

United Academics Unilaterally Declares Impasse, Fails to Offer Counter-Proposal

University of Vermont Statement

The University of Vermont is deeply disappointed by United Academics' decision to unilaterally declare impasse in contract negotiations.

In late August, the university provided its latest salary proposal to United Academics, UVM's faculty union, in the course of ongoing negotiations. After receiving the university's modified salary proposal the union refused to meet with the university until late Friday afternoon, for a full seven weeks after the previous meeting. Based on this delay, the university was hopeful the union was acting in good faith and was considering the proposal or developing a counterproposal. Instead, the union had nothing to offer and continues to push for salary increases that would jeopardize employee positions and the university's financial wellbeing.

The university's position is grounded in the budget reality it faces. While its finances are generally stable, the institution is currently facing significant budget shortfalls.

Among its expense-reduction strategies, the university has implemented salary reductions of 5% for a majority of staff and all administrators. Senior university leaders voluntarily took a 3.3% cut *in addition to* the 5% reduction, and all non-represented medical faculty have voluntarily taken a 5% salary reduction. UVM additionally cut administrative unit budgets by 5%. Despite these cuts, there remains a \$9.4 million gap that still must be filled.

Given the financial pressures facing American families, the university does not support raising tuition rates, which are already the fourth highest of all public universities in the nation. The university is adhering to its *Our Common Ground* [values](#), which guide our efforts to protect permanent employees' jobs.

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.

Despite these stark realities, the pay cuts taken by other UVM employees, and the knowledge that additional expenses could lead to layoffs, the faculty union continues to demand base salary increases of 2.5% in the current fiscal year, an additional 5% in the next fiscal year, and another 5% on top of that in the following year. 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 revenues 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 a 13% increase 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. The union's demands—which are out of touch with the university's, the state's and the nation's financial pain—have the potential to disproportionately affect other employees at the lower end of the salary spectrum.

The university maintains it is only fair for represented faculty to also accept a reduction during these difficult times. Although United Academics may claim to stand in solidarity with other UVM employees, their proposal ignores the fact that staff jobs would be lost in order to pay for faculty increases. **The average base pay for a full professor's 9-month appointment is \$127,380.** This does not include summer pay and other sources of additional compensation received by faculty, which last year totaled more than \$6.9 million. Faculty also receive a comprehensive 12-month benefits package. UVM's administration ranks are among the leanest in the nation.

While the university is extremely disappointed in the conduct of the union's leadership in sitting on the university's offer for seven weeks, and then failing to provide a counter offer and failing to follow ground rules agreed to by both parties at the start of negotiations, the university intends to continue to act in good faith. We are confident that the majority of the faculty also want their union to act in good faith.

The University of Vermont seeks a fair and reasonable settlement of the contract with United Academics—one that continues UVM's commitment to providing competitive salary and benefits, and an excellent working environment for all employees, while at the same time honoring our commitment to students by providing a high-quality educational experience that is financially accessible and affordable. The university is hopeful that continued negotiations facilitated by a mediator will assist in resolving the contract dispute.

University's Position on the Issues

Despite all the measures to contain expenses, a \$9.4 million gap in the General Fund budget remains. This shortfall has to be closed by the academic units. All of the administrative support units (such as information technology, continuing education, student services, research services in support of academic and educational priorities) have already taken extensive reductions this year, and they have experienced yearly reductions for more than 10 years. Additionally, some administrative support units are still facing an \$8-9 million shortfall due to lost revenue from operations that had to be discontinued due to the pandemic.

Salary reductions are unavoidable because nearly 70% of the General Fund budget is allocated to employee salary and benefits, and all other expense-reduction strategies have already been implemented. Tuition—which accounts for three quarters of General Fund revenues and is the fourth highest among public higher education institutions—cannot be increased to bridge the budget gap. Likewise, 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 off a gift may be used. Because the principal amount of each of these gifts is to be preserved in perpetuity at the direction of the donor, the university can draw no more than 4.5% of the endowment value each year, and may spend it only for donor-specified purposes.

Additional Context

- An independent factfinder in 2018 concluded that the university had “little room to maneuver” regarding salary increases given its historic budgetary constraints, and must budget conservatively in order to remain financially healthy.
- The COVID-19 pandemic over the past seven months has exacerbated the university’s financial pressures, and accelerated the need to address chronic, structural budget issues.
- Expenses directly related to the pandemic response are estimated to reach more than \$40 million during this fiscal year, exceeding the amount of government aid UVM has received.
- The General Fund budget shows a \$21.4 million shortfall. We have accounted for all but \$9.4 million of the shortfall from reductions across the university in all but the schools and colleges. This final portion of the shortfall must come from the academic units.
- UVM already employs fewer administrators than our peers—5.6 administrators/1000 students as compared to the 9.8 average at public high research activity universities. In 2019, UVM devoted 7% of its total compensation spending to Institutional Support (which includes management and other administrative functions) while 78% was allocated directly in support of students.
- Each year, due to normal yearly increases in costs such as salaries and wages, healthcare benefits, financial aid, and utilities, the university faces roughly a \$13 million increase in costs that must be offset by a combination of increased revenue and reduced costs in other areas. Each additional percentage point of salary increases for faculty would result 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 of UVM employees, or an additional burden on our students supporting us with tuition dollars.
- Recent university actions, such as salary reductions for administrators and a majority of our staff, redistributing work performed by temporary employees to permanent employees in order to retain their employment, and the partial and temporary reduction in workload for some of our lecturers, were driven by our strong desire to save permanent employees’ jobs while needing to address the budget situation.
- Most full-time UVM faculty have a standard contract term of 9 months per year on which their salaries are based. In addition, full-time UVM faculty enjoy other paid benefits such as sabbatical and professional development leaves. All benefits extend for 12 months.
- The UVM benefits plan includes an income-sensitive progressive approach to employee health insurance premium contributions, full tuition remission (100%) for employees

and their dependents, dental insurance, and a retirement contribution of 10% of salary for those faculty who enroll in the retirement plan.

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