

April 27, 28 and 29, 2010

IN THE MATTER OF AN ARBITRATION
REGARDING SALARY, BENEFITS AND WORKLOAD
BEFORE MARTIN TEPLITSKY, Q.C.

B E T W E E N :

THE GOVERNING COUNCIL OF THE UNIVERSITY OF TORONTO
(the "University")

- and -

THE UNIVERSITY OF TORONTO FACULTY ASSOCIATION
(the "Association")

UNIVERSITY ARBITRATION BRIEF

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BACKGROUND TO THE ARBITRATION

1. The University and the Association are parties to a Memorandum of Agreement (**Tab 1**, University Documents) which includes Article 6: Salary and Benefits concerning the negotiation and resolution of salary and benefits in accordance with the procedures set out therein.
2. Representatives of the University and the Association engaged in bilateral negotiations in respect of the period July 1, 2009 to June 30, 2010.
3. By letter dated February 19, 2009 (**Tab 2**, University Documents) the University and the Association agreed to invite Martin Teplitsky, Q.C. to act as a mediator and, if necessary, an arbitrator in the context of the provisions of Article 6 of the Memorandum of Agreement between the University and the Association.
4. The parties engaged in mediation meetings with Martin Teplitsky, Q.C. in December 2009 and January, 2010.
5. The mediation phase of the proceedings resulted in an agreement between the parties dated March 19, 2010 (**Tab 3**, University Documents) on certain matters and an agreement that salary, benefits and workload would be the subject of an arbitration before Martin Teplitsky, Q.C. for a two year period from July 1, 2009 to June 30, 2011.
6. Paragraph 3(d) of the March 19, 2010 Agreement between the parties (**Tab 3**, University Documents) provides as follows with respect to an arbitration award as it relates to Article 8: Workload:

3(d) With respect to an arbitration award as it relates to Article 8 it is understood and agreed that *any dispute resolution mechanism concerning assignment of individual workload shall not include external review or decision by third parties*, including third party arbitrators, *and any decisions concerning such disputes must be made by a member(s) of the University (which includes retirees) agreeable to the University and the Association.*
[emphasis added]

MATTERS AGREED TO BY THE PARTIES

7. The parties agreed to implement and pay normal progress-through-the-ranks/merit (“PTR/Merit”) payments effective July 1, 2009. These PTR/Merit payments represented a base compensation increase of 1.9%.
8. Pursuant to the March 19, 2010 Agreement (**Tab 3**, University Documents) between the parties, the parties reached agreement on the following:
 - (a) To amend existing Article 8 - Workload of the Memorandum of Agreement to provide that amendments to Article 8 will be made in accordance with and are part of the process under Article 6 of the Memorandum of Agreement thereby agreeing that Workload issues can be subject to the same negotiation and dispute resolution process set out in Article 6 of the Memorandum of Agreement that applies to salary and benefits.
 - (b) To change the composition of the Grievance Review Panel (the “GRP”) to provide for a legally trained person external to the University with experience and expertise in university matters, mutually agreeable to the University and the Association, to be the Chair of the GRP and the Chairperson of each three member Grievance Review Committee. The person agreed to by the parties as external Chair of the GRP is William Kaplan.
 - (c) That the members of the faculty and librarian on the GRP and any vacancies on the GRP will be appointed by the President of the University after consultation and agreement with the Association.
 - (d) That in the future, if the parties are unable to agree on the legally trained person external to the University with experience and expertise in university matters to be Chair of the GRP then the Chief Justice of Ontario shall be asked to appoint the individual upon the application of either party and after consultation with both parties.

