UTFA Bargaining Report

University of Toronto Faculty Association July 6, 2012

Bargaining Report #5 – 2011–2012

UTFA COUNCIL APPROVES SETTLEMENT FOR 2011–2014

Introduction

We have a new agreement on salary, benefits, and pensions for faculty and librarians! At its meeting of June 26, 2012, UTFA's Council approved without opposition a mediated (i.e., voluntary) settlement negotiated by the UTFA bargaining team and representatives of the University of Toronto Administration during mediation with Mr. William Kaplan on the weekend of June 2 and 3. The full details of this settlement were previously released and are available in the form of two documents, the terms of the settlement and a letter of understanding pertaining to employer contributions to the pension plan.[1]

In this bulletin, we address some questions members have posed, and look ahead at some issues and challenges that remain. We specifically include sample calculations so members may better understand how the salary and pension contribution increases apply to individual salaries.

Why a Three Year Deal?

This settlement is three years in duration, but we are already one year into its term. So in reality, the agreement looks back one year and ahead two. But it is also true that we have typically negotiated shorter deals. We felt by agreeing to a longer term, we could create some flexibility in the agreement, including some provisions that are phased in during the term of the settlement and provide one party or the other the advantage of shorter term cash flow (e.g., we put off the second and larger pension contribution increase to the final day of the deal, June 30, 2014).

We were also concerned about the potential for government intervention in Ontario public sector bargaining. By agreeing to a longer term deal, we insulate ourselves from this intervention, assuming of course that any potential legislation will not roll back negotiated increases.

How Does the Across-the-Board Salary Portion of the Settlement Work and Why the Combination of Per Cent Increases and Flat Dollar Amounts?

The ATB portion of the settlement comes in three annual adjustments on July 1 of each year of the agreement (2011, 2012, and 2013). The adjustment for 2011–2012 is retroactive for the past twelve months and will be paid out as a lump sum in the July 2012 pay period.[2]

The ATB settlement in each year features two components. The first is a percentage of individual salary, specifically, 1% in each year of the agreement. So each faculty member and librarian receives an increase corresponding to 1% of their June 30 salary on July 1 of each year. The second component is a fixed (i.e., flat) dollar increase to base salary that each faculty member and librarian receives (pro-rated for part time

[1] For both documents and other bargaining updates, see http://www.utfa.org/content/bargaining-current-updates .
[2] For details from the Provost's Office on implementation of the award, see PDADC #71, 2011–2012.

appointments): $1000 as of July 1, 2011; $1520 on July 1, 2012; and $1815 on July 1, 2013. All of these increases are compounded, i.e., increases are stacked on top of one another.

UTFA pressed for increases structured this way because the value of hybrid increases is greater as a percentage of salary for those with lower salaries. The settlement thereby places something of a check on salary dispersion but also insulates those less well paid against the rising cost of living at a time when economic and fiscal conditions are attenuating settlements in higher education and the broader public sector. These kinds of hybrid ATB awards are not uncommon, including in the university sector.

To understand how this award works for different salaries, we have prepared charts with sample calculations. Please see Appendix A to this bulletin.

How Does the PTR Increase Work and Why Is It Not a Permanent Increase to the PTR Pool?

The PTR increases in the settlement are equivalent in value to 0.5 % of the total salary mass for those categories of appointment UTFA represents in 2012 and 0.3 % in 2013. These are increases to the *total* PTR pools for faculty and librarians. Individual PTR amounts will be calculated in the usual way, though the average individual award will go up by the same amounts.

It is important to note that the two one-time-only increases to PTR we have negotiated will *permanently* increase the overall salary base by 0.5 per cent and 0.3 per cent respectively (since PTR awards go to base salaries). This is one of the reasons why the settlement includes provision for the PTR pool to return to its prior level when the agreement expires. If we wish to make these increases permanent, we will be able to revisit that issue in the next round of negotiations.

What Are the Benefit Changes and Why Did We Choose These Changes?

The settlement includes increases in vision care coverage and in physiotherapy, chiropractic, and registered massage therapy phased in over two years. In addition, we negotiated increases in the Professional Expense Reimbursement Allowance (PERA) to $1850 per year as of July 1, 2013 for all pre-tenure faculty, all pre-promotion teaching stream faculty and all librarians prior to promotion to permanent status. For all others, PERA will increase to $1600, also on July 1, 2013.

In a significant change, the settlement also includes provision for an increase in research and study leave (i.e., “sabbatical”) pay from 82.5 % to 90 % of normal compensation during the first full year leave following successful tenure and promotion to Associate Professor, promotion to Senior Lecturer in the teaching stream, or promotion to permanent status and Librarian III for librarians.

We also negotiated changes in the Dependent Scholarship Program to expand eligibility to the Transitional Year Program and the Academic Bridging Program.

All of these adjustments help to keep our benefit plan competitive. The changes to insured benefits parallel those negotiated by other groups on campus, while the benefits adjustments more generally reflect, to the best of our abilities to negotiate them, priorities established in our February 2011 bargaining survey. The changes to research and study leave pay reflect UTFA’s general concerns that our research and study leave pay is too low, thereby inhibiting faculty and librarians from taking their sabbaticals. The parties agreed that this problem is particularly acute early in careers when a first leave is vitally important to facilitate ongoing scholarly and professional development.

Why Did We Agree to Working Groups? Aren’t We Against Working Groups?

The settlement also establishes joint working groups on the Long Term Disability plan and PTR.

Not all working groups are created equally. Our critique of working groups has been directed at those without provision for dispute resolution and good faith bargaining. However, working groups on issues subject to the Article 6 (i.e., the bargaining process) address issues we can always deal with more formally during negotiations. This is not the case with working groups on frozen policies.

In terms of the specifics of the two working groups we established, UTFA has been looking for greater tax efficiency in the LTD plan for some time, but it is also apparent that faculty and librarians represented by UTFA are paying much more into the LTD plan than we are drawing out in benefits. That means faculty and librarians are systematically subsidizing other employee groups on campus. UTFA and the Administration, via this settlement, have agreed on a process to explore changes to the plan.

The PTR working group is meant to revisit the guidelines on PTR and, fundamentally, how it should work and why. The current PTR system is controversial and far from universally embraced. We also know there is considerable variation in how the guidelines are interpreted across various academic units. Some of this variation is good and healthy and reflects important differences in scholarly and pedagogical cultures. Some of it is less so and creates arbitrary inequities. In some units, the guidelines are implemented fairly. But members are telling us that in some units this is not the case. We also hear concerns that PTR, though merit-based by design, may sometimes result in excessive individuation, reflecting spurious precision and giving rise to division and resentment. Under what circumstances, for example, can we say that one person's annual performance may be valued in relation to another's to a level of $100 increments in base salary increases? And should the monetization of performance be strictly annual, or should it be less sensitive to annual fluctuations (and be based on running averages, for example)?

These are some of the questions UTFA will bring to the working group, based on what we have heard from members over the years. It is important to understand that the current guidelines were unilaterally developed and imposed by the Provost's office. They were never negotiated. This must change. PTR, including the guidelines, clearly falls under the scope of Article 6 of our MoA. The working group on PTR will contribute to rectifying this situation. UTFA will be undertaking systematic outreach and consultation on PTR next year in order to ensure that your views contribute to appraisals of the current PTR guidelines and any proposed changes.

What Is the Aggregate Value of the Deal?

If we total all compensation increases, including the research and study leave pay increase and the value of other benefit adjustments, the non-compounded value of this agreement is about 7.4 per cent, and approximately 7.6 per cent compounded, expressed as an increase in the total pool of compensation for faculty and librarians represented by UTFA. The impact of the settlement on individuals varies somewhat, but will generally be higher for those at the lower end of the salary scale (though performance in PTR assessments will influence the effect of this settlement on individual base salaries). If we subtract the value of pension contribution increases, the net value of the settlement is approximately 5.5 percent over the three years.

Why Did We Agree to Pension Contribution Increases?

Perhaps the most controversial aspect of the deal is an agreement on pension contribution increases from faculty and librarians represented by UTFA, phased in over two years, first on July 1, 2013 and then on June 30, 2014 (the last day of the deal). For many years, we have emphasized that the deficit in our pension plan is the result of past contribution holidays compounded by disastrous investment decisions over which we had no control. In the previous round of negotiations, we successfully fought off an attempt to increase our contributions. Why agree now?

In short, times have changed. Our negotiations were shaped by the knowledge held by both parties and the mediator/arbitrator that, since the previous round of bargaining, every comparable faculty association settlement facing the challenge of pension deficits has featured a negotiated contribution increase. Given this change in the bargaining climate, we were very concerned that, should we attempt to go to arbitration in order to resist contribution increases, the arbitrator would be very likely to impose them and we would thereby lose any control over the other terms of the settlement, including any of our own conditions for accepting the increases.

As well, since the previous round of negotiations, the provincial government has introduced solvency relief for pension plans in deficit. Increases in employee contributions comprise one of the key factors named by the government to be considered in whether or not solvency relief will be granted to specific plans, including ours. The agreement reached will see the ratio of employer to employee contributions drop from 2:1 to closer to 8:5. Had we not agreed, and had our refusal meant the plan would not qualify for relief (the likely consequence), required solvency payments from our plan would have been double or more, and this money would have come from somewhere other than our contributions, likely including from divisional budgets. In that context, our goal was always to try to reach an agreement that would feature increases in our compensation to offset the burden of any agreed pension contribution increases. This is based on the premise that, other things being equal, the parties had a mutual interest in higher rates of contribution, not to reduce the deficit per se, but to reduce annual solvency payments. The question was how to share this cost. Our team believes the settlement reflects a reasonable sharing of responsibility, a sentiment reinforced by UTFA Council in its June 26 vote.

Our two conditions for agreeing to contribution increases are reflected in the deal. First, the value of the deal, as noted above, is about 7.4 per cent over three years. This is far above the norm in our sector. The value of the deal net of the contribution increases is about 5.5 per cent, much closer to the weighted average for our sector in the years covered by the deal. So, although the deal does not explicitly feature an offset from the Administration to pay for the costs of our increases, such an offset is factored into the settlement and was an explicit topic in our negotiations. Second, we secured a letter of understanding stipulating that our contribution increases will only be used to fund the current service costs of our plan, and neither to pay down the deficit caused by the Administration's own conduct nor to allow the Administration to reduce its own actuarially determined current service costs. As well, as noted above, we were able to delay implementation of contribution increases to the third year of our agreement, a date later than any other negotiated settlements.

It is very important to understand that the problems of our plan, though acute, do not exist in isolation. Many other pension plans in the public sector in Ontario are in deficit. In numerous settings parallel to ours, including at other universities, collective agreements have featured increases in employee contributions to pension plans. Much of the impetus comes from the government's solvency regulation. But the government is clearly interested in finding some way to restructure public sector pension plans and there remains considerable pressure on us to work out changes that will put the plan on a more sustainable footing. Our agreement to increase employee contributions to the plan must be seen in this context, that is, as a sign of the changing times when it comes to public sector pension plans in Ontario.

How Much More Will I Have to Pay into the Pension Plan?

Individual contributions to the pension plan remain a function of salary. Also, pensionable income covered by our plan is capped by the Income Tax Act. The current ITA cap for the U of T pension plan is about $145,000, so any portion of income above this level is not affected by the contribution increases agreed to as part of this settlement.

Generally speaking, the first contribution increase (July 1, 2013) will be in the range of 1.2 per cent of salary, and the second contribution increase (June 30, 2014) will bring the overall increase to approximately 1.9 per cent of salary. To see how these numbers fluctuate as a function of salary, Appendix B provides some sample calculations of contribution increases for different salaries.

Is Everyone Affected by These Changes, Including Those Who Are Not Members and Don't Pay Dues?

The settlement applies to all faculty and librarians represented by UTFA whether they are members or not. However, because UTFA negotiates minima, some individuals and groups of individuals will enjoy superior compensation adjustments over the course of the agreement as a consequence of arrangements unique to them. One might argue that all faculty and librarians represented by UTFA should pay dues and belong to the association. That would mean they contribute to supporting processes from which they directly benefit. It would also ensure they are informed and that they may contribute to our deliberations (e.g., via questionnaires and surveys sent to all members).

For anyone hired before 1998, membership in UTFA is entirely voluntary. However, joining is easy. Anyone wishing to join UTFA (and all are welcome) should write to faculty@utfa.org .

What about Augmentation? Why Did We Not Get That?

Our pension plan provides for limited protection – called "indexation" – against erosion of purchasing power for pensioners on fixed incomes. This protection is indexed to seventy-five per cent of the rate of inflation. Obtaining the additional 25 per cent inflation protection (called pension "augmentation") is something UTFA has aggressively pursued on behalf of our retired colleagues in round by round of negotiations, with some considerable success. However, in the arbitration award for 2009–2011, the arbitrator failed to award augmentation. And the settlement we just reached does not include the additional augmentation for pensioners.

This is a serious issue since the loss of inflation protection compounds over time. And while inflation has been low in recent years, it may increase. For these reasons and out of concern to protect our retired colleagues on fixed incomes, we held out on this issue until the very end of the mediation process. But at the end of the day, we concluded that it was extremely unlikely we would obtain augmentation. The large deficit in the plan, combined with the terms of the new solvency regulation, makes it very difficult to justify adding significant additional liability to the plan; certainly the Administration was clear in its refusal to agree to do so. Thus, we would have had to go to arbitration to have any hope of securing augmentation. And for the reasons cited, combined with the overall fiscal and economic climate at the moment and the reality that other broader public pension plans are not increasing pension augmentation for their retirees, it seemed obvious that the arbitrator would not award augmentation. It made no sense in this instance to persist and thereby place other provisions of the agreement at risk.

Are There Other Issues that This Settlement Does Not Address?

In the end, our negotiating team felt this was the best deal possible. But there are issues on which we did not reach agreement in negotiations. One is anomaly adjustments. At present, UTFA plays no role in salary anomaly adjustments. There is widespread discontent with the current system, one which includes the bizarre proviso that applicants must have received a PTR award in the top quartile of their unit in order to even be considered. The Administration denies that anomaly adjustments fall within the scope of Article 6 and the negotiations over salary, benefits, and pensions. We disagree and will be pursuing this issue further.

What about All That "All Terms and Conditions" Stuff?

In this round of negotiations, stretching back to more than one year ago, UTFA also pressed for changes in the way we deal with issues that presently fall outside the scope of the bargaining process prescribed in the Memorandum of Agreement (i.e., Article 6) for dealing with monetary issues (and, as of the last round of negotiations, workload).

This past April, at an earlier stage of the mediation, UTFA and the Administration agreed on what we hope will be a meaningful process for reviewing and modernizing the MoA — the Special Joint Advisory Committee on the MoA. The SJAC will tackle the fundamental question of what role UTFA plays in governance at the University of Toronto, and how UTFA represents faculty and librarians. The SJAC will specifically address whether the good faith bargaining and dispute resolution processes that feature in our negotiations over salary, benefits, pensions, and workload should continue to be restricted only to those issues and not apply to negotiations over the important non-monetary conditions that shape the environment of our academic and professional activities. This in turn is tied to fundamental questions of university governance and what collegiality in academic governance really means, and speaks specifically to the role of faculty and librarians in academic planning. In all of this we will be assisted by an independent facilitator, should we require one.[3]

Two sub-committees of the SJAC will examine appointments related matters, including possible changes to tenure policies and policies for a new stream of teaching-intensive and professional appointments. We will be conducting outreach to members throughout the year, looking for your views on these important matters. This includes plans for open, panel-style discussions dealing with issues of relevance to faculty and librarians: different models of university governance; academic freedom; intellectual property and academic publishing; and more. Look for details on these topics and consultations in the coming months.

Thank you to all members for your patience and support. Special thanks to those who took the time to fill out our surveys and questionnaires, and to attend our focus groups and open meetings. Thanks also to the many who wrote to us at bargaining@utfa.org where your suggestions, feedback and queries are always welcome. UTFA belongs to all of us.

Your bargaining team in this round has been:

Helen Rosenthal, Senior Lecturer Mathematics (retired)

Judith Teichman, UTFA Appointments Chair, Professor, UTSC Social Science (Political Science)

George Luste, UTFA President, Professor Emeritus, Department of Physics

Luc Tremblay, UTFA VP University & External Affairs, Associate Professor, Faculty of Kinesiology and Physical Education

Sherri Helwig, Program Supervisor, Arts Management Specialist and Humanities Co-op Programs, Senior Lecturer, Department of Humanities (Visual and Performing Arts and Humanities)

Victoria Skelton, Librarian, Industrial Relations and Human Resources Library (Newman)

Helen Rodd, Professor, Department of Ecology and Evolutionary Biology

Scott Prudham, UTFA VP and Chief Negotiator, Professor, Department of Geography and Program in Planning cross-appointed to the Centre for Environment

UTFA Bargaining Report is published by:
The University of Toronto Faculty Association
720 Spadina Avenue, Suite 419 Toronto ON M5S 2T9
Phone 416-978-4596 Fax 416-978-7061
Email faculty@utfa.org Website www.utfa.org

[3] The earlier agreement on the MoA, governance and appointments related matters may be accessed on the UTFA website in the bargaining updates area.

Bargaining Bulletin #5 2011-2012 Appendix A – Sample Calculations of ATB Increases for Specific Salaries

The following tables are intended to assist members in understanding how the across-the-board salary increases work for individual salaries. The first table specifies the annual increases in the settlement. The second table shows July 1 salaries for each year of the agreement (i.e., 2011, 2012, 2013) and the annual per cent value of increases for individuals based on sample initial annual salaries of $75,000, $100,000, $125,000, and $200,000.

Table 1

Year	Per Cent	Fixed Dollar
2011-2012	1%	$ 1,000.00
2012-2013	1%	$ 1,520.00
2013-2014	1%	$ 1,815.00

Table 2

June 30 starting salary of $75,000		June 30 starting salary of $100,000		June 30 starting salary of $125,000		June 30 starting salary of $200,000	
July 1 Salary	Combined value of increase	July 1 Salary	Combined value of increase	July 1 Salary	Combined value of increase	July 1 Salary	Combined value of increase
$ 76,750.00	2.33%	$ 102,000.00	2.00%	$ 127,250.00	1.80%	$ 203,000.00	1.50%
$ 79,037.50	2.98%	$ 104,540.00	2.49%	$ 130,042.50	2.19%	$ 206,550.00	1.75%
$ 81,642.88	3.30%	$ 107,400.40	2.74%	$ 133,157.93	2.40%	$ 210,430.50	1.88%

Bargaining Bulletin #5 2011-2012 Appendix B – Sample Calculations of Pension Contribution Increases for Specific Salaries

The following table is intended to assist members in understanding how the pension contribution increases work for individual salaries. The value of the change in each case is expressed as a per cent of the individual sample salary used.

The formula calculating pension contributions is as follows:

Current Contribution = 0.045*CPPmax + 0.06*(salary-CPPmax)

July 1 2013 Contribution = 0.0555*CPPmax + 0.074*(salary-CPPmax)

June 30 2014 Contribution = 0.063*CPPmax + 0.084*(salary-CPPmax)

where "CPPmax" is the maximum pensionable earnings under the Canada Pension Plan, and "salary" is the individual faculty or librarian salary. At present, the CPPmax is $50,100 but it goes up each year. In the table below, we are assuming it will go up to $51,850 in 2013 and $53,660 in 2014, but these are estimates.

The table shows the value of the increases in relation to salaries of $75,000, $100,000, $125,000, and $200,000. For simplicity, the salaries are not adjusted to account for the negotiated increases. These should be taken as estimates, but as is clear from the table, the value of the increases does not vary greatly by salary.

Year	**Initial Salary = $75,000**			**Initial Salary = $100,000**			**Initial Salary = $125,000**			**Initial Salary = $140,000**		
	Current	**New**	**Change per Salary**	**Current**	**New**	**Change per Salary**	**Current**	**New**	**Change per Salary**	**Current**	**New**	**Change per Salary**
2013	$3,722	$4,591	1.2%	$5,222	$6,441	1.2%	$6,722	$8,291	1.3%	$7,622	$9,401	1.3%
2014	$3,695	$5,173	2.0%	$5,195	$7,273	2.1%	$6,695	$9,373	2.1%	$7,595	$10,633	2.2%
Note: For the CPP maximum salary, assume a 3.5% increase each year, which results in an assumption of $51,850 for 2013 and $53,660 for 2014 (rounded to the nearest $10).												