THE UNIVERSITY MAKE BUDGET DECISIONS TO DEAL WITH CHANGING CIRCUMSTANCES?**

Under the university's decentralized budget model, all tuition revenue flows to the academic units, so budget decisions regarding the allocation of additional revenue or necessary budget reductions are made by the deans, in consultation with the academic units. Salary increases add expense to unit budgets, and the manner in which resulting budget adjustments are made varies based on an individual unit's actual revenue generation. Because 68% of the university's general fund budget is allocated to pay wages and benefits, salary increases have significant overall impact on a unit's budget decisions and established priorities and ultimately can have affect the education of our students.

## **6. WHERE DOES TUITION REVENUE GO? WHAT IS ITS USE?**

Given the university's decentralized budget model, all tuition revenue flows to the colleges/schools where decision-making about its use takes place. Tuition revenue is not retained centrally. Colleges use tuition revenue to cover the costs of instruction, student services and research, as well as the college's share of university-wide activities and support services such as the Library, Admissions, Sponsored Projects Administration (research/grants), and Human Resource Services. In years in which net tuition revenue is greater than a college's annual expenses, the college retains that funding (a "surplus"). Each college decides for itself how to spend this extra, one-time funding.

## **7. WHAT IS THE SOURCE OF FUNDING FOR SALARY INCREASES?**

The primary source of funding for salary increases is tuition. Tuition accounts for three quarters of the university's general fund revenue. UVM has the fourth highest public university tuition in the country, behind only the University of Michigan, the University of Virginia, and the University of California system. Non-residents, who account for over 72% of undergraduates, pay \$41,280 in tuition. Particularly during this time when families all across the country are more strongly considering higher education options closer to home, the university has no flexibility to raise tuition to cover salary increases during the pandemic.

## **8. CAN THE UNIVERSITY USE FUNDING FROM THE STATE FOR SALARY INCREASES?**

No. State funding for the university provides only 5.7% of the total operating budget. Half of the university's state support goes to student aid for Vermonters, a quarter supports the university's extension services and a quarter supports medical education.

## **9. HOW DOES THE UNION'S PROPOSAL COMPARE TO WHAT OTHER FACULTY AND STAFF HAVE RECEIVED?**

The majority of the university's staff and all administrators took a 5% salary reduction for fiscal year 2021, effective July 1, 2020. The reductions were tiered to reflect income sensitivity for those making less than \$80,000, with no reduction for employees earning less than \$45,000. Most senior administrators voluntarily took larger cuts of one month's salary. The Larner College of Medicine faculty also took a 5% salary reduction.

## **10. WHAT ARE CURRENT FACULTY SALARIES?**

The university provides fair compensation for faculty. Following are current average base salaries for 9-month appointments. There are a couple of important notes: (1) these base salaries are for 9 months of work; (2) benefits extend for all 12 months of the year; and (3) the

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9-month base salary figures do not include the over \$6 million in additional pay faculty receive for things like summer teaching and research and other additional pays received during the academic year.

	Average Salary	Average Additional Pay (All faculty)	Average Additional Pay (Only faculty who received)	% Faculty who receive Additional Pay
Professor	\$127,380	\$11,509	\$15,877	72.5%
Associate Professor	\$97,483	\$7,463	\$12,224	61.1%
Assistant Professor	\$81,437	\$8,328	\$12,622	66.0%
Other Faculty	\$65,587	\$9,988	\$12,939	77.2%

Larner College of Medicine faculty are not represented by UA and are not included in these figures.

**11. HOW DO UVM SALARIES AND BENEFITS COMPARE TO OTHER INSTITUTIONS?**

Faculty salaries are above average (more than 105.5% of the Oklahoma State Faculty Salary Survey (OSU) average). Over the years, the university has been committed consciously to raising salaries to competitive levels and has done so. The university also offers a comprehensive, substantial benefits program, which includes generous employer contributions to retirement plans and tuition remission. When considering and comparing compensation, it is important to include both salary and benefits and the balance between the two.