- (e) That if the GRP chooses to retain external legal counsel the GRP will select such counsel subject to mutual agreement of the University and the Association.
9. Pursuant to a March 19, 2010 form of UTAC letter agreed to by the parties (**Tab 4**, University Documents), the parties reached agreement on the following:
- (a) The parties confirmed certain matters with respect to the University Tenure Appeals Committee (“UTAC”) established under Part IV of the *Policy and Procedures on Academic Appointments* (the “PPAA”) on the understanding that nothing in their agreement expands the existing grounds of appeal in paragraph 23 of Part IV of the PPAA:
 - (i) *The Statutory Powers and Procedures Act*, including its powers to order documentary production, applies to tenure appeal hearings before UTAC and UTAC decisions are subject to judicial review.
 - (ii) UTAC has the jurisdiction to consider allegations of discrimination as enumerated in Article 9 of the Memorandum of Agreement, relevant to the grounds set out in paragraph 23 of Part IV of the PPAA.
 - (iii) UTAC can consider all arguments relevant to any ground of appeal set out in paragraph 23 of the PPAA, including arguments relevant to any such ground of appeal based on the Memorandum of Agreement between the parties.
 - (b) The panel of UTAC members will be increased from 8 members to 16 members, including a Chair and a Vice-Chair, with the members to be appointed by the President after consultation and agreement with the Association. If the parties are unable to agree on the internal Chair or Vice-Chair of UTAC then the Chair of the GRP shall be asked to appoint the internal individual(s) upon the application of either party and after consultation with both parties.

- (c) External legal counsel to UTAC shall be selected by UTAC, subject to mutual agreement of the University and the Association.
 - (d) The parties have agreed that with respect to the provisions of the PPAA concerning the discretion of the Provost to grant a delay of consideration for tenure, such issues fall within the jurisdiction of the GRP. Where a grievance is filed in this regard and where there is a subsequent appeal to UTAC, the grievance before the GRP will be heard first. If a request for delay is made, and a grievance is filed challenging a decision by the Provost to deny the request, the Tenure Committee, if any, will suspend its proceedings under the PPAA until the grievance related to the request for delay is resolved or determined by the GRP.
10. In the context of the replication model of interest arbitration it is noteworthy that the Workload, GRP, and UTAC issues addressed in the parties' March 19, 2010 agreements are outside the scope of Article 6 – Salary and Benefits and outside the jurisdiction of the dispute resolution process or arbitration under Article 6. In other words the University voluntarily agreed in collective bargaining negotiations to demands or proposals of the Association that the Association could not have achieved under the Article 6 process or this arbitration.

THE ISSUES BETWEEN THE PARTIES AND THE UNIVERSITY'S POSITION

11. In broad terms, the issues between the parties are as follows:
 - (a) PTR/Merit
 - (b) Across-the-board ("ATB") salary increase
 - (c) Pension
 - (d) Benefits
 - (e) Workload

12. The University's position on the outstanding issues can be summarized as follows:
 - (a) PTR/Merit
 - (i) July 1, 2009 - By agreement between the parties faculty and librarians have already received normal PTR/Merit payments effective July 1, 2009,. There should be no modification to the existing PTR/Merit scheme or further PTR/Merit payments effective July 1, 2009.

 - (ii) July 1, 2010 – If, and only if, there is no ATB salary increase for the period July 1, 2009 to June 30, 2011 and the increases in member contributions to the pension plan proposed by the University are awarded, with no increase in member pension benefits, then normal PTR/Merit for July 1, 2010 could then be awarded without any modification to the existing PTR/Merit scheme for faculty and librarians for July 1, 2010.

 - (b) ATB

No ATB salary increases for faculty and librarians during the period July 1, 2009 to June 30, 2011.

(c) Pension

- (i) Effective July 1, 2010 increase member contributions to the University of Toronto Pension Plan (the "pension plan") for faculty and librarians from 4.5% to 5.7% of salary below the CPP maximum salary and from 6% to 7.6% of salary above the CPP maximum salary.
- (ii) Effective June 30, 2011 increase member contributions to the pension plan for faculty and librarians to 6.75% of salary up to the CPP maximum salary and 9.0% of salary above the CPP maximum salary.
- (iii) Provided member contributions to the pension plan are increased as proposed by the University above, in each plan year the University's contributions to the pension plan for faculty and librarians would be no less than the total of member contributions to the plan by faculty and librarians.

(d) Benefits

No increase or change in benefits for the period July 1, 2009 to June 30, 2011.

(e) Workload

The University's Workload proposal of November 27, 2009, as amended in this Arbitration Brief, to be awarded by the arbitrator.

PRINCIPLES APPLICABLE TO THE ARBITRATION

The Replication Model

(a) The 1986 Munroe DRP Decision

13. The dispute resolution provisions of Article 6 of the Memorandum of Agreement between the parties (**Tab 1**, University Documents) that have been in effect since December, 1984, provide in paragraphs 16 and 19 that an arbitrator or dispute resolution panel shall: (i) “make every reasonable effort to issue a ... report which shall attempt to reflect the agreement the parties would have reached if they had been able to agree”; and (ii) “take into account the direct or indirect cost or saving of any change or modification of any salary or benefit agreed to by the parties in making its recommendation for settlement.”

14. The first decision of a Dispute Resolution Panel under the current version of Article 6 of the Memorandum of Agreement was the December 1986 decision of a Dispute Resolution Panel chaired by Donald R. Munroe, Q.C. (**Tab 5**, University Documents). In that decision Chairman Munroe confirmed the agreement of the parties in Article 6 of the Memorandum of Agreement to the adoption of the “replication model” of interest arbitration:

Subsequent to the publication of the Burkett award, the parties engaged in protracted negotiations about the content of Article 6. Eventually, in December, 1984, the parties agreed to a substantial re-wording. Among other things, the criteria for decision were altered. Indeed, they were deleted. Now, the obligation on the part of the panel is to:

...attempt to reflect the agreement the parties would have reached if they had been able to agree (Article 6(16))...tak[ing] into account the direct or indirect cost or saving of any [agreed-upon change] to any salary or benefit (Article 6(19))

By that formulation, *the parties ... agreed ... to the adoption of the so-called “replication model”: where the decision-maker is to try to replicate the agreement that*

the parties themselves would have reached if they had been left to the ordinary devices of collective bargaining – including economic sanctions. Put simply, at what point would the Association and its membership have settled rather than commence or continue a strike (if the strike option had been available)? At what point would the University have settled rather than commence or continue a lockout (if the lockout option had been available)? ...

...

Rather, the essential function of the decision-maker becomes the identification of the factors which likely would have influenced the negotiating behaviour of the particular parties in the actual circumstances at hand. It is the dynamic mix of those factors which produces the end result.

...

[emphasis added]

(b) The 1993 Munroe DRP Decision

15. The next Dispute Resolution Panel decision between the parties was the June 18, 1993 decision of a Dispute Resolution Panel chaired by Donald R. Munroe, Q.C. (**Tab 6**, University Documents). In that decision the Association relied on the “replication model” established in the 1986 Munroe DRP decision and the Chair of the Dispute Resolution Panel reaffirmed the applicability of the “replication model” from his 1986 decision:

REPLICATION: THE TUTOR SECURITY ISSUE

The “tutor security” issue became acute for the Association in the academic years 1989-91 when two senior tutors received notification that their contracts would not be renewed. The Association, by its various internal processes, has come to treat the matter as requiring its serious and sustained attention. As we have indicated, it is common ground that the Dispute Resolution Panel has no jurisdiction to make a finding with respect to the Association’s proposal for enhanced

tutor security. But as we have also noted, *the Association considers the issue to be pertinent to the present-day application of the so-called replication model of interest arbitration.*

In our decision dated December 23, 1986, we reviewed the background to Article 6 of the Memorandum of Agreement; and we spoke about the parties' "shift" in December, 1984, ... to a more replicative model of dispute resolution (at pp.3-8):

[Excerpts from 1986 Munroe DRP Decision excluded]

...

Referring to those passages, the Association says to us, in effect, that the Governing Council's failure or refusal to deal effectively with the issue of tutor security would have resulted in a different "dynamic mix" than if that issue were squarely addressed and appropriately resolved. *In sum, the Association says that had the parties been left to the usual devices of collective bargaining for the resolution of salaries and benefits, the Governing Council likely would have "paid the price" for its intransigence on the question of tutor security.*

As a jurisdictional matter, it is not altogether clear how the Association's argument (as we have just summarized it) can be reconciled with Article 6(19) of the Memorandum of Agreement (reproduced above). *It is true that in our 1986 decision, we embraced the replication model of interest arbitration: both as a general preference and as a matter of contract interpretation.* However, it is equally the case that our application of that model to the resolution of disputes between these parties must be capable of being articulated within the jurisdictional parameters found in the underlying submission to arbitration.

...

Of course, the Governing Council can hardly be faulted for its insistence upon strict adherence to a bargaining limitation which has come into being by the parties' own clear volition. *However, especially in the current Ontario bargaining climate, the Governing Council should not be too surprised to find that one consequence of such insistence is a corresponding*

immovability by the Association as regards certain of the issues within the “salaries and benefits” rubric – to a degree which might otherwise be regarded as disproportionate.

[emphasis added]

(c) The 2006 Winkler DRP Decision

16. The replication model was the subject of further comment and endorsement in the March 27, 2006 decision of a Dispute Resolution Panel between the parties chaired by then Regional Senior Justice Winkler (**Tab 7**, University Documents). Justice Winkler’s comments in this regard included the following:

[6] ... *the “replication principle” which mandates that an award emanating from an arbitration conducted pursuant to Article 6 of the MOA should, as closely as possible, reflect the agreement that the parties would have reached had they been able to reach an agreement in free collective bargaining.*

...

[17] There is a single coherent approach suggested by these authorities which may be stated as follows. *The replication principle requires the panel to fashion an adjudicative replication of the bargain that the parties would have struck had free collective bargaining continued.* The positions of the parties are relevant to frame the issues and to provide the bargaining matrix. However, it must be remembered that it is the parties’ refusal to yield from their respective positions that necessitates third party intervention. Accordingly, the panel must resort to objective criteria, in preference to the subjective self-imposed limitations of the parties, in formulating an award. In other words, *to adjudicatively replicate a likely “bargained” result, the panel must have regard to the market forces and economic realities that would have ultimately driven the parties to a bargain.*

[emphasis added]

Total Compensation

17. The arbitrator should assess total compensation and should not examine provisions in isolation. The principle of comparison based on total compensation – which is reflected in the language of subsection 19 of Article 6 of the Memorandum of Agreement (**Tab 1**, University Documents) – has long enjoyed acceptance among interest arbitrators. Interest arbitrators have accepted that meaningful comparisons cannot be made by looking at each provision in isolation. In *Re 46 Participating Hospitals and SEIU and Local Unions* (1 June 1981) (**Tab 8**, University Documents) Professor Paul Weiler explained the reason why an assessment of the totality of compensation and benefits should form the basis of any interest arbitration award:

I have always thought it essential not to look at any such item in isolation. With rare exceptions any such proposed improvement looks plausible on its face. The Union can point to some number of bargaining relationships where this point has already been conceded. It may even be true that, taken one by one, no single revision will actually cost that much. But, cumulatively, these changes can mount up substantially. Thus, sophisticated parties in free collective bargaining look upon their settlement as a total compensation package, in which all of the improvements are costed out and fitted within the global percentage increase which is deemed to be fair to the employees and sound for their employer that year. In fact, the general wage hike itself generates corresponding increases in the vast bulk of the compensation package represented by the wages, since it increases the regular hourly rate upon which holidays, vacation, overtime and other premiums depend. This means that in any one negotiating round only limited room is left available for improvements in the scope and number of these contract revisions, and the Union must establish its own priorities among these various fringe items.

These facts of free collective bargaining must be kept in mind if arbitration is, indeed, to try to replicate the results which would be achieved in the former setting. The reason is that the arbitration model does not inherently require the parties to make these tough

choices in their negotiating positions. Inside the bargaining unit, for example, one group of employees may want higher pensions, another segment seeks longer vacations, a third is interested in a new dental plan, while others simply want as much higher take-home pay as possible (depending on their respective positions, ages, family situations, and so on). In the arbitration context, the Union does not have to worry that if it asks for too many things at once, the result will be a painful work stoppage. Indeed, the Union may be tempted – as also the Employer which has its own diverse constituencies which it does not want to alienate – to carry all of these initial demands forward to the arbitration hearing, on the theory it has nothing to lose by asking. And, indeed, a party may even hope that the more improvements it does ask for, the more will be given. Certainly it is essential to the integrity of arbitration that these latter assumptions not be reinforced.

TOTAL COMPENSATION REPORT 2008-2009

18. The Total Compensation Report 2008-2009 which has previously been provided to the Association is on the following pages.
19. Total compensation for faculty and librarians for the period May 1, 2008 to April 30, 2009 was \$395,352,378.00 such that a 1% increase in salary represents a total compensation cost of approximately \$3.95 million.
20. There are two financial reports:
 - 1) All Staff – Faculty, Librarians, Administrative and Union.
 - 2) Faculty and Librarians.

Reported Salaries and Wages

- All non-appointed / casual staff have been excluded from both reports.
- The reported salaries exclude items such as casual payments, overtime, severance pay, retirement allowances, vacation pay, research contracts, research and overload stipends.
- The Faculty and Librarians Compensation Report excludes the salaries and benefits for the President, Vice-Presidents, Provost, Vice-Provost, and Research Associates.

Reported Benefits

- Benefit figures include actual premium contributions paid into the benefit plans.
- The University's pension plan figure for 2008-09 includes contributions into RPP and SRA for both current and past service costs and VEARP contributions into RPP, and special payments for deficit reduction.
- Non-contributory benefits, such as pensioner's medical benefits, scholarships, staff, dependent and SCS fee waivers, maternity leave, severance, professional

development, employee assistance, educational assistance, medical benefits for LTD, pre-81 retiree HCSA, CUPE 3902 Unit 3 GRRSP and HCSA, PM 6-9 HCSA, LTD, pre-81 retiree HCSA, CUPE 3902 Unit 3 GRRSP and HCSA, and PM 6-9 HCSA are excluded from this report.

UNIVERSITY OF TORONTO
SUMMARY OF TOTAL COMPENSATION - FACULTY AND LIBRARIANS
FOR THE PERIOD MAY 1, 2008 TO APRIL 30, 2009
(REFLECTING PENSION CURRENT AND PAST SERVICE COSTS ACTUALLY PAID)

	Amount		% of Total Compensation	
	\$	%	Total	Librarian's
Faculty and Librarians Salaries and Wages (Less Employees' benefit plans contributions)	284,498,096	71.96%		
Employees' Benefit Plans Contributions	31,481,955	7.96%		
Total Salaries and Wages for Faculty and Librarians	315,980,051	79.92%		
University's Benefit Plans Contributions	79,372,328	20.08%		
Total Compensation for Faculty and Librarians	395,352,378	100.00%		
BENEFIT PLANS				
Pension Plans (including SRA)	65,998,582	16.69%	73.74%	4.38%
Legislative Plans:				
Canada Pension	14,127,772	3.57%	50.00%	1.79%
Employment Insurance	5,609,283	1.42%	54.53%	0.65%
Employers' Health Tax	7,501,945	1.90%	100.00%	0.00%
Work place Safety Insurance	806,809	0.20%	100.00%	0.00%
Medical Plans:	28,045,809	7.09%	65.72%	2.43%
Extended Health Care	5,992,112	1.52%	72.85%	0.41%
Dental	4,731,543	1.20%	77.78%	0.27%
Semi-Private Hospitalization	411,646	0.10%	73.06%	0.03%
Vision Care	11,135,301	2.82%	74.95%	0.71%
Life & LTD	11,135,301	2.82%	74.95%	0.71%
Disability Insurance	3,346,437	0.85%	80.01%	0.17%
Group Life Insurance	1,558,357	0.39%	63.37%	0.14%
Other:	4,904,794	1.24%	74.72%	0.31%
Joint Membership	769,796	0.19%	33.78%	0.07%
Union Based Plans	769,796	0.19%	33.78%	0.07%
TOTAL BