

DFA Review of Dalhousie Finances

March 2022



It's About Choices

Dalhousie Faculty Association
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DFA
Dalhousie Faculty Association

DFA Commentary on Dalhousie Finances

As we come up to another round of bargaining, we know that our members are concerned about financial issues, in addition to other aspects of current working conditions. Canadian inflation is at its highest since 1991 (Consumer Price Index (CPI) at 5.1% in [January 2022](#)) and yet, we expect that, similar to prior rounds, the Board will claim “the money just isn’t there”. While it is the case that the amount of money Dalhousie receives from the provincial government increases [only 1%](#) each year and that tuition fee rate hikes for domestic students in most programs are capped at [3%](#), Dalhousie has enough money to cover reasonable wage increases without requiring us to concede negotiated benefits like the pension plan.

The DFA engaged Baker Tilly Nova Scotia Inc. (“Baker Tilly”), a firm of chartered professional accountants, to perform specified procedures to confirm the accuracy of the tables, charts and graphs used in our analysis below. Similar reports have been commissioned previously ([2013 report](#), [2020 report](#)). The current year report from Baker Tilly (the “BTNS Report”) refer to below (beginning on p.4). For Dalhousie’s audited 2020-2021 financial statements refer [here](#). In this overview, we want to bring your attention to a few key points.

Operating surpluses continue to be the norm. Dalhousie’s financial statements show a surplus of \$48.5m in 2020, followed by a further surplus of \$69.5m in 2021. To give some very tangible perspective to this – if we assume the average salary of a DFA Member to be \$120k/year, **a one-year wage increase of 5% for all 1,000 DFA Members would cost approximately 1/10th of the 2021 surplus.** Dalhousie has posted a surplus every year for the last 19 years resulting in an increase of 1296% for that time period. Moreover, of those surpluses, 10 have been over \$20m (see Figure 1, p.2). Thus, it is a relatively safe bet that such surpluses will continue.

But, what to do with a surplus? Figure 1 (see p.2) depicts not only the operating surplus for select years, but also money that was transferred out of the operating fund (‘Operating Transfers’) and into the capital fund (‘Capital Transfers’). The Operating Surplus is clear to see, but what is equally clear is that Dalhousie Administration decided to transfer that extra money out of the Operating Fund and put it into the Capital Fund. In fact, they decided also to move money into the Capital Fund from other funds that affect university operations (see Figure 2, p.3).

New buildings, yes, but at what cost? Few would disagree that Dalhousie’s campuses and facilities need improvements. However, when capital improvements come at the expense of fair wage increases, it is reasonable to question central Administration’s priorities. The pandemic has highlighted what we have always known – *people* make a university, not buildings. While we carried on

with our duties largely off campus in 2020 and 2021, [Dalhousie paid out \\$159m \(2020\) and \\$150m \(2021\) in long-term debt](#) on their mortgaged buildings.

Current mortgages must be paid, of course, but we need to be certain that future decisions prioritize what is important to the academic staff who do the work of the institution – that is, sufficient resources and people to do the ever-growing volume of work, and fair wage increases to offset increasing levels of inflation.

If we do not stand up for academic staff, the Board’s clear prioritization of capital projects over people will continue.

Figure 1: Operating Surplus and Operating and Capital Transfers

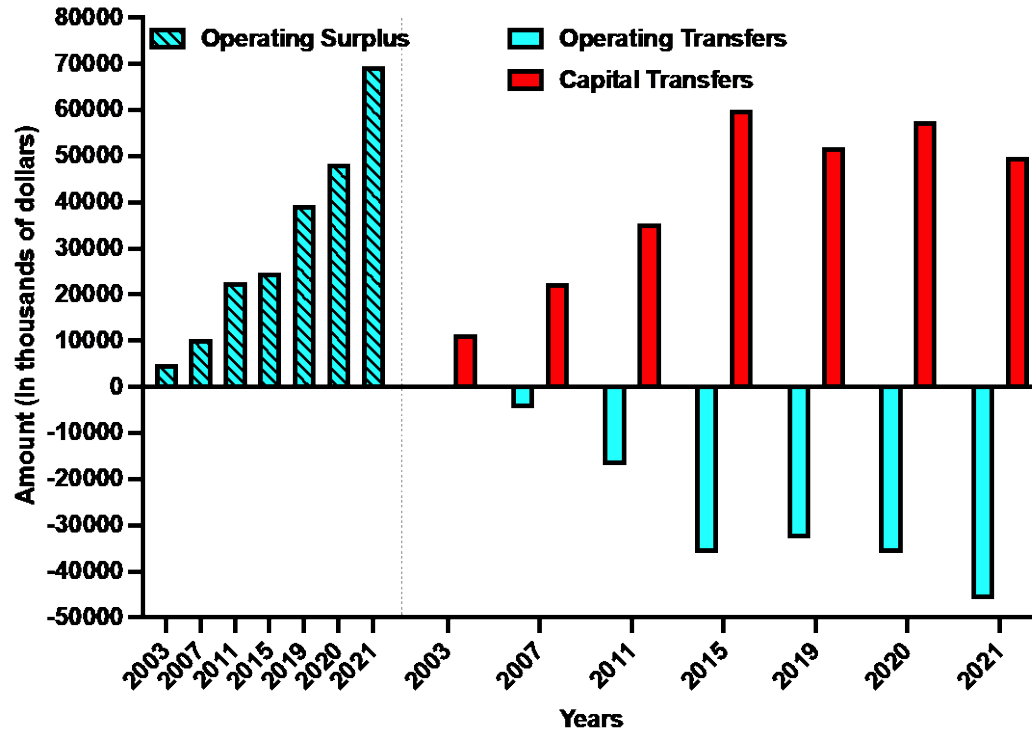


Figure 1. Dalhousie’s Operating Surplus along with transfers out of Operating and transfers into Capital at select years between 2003 and 2021. Note that Dalhousie’s operating surplus has grown every year since 2003. Over the same period, transfers to the Capital Fund have generally grown while money was transferred *out of* Operating.

Figure 2: Interfund Transfers

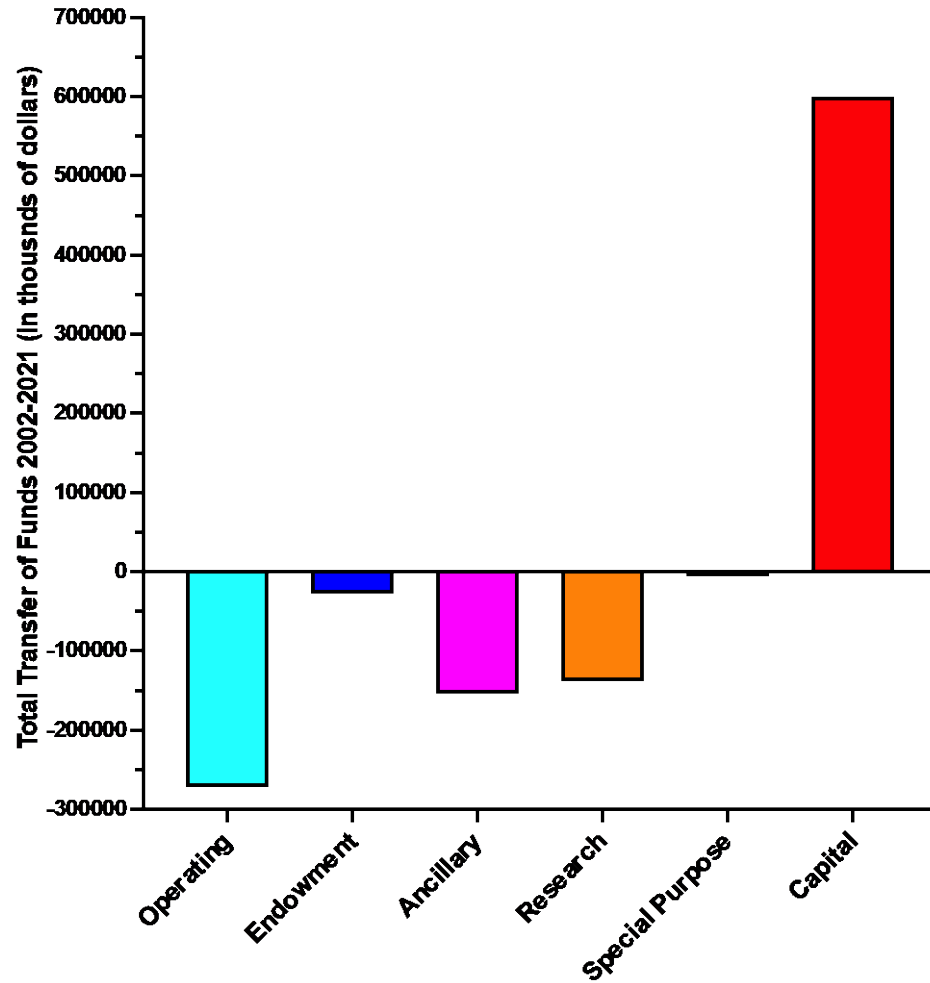


Figure 2. Interfund transfers between 2002 and 2021 showing a total of \$600m being transferred into the Capital Fund largely from money originating in Operating, Ancillary and Research funds.

Refer to the following pages for the Baker Tilly Nova Scotia Inc. Report on Specified Procedures to Confirm Accuracy of the Tables, Charts and Graphs used in our analysis.



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February 14, 2022

Dalhousie Faculty Association
1443 Seymour Street
PO Box 15000
Halifax, NS B3H 4R2
Attention: Dr. Tara Perrot, President

Dear Dr. Perrot:

RE: Specified Procedures to Confirm Accuracy of the Tables, Charts and Graphs Associated with the Dalhousie Faculty Association (DFA) Report

Baker Tilly Nova Scotia was engaged by DFA to issue an agreed-upon specified procedures report for 2019-2020 and 2020-2021 (the 'Report') verifying the mathematical accuracy of the tables, charts and graphs included in the DFA report '*Review of Dalhousie University Finances*'. Our procedures included extending the data included in the tables, charts and graphs to incorporate additional years available.

Our engagement was performed in accordance with Canadian generally accepted standards, Section 9100, *Report on the Result of Applying Specified Auditing Procedures to Financial Information Other than Financial Statements*.

Scope of Procedures Performed

Information Relied Upon

We obtained original source documents listed below and have reviewed the sections contained within:

- DFA Report '*Review of Dalhousie University Finances*' dated April 5, 2020;
- Dalhousie University Audited Financial Statements for the fiscal years ended March 31, 2020 and March 31, 2021;
- Dalhousie University Annual Reports for the fiscal years ended March 31, 2020 and March 31, 2021.

Agreed-Upon Specified Procedures

The following agreed-upon specified procedures were performed on the tables, charts and graphs included in the DFA report '*Review of Dalhousie University Finances*'. As a result of performing these procedures, there are **no errors to report**.

AUDIT • TAX • ADVISORY

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TABLES/CHARTS/GRAPHS	PROCEDURES PERFORMED
<i>Appendix A - 'Trends in Revenues/Expenses and changes in operating surpluses 2002-03 to 2020-21.'</i>	<ol style="list-style-type: none"> 1. Verified mathematical accuracy of all figures and calculations included in the table; 2. Cross-checked table labels to source documents; 3. Verified accuracy of table source referencing.
<i>Appendix B - 'Spending by responsibility centre: operating budget only 2002-03 to 2020-21 and 'Percentage of operating fund spending by responsibility centre 2002-03 to 2020-21.'</i>	<ol style="list-style-type: none"> 1. Verified mathematical accuracy of all figures and calculations included in the tables; 2. Cross-checked table labels to source documents; 3. Verified accuracy of table source referencing.
<i>Appendix B - Share (%) of Total Dalhousie Operating Fund Spending on Academic Responsibility Centre 2002-03 to 2020-21</i>	<ol style="list-style-type: none"> 1. Verified mathematical accuracy; 2. Cross-checked table labels to table - <i>'Percentage of operating fund spending by responsibility centre 2002-03 to 2020-21';</i> 3. Verified accuracy of table source referencing.
<i>Appendix C - 'Interfund Transfers 2002-03 to 2020-21 (in thousands)'</i>	<ol style="list-style-type: none"> 1. Verified mathematical accuracy; 2. Verified accuracy of table source referencing.
<i>Appendix C - 'Interfund Transfers 2002-03 to 2020-21 (in thousands)'</i>	<ol style="list-style-type: none"> 1. Verified mathematical accuracy; 2. Cross-checked table labels to table; 3. Verified accuracy of table source referencing.

Information presented for the fiscal years ending 2003 to 2013 was reviewed by another accountant. We have performed agreed-upon specified procedures for the fiscal years ending 2014 to 2019 and provided a report dated March 19, 2020 stating that as a result of procedures performed, there were no errors noted.

RESTRICTIONS AND LIMITATIONS

We were not engaged to provide assurance or an opinion on the contents and analysis contained within the DFA report, nor on the findings, positions and/or views of the DFA in respect thereof. The scope of our review was limited to the information reviewed and cited above (in relation to fiscals 2019-2020 and 2020-2021).

Baker Tilly Nova Scotia does not assume any duties or obligations to third parties who may obtain access to this Report. Any use that a third party makes of this Report, or any reliance or decisions made based on it, are the responsibility of such third party. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this Report.

Baker Tilly Nova Scotia Inc
 Dartmouth, Nova Scotia
 February 14, 2022

Chartered Professional Accountants



Table 1: Trends in Revenues/Expenses and changes in operating surpluses 2002-03 to 2020-21 (in thousands of dollars)

Source: Dalhousie University Audited Statement of Revenue, Expense and Changes in Operating Surplus

FISCAL YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	19 yr-trend
REVENUES																				
Provincial Gov Operating Grants	100,886	105,627	107,549	114,185	123,496	133,611	148,896	168,308	190,805	184,477	197,544	207,413	213,136	211,137	212,695	214,740	217,138	219,167	232,243	130%
Other gov grants & contracts	51,367	55,480	62,723	60,198	65,195	63,469	69,600	68,858	75,227	81,303	94,136	75,979	79,321	88,209	86,691	96,056	100,414	109,099	117,098	128%
Corporations & foundations	20,787	24,119	22,878	22,820	23,656	22,674	23,767	25,528	29,744	31,658	27,283	33,806	28,809	28,434	28,375	29,881	28,941	32,248	23,866	15%
Tuition fees	67,419	77,933	85,716	88,800	91,996	89,013	92,138	103,081	112,153	123,243	137,009	144,808	152,705	159,875	167,475	177,685	190,829	204,728	226,754	236%
Non-credit & other fees	14,796	16,266	17,890	18,853	20,194	21,171	21,877	16,432	18,302	19,179	21,654	23,299	25,030	25,762	26,742	27,343	33,090	34,912	25,148	70%
General	5,941	5,583	5,816	6,235	11,613	8,486	8,519	19,566	6,440	9,232	11,235	13,266	9,174	9,229	10,639	9,007	9,868	10,656	8,315	40%
Gifts	8,911	8,088	10,257	8,834	9,081	6,979	9,290	18,029	9,952	7,663	6,364	6,359	9,369	8,670	13,720	10,204	10,265	10,524	9,518	7%
Investment income	15,773	16,664	16,633	16,441	19,036	20,609	19,128	19,413	20,222	19,487	22,374	26,147	26,631	25,552	29,151	29,392	31,320	31,693	36,295	130%
Ancillary sales & service	29,114	32,563	33,864	35,201	36,244	39,162	39,551	38,502	39,213	41,381	42,715	44,193	45,155	43,873	43,954	45,270	48,286	49,859	13,461	-54%
External cost recoveries	8,454	29,203	28,372	28,569	29,777	30,164	34,011	36,756	38,726	41,543	45,195	48,342	48,761	41,898	41,244	42,106	73,479	62,221	53,565	534%
Amortization of deferred capital contributions	5,066	5,735	6,799	9,639	8,570	9,008	9,576	10,161	12,050	14,431	16,773	14,858	14,609	14,292	14,030	16,507	16,587	16,139	16,179	219%
TOTAL REVENUES	328,514	377,261	398,497	409,775	438,858	444,346	476,353	524,634	552,834	573,597	622,282	638,470	652,700	656,931	674,716	698,191	760,217	781,246	762,442	132%
EXPENSES																				
Salaries & employee benefits	206,291	220,984	233,507	245,854	255,564	259,607	273,799	290,750	310,617	318,502	342,269	362,157	374,129	381,647	390,051	392,576	401,097	415,341	423,978	106%
Library acquisitions	4,146	3,926	3,970	4,199	4,035	4,895	5,297	5,386	5,562	5,405	5,771	5,713	5,847	7,438	7,584	8,400	8,451	8,208	9,370	126%
Lab & teaching supplies	8,753	8,890	9,108	9,335	9,792	9,866	10,589	10,957	10,272	10,936	12,282	12,552	13,778	13,883	14,427	13,487	14,961	14,883	12,357	41%
Equip & service	10,776	11,113	9,934	5,871	9,902	10,073	10,909	10,235	16,209	16,440	14,917	13,394	14,401	17,949	18,477	18,156	22,672	22,854	19,733	83%
Finance costs	1,892	2,532	3,427	3,861	4,178	4,478	4,145	3,331	3,306	4,664	6,424	7,003	6,667	5,963	5,923	5,701	6,705	6,751	6,097	222%
Utilities & taxes	10,305	9,966	10,595	12,684	13,709	15,677	15,323	15,307	14,784	13,399	16,682	20,244	21,816	21,089	19,515	19,158	20,384	19,427	16,232	58%
Externally contracted services	27,803	28,156	27,821	29,431	31,851	31,866	39,183	40,575	49,219	49,581	54,807	58,354	56,270	54,615	58,995	67,667	94,439	84,326	67,830	144%
Scholarships, bursaries & prizes	20,270	23,970	25,902	28,218	33,179	31,490	36,111	39,928	44,862	45,439	48,259	49,367	51,284	50,255	52,167	53,200	56,173	59,963	67,206	232%
Ancillary cost of sales & service	8,801	9,473	9,891	10,050	9,836	10,488	9,775	10,681	10,213	10,205	11,133	9,561	7,718	8,056	7,765	8,691	8,373	8,833	2,340	-73%
Travel	9,134	8,738	9,847	10,760	10,601	10,238	12,043	11,284	11,725	11,764	13,094	13,935	14,409	14,512	13,813	15,041	15,711	16,780	1,113	-88%
Amortization of capital assets	13,859	16,277	18,173	20,863	22,051	22,896	20,707	22,476	25,627	30,998	32,924	33,613	33,737	38,316	36,681	37,362	40,016	40,688	43,399	213%
General Operating	21,506	21,657	23,324	23,364	23,829	24,236	25,727	26,151	27,678	23,991	28,944	28,738	27,933	29,387	28,786	28,802	31,779	34,698	23,299	8%
TOTAL EXPENSES*	343,536	365,682	385,499	404,490	428,527	435,810	463,608	487,061	530,074	541,324	587,506	614,631	627,989	643,110	654,184	668,241	720,761	732,752	692,954	102%
OPERATING SURPLUS	4,978	11,579	12,998	5,285	10,331	8,536	12,745	37,573	22,760	32,273	34,776	23,839	24,711	13,821	20,532	29,950	39,456	48,494	69,488	1296%

*Excludes Pension expense adjustment

Table 2: Spending by responsibility centre: operating budget only (2002-03 to 2020-21)

Source: Dalhousie University Audited Financial Statements - Schedule of Revenue and Expense - Operating

FISCAL YEAR	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	19-year change
Academic	161,492	171,297	176,396	184,278	189,229	193,449	206,109	218,756	235,918	238,251	258,866	273,055	286,410	294,807	301,413	306,348	312,949	317,256	317,698	97%
Academic Support	7,906	8,195	9,030	9,245	9,667	9,251	11,042	12,031	11,791	11,792	14,469	15,420	16,110	17,593	17,033	16,045	19,041	18,801	25,992	229%
Admin & General	16,008	17,753	18,349	19,679	20,614	22,829	26,004	28,784	30,768	31,699	36,200	39,167	40,088	41,130	40,208	41,555	43,051	44,946	43,727	173%
Facilities Management	24,397	26,711	30,235	32,389	35,794	38,757	40,657	45,797	52,793	60,377	65,319	74,379	82,725	70,357	67,005	65,655	75,592	75,898	57,753	137%
Student Services	8,679	9,488	10,955	13,226	14,976	16,413	17,220	18,735	21,407	21,711	23,099	24,096	25,560	25,673	26,386	27,192	28,428	29,988	31,002	257%
Institution	1,029	1,189	1,375	1,626	4,491	4,391	6,817	8,254	13,195	11,167	12,399	11,901	11,912	14,984	16,415	16,702	21,430	24,331	36,445	3442%
TOTAL EXPENSE	219,511	234,633	246,340	260,443	274,771	285,090	307,849	332,357	365,872	374,997	410,352	438,018	462,805	464,544	468,460	473,497	500,491	511,220	512,617	134%

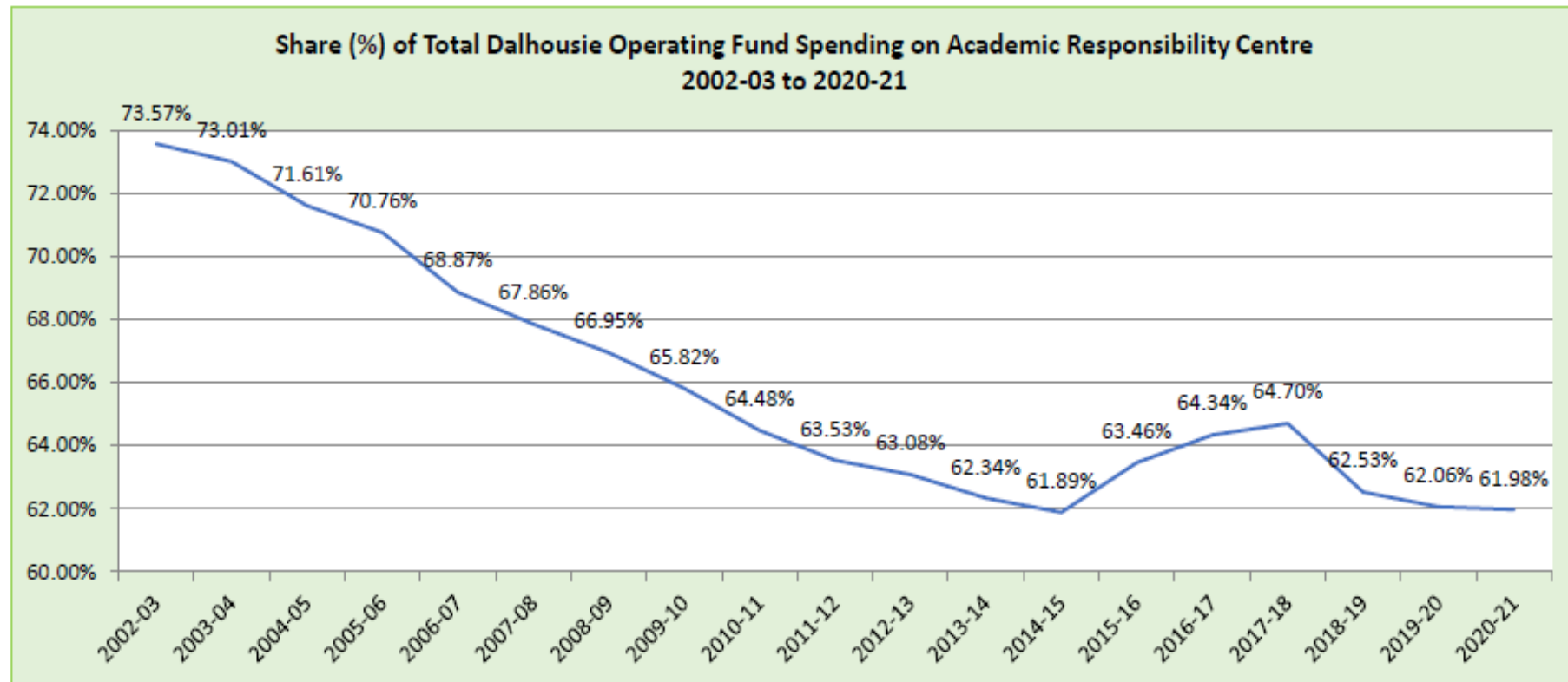
Table 3: Percentage of operating fund spending by responsibility centre 2002-03 to 2020-21

FISCAL YEAR	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Academic	73.57%	73.01%	71.61%	70.76%	68.87%	67.86%	66.95%	65.82%	64.48%	63.53%	63.08%	62.34%	61.89%	63.46%	64.34%	64.70%	62.53%	62.06%	61.98%
Academic Support	3.60%	3.49%	3.67%	3.55%	3.52%	3.24%	3.59%	3.62%	3.22%	3.14%	3.53%	3.52%	3.48%	3.79%	3.64%	3.39%	3.80%	3.68%	5.07%
Admin & General	7.29%	7.57%	7.45%	7.56%	7.50%	8.01%	8.45%	8.66%	8.41%	8.45%	8.82%	8.94%	8.66%	8.85%	8.58%	8.78%	8.60%	8.79%	8.53%
Facilities Management	11.11%	11.38%	12.27%	12.44%	13.03%	13.59%	13.21%	13.78%	14.43%	16.10%	15.92%	16.98%	17.87%	15.15%	14.30%	13.87%	15.10%	14.85%	11.27%
Student Services	3.95%	4.04%	4.45%	5.08%	5.45%	5.76%	5.59%	5.64%	5.85%	5.79%	5.63%	5.50%	5.52%	5.53%	5.63%	5.74%	5.68%	5.87%	6.05%
Institution	0.47%	0.51%	0.56%	0.62%	1.63%	1.54%	2.21%	2.48%	3.61%	2.98%	3.02%	2.72%	2.57%	3.23%	3.50%	3.53%	4.28%	4.76%	7.11%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

NOTES

- ¹ The Academic Responsibility Centre includes Faculties and University Libraries, the Colleges of Continuing Education and Sustainability, Centres, Institutes and Special Projects, Technical Co-op Education and Career Services; Faculty-related Costs (sabbatical, travel, etc.), transfer of tuition with King's; and Academic Initiatives.
- ² The Academic Support Responsibility Centre includes Information Technology Services; the Art Gallery; the Centre for Learning and Teaching; and the Printing Centre.
- ³ The Student Services Responsibility Centre includes the office of the Vice-President, Student Services; Counselling; Student Health and various other student services.
- ⁴ The Institution Responsibility Centre is undefined.

CHART



Interfund transfers 2002-03 to 2020-21 (in thousands of dollars)
Transfer in (Transfer out)

Source	Operating	Endowment	Ancillary	Capital	Special Purpose	Research
2020/2021	(46,067)	(2,561)	3,387	49,896	5,171	(9,826)
2019/2020	(35,900)	(2,065)	(16,059)	57,552	4,337	(7,865)
2018/2019	(32,863)	(1,929)	(13,446)	51,838	3,563	(7,163)
2017/2018	(22,130)	(1,834)	(12,929)	46,952	(592)	(9,467)
2016/2017	(19,323)	(2,792)	(11,748)	43,274	(546)	(8,865)
2015/2016	(29,597)	(2,002)	(12,884)	53,194	(174)	(8,537)
2014/2015	(35,914)	(2,244)	(11,244)	60,146	(2,620)	(8,124)
2013/2014	(26,577)	(1,573)	(11,028)	49,471	(1,348)	(8,945)
2012/2013	(20,855)	(829)	(8,475)	48,131	(1,389)	(16,583)
2011/2012	(22,551)	(1,419)	(8,446)	44,302	(1,230)	(10,656)
2010/2011	(17,003)	(1,524)	(7,745)	35,423	974	(10,125)
2009/2010	(13,020)	(1,536)	(7,730)	29,663	388	(7,765)
2008/2009	(9,518)	(1,739)	(7,219)	23,254	1,888	(6,666)
2007/2008	(6,731)	(1,722)	(7,280)	21,343	2,177	(7,787)
2006/2007	(4,589)	(1,475)	(6,152)	22,561	(3,199)	(7,146)
2005/2006	(5,578)	(1,088)	(6,877)	20,921	(949)	(6,429)
2004/2005	(4,127)	(1,521)	(7,302)	20,851	(1,288)	(6,613)
2003/2004	(2,287)	(1,556)	(6,972)	17,445	(660)	(5,970)
2002/2003	174	(1,330)	(6,878)	11,338	(1,273)	(2,031)
Total	(272,489)	(28,113)	(154,355)	600,107	(6,278)	(138,872)

Source: Dalhousie University Audited Financial Statements - Consolidated Schedule of Revenue and Expenses.