**12. WHY DOES THE UNIVERSITY USE THE OKLAHOMA STATE FACULTY SALARY SURVEY?**

This is a longstanding survey that has been used consistently to determine comparable salaries. The OSU survey provides salary comparisons with other public “High Research Activity” universities. This category is set by the Carnegie Foundation for the Advancement of Teaching’s Classification of Institutions of Higher Education, and is the category into which UVM falls. When prior collective bargaining agreements with the UA had specific provisions on market increases, the parties used the OSU survey information. A list of the institutions included in the Oklahoma State University Data is here: <https://ira.okstate.edu/site-files/docs/participants1920.pdf>

**13. HOW DOES UVM COMPARE TO OKLAHOMA STATE UNIVERSITY DATA?**

UVM salaries are more than 105.5% of other institutions’ salaries in the public high research activity category.

**2019-20 OSU Survey: Average Non-Medical Tenured, Tenure-Track, and Not-on-Tenure Track Faculty Salaries**

	UVM	Public High Research Activity
<b>All Faculty</b>	\$95,381	\$90,333
<b>Professors</b>	\$127,380	\$118,984
<b>Associate Professors</b>	\$97,483	\$90,138
<b>Assistant Professors</b>	\$81,437	\$77,989

<b>Other Faculty</b>	\$65,587	\$58,410
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Note: Salaries based on earnings for an academic year (i.e., 1.0 FTE) from 31 public research higher activity doctoral degree-granting institutions and Baylor University

**14. HOW DOES UVM COMPARE TO IPEDS DATA?**

[The Integrated Postsecondary Education Data System \(IPEDS\)](#), part of the National Center for Education Statistics, provides access to data needed to describe—and analyze—trends in postsecondary education in the United States. Every college, university, and technical and vocational institution that wants to receive any federal monies (e.g., federal student financial aid programs, federal research grants) must submit data to IPEDS. UVM’s faculty salaries are significantly higher than the average for public institutions with high research activity.

**2018-19\* Equated 9-month contract salary Non-Medical Tenured, Tenure-Track, and Not-on-Tenure Track Faculty Salaries (\*the 2018-19 data is the most recent available from IPEDS)**

	<b>UVM</b>	<b>Public High Research Activity</b>
<b>All Faculty</b>	\$91,999	\$80,673
<b>Professors</b>	\$122,419	\$108,012
<b>Associate Professors</b>	\$96,143	\$83,320
<b>Assistant Professors</b>	\$79,147	\$73,421
<b>Lecturers</b>	\$63,018	\$55,626

**15. HOW DOES UVM COMPARE TO PEER INSTITUTIONS IN TERMS OF THE SIZE OF MANAGEMENT/EXECUTIVE FUNCTIONS?**

The size of UVM’s management and executive team is well below the national norm. Public high research activities universities average 9.8 management/executive staff per 1000 students, while UVM is at only 5.6. When looking at the senior-most leadership team, the number of Officers of Administration has decreased from 56 in fiscal year 2011 to 44 in fiscal year 2017 to 33 in 2020.

**16. WHAT IS THE STRUCTURAL BUDGET PROBLEM THE UNIVERSITY FACES?**

Sixty eight percent of the university’s general fund budget goes to pay the salaries and benefits of its employees. Seventy five percent of the revenue to pay these general fund expenses comes from tuition paid by students. The university relies on increases in net tuition revenue to pay increases in expenses, including compensation. **Because of the pandemic, net tuition revenue this year decreased by \$23.4 million.** Universities across the country anticipate similar decreases next year. Each additional percentage point of salary increases results in roughly \$1 million of additional gap in the budget to address. In our current state, any salary increases will potentially lead to the layoff or retrenchment of UVM employees.

**17. DIDN’T THE UNIVERSITY GET FEDERAL AND STATE MONIES FOR COVID RELATED EXPENSES? WASN’T THAT ENOUGH?**

No. (1) The pandemic not only caused out-of-pocket expenses, it resulted in a decrease in net tuition revenue of \$23.4 million. The university received no funding to compensate for this decrease. (2) Even aside from the net tuition impact, the COVID funding the university received

does not and will not cover even the out-of-pocket expenses incurred due to the pandemic. The funding from the federal and state governments is only for expenses incurred through December 2020. While these allocations certainly assisted in covering COVID-related expenses over the past several months, they are insufficient to cover all expenses related to the pandemic. Moreover, it is clear to all that the pandemic will continue to impact the university, the state, and the country for at least the remainder of the academic year, and most likely into future years. (3) Even if we have a vaccine in the next couple of months that mitigates the human health effects of the virus, the economic impact of the pandemic on the economy and the resulting impact on our students and their families has materially increased the need for financial assistance, which will impact our financial aid budget for several years.

**18. WHY NOT TAP INTO UVM'S ENDOWMENT?**

The university's endowment cannot be tapped as a revenue source. The endowment is made up of over 800 individual gifts, most of which specify a single, restricted way the proceeds may be used.

**19. WHY HAS THERE BEEN A \$23.4 MILLION DECLINE IN NET TUITION REVENUE?**

The university experienced an enrollment decline this year. Significantly, the decline all came from out-of-state students, who pay substantially more tuition than do in-state students. Additionally, the financial need of our students and their families increased this year, requiring more financial aid. The combination of decrease in overall enrollment, significant decrease in out-of-state enrollment, and increase in financial aid, resulted in the net tuition decline.

**20. WHY NOT CUT MORE ADMINISTRATOR SALARIES?**

Administrator salaries have already been reduced and, like those for faculty, there is a need to keep them at a level where we can retain qualified people in the positions. As the university does for faculty, administrator salaries are benchmarked against our peers.

**21. IS UVM IN FINANCIAL TROUBLE?**

UVM is experiencing the same financial stress that many institutions are during this pandemic. However, because our State support is very low, our unrestricted endowment is very small, our tuition is very high, and our reliance on out-of-state students is much higher than the norm for public universities, we have additional unique financial challenges that many of our peers do not.

**22. HOW IS THE UNIVERSITY CLOSING ITS BUDGET GAP?**

Administrative expenses have been reduced by \$11.4 million for fiscal year 2021. In fact, the administrative units have taken budget cuts in 11 of the past 12 years in order to enable the university to close the annual gap between revenue and expenses. Additional cuts will require a decrease in services provided by the administrative units and a decrease in the number of employees. In addition to the administrative units, the Larner College of Medicine has taken a \$2.2 million cut. The remaining \$9.4 million needs to come from the academic units.

**23. CAN THE UNIVERSITY SAVE MORE RESOURCES BY CUTTING THE NUMBER OF ADMINISTRATORS?**

No. The university has one of the lowest number of administrators per 1000 students in the country, compared to its peers. At the same time, UVM has a greater than average number of faculty per 1000 students. UVM's current student/faculty ratio is 16 to 1. This compares to the average student/faculty ratio of 17.4 to 1 for other public research universities.

**24. WHAT ARE THE UNIVERSITY'S GOALS?**

The university's goal is to sustain high quality instruction while avoiding the burden of higher tuition

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for our students and their families and minimizing the impact of budget reductions on all of UVM's dedicated employees.

For more information about the challenges facing higher education today, read the following articles:

- [Higher Education's Nightmare Scenario](#) (The Chronicle of Higher Education, October 12, 2020)
- [List of Budget Cut Announcements](#) (Eastern Michigan University)
- [As Covid-19 Pummels Budgets, Colleges Are Resorting to Layoffs and Furloughs. Here's the Latest.](#) (The Chronicle of Higher Education, May 13, 2020, Last updated July 2, 2020)
- [The Pandemic Has Pushed Hundreds of Thousands of Workers Out of Higher Education](#) (The Chronicle of Higher Education, October 6, 2020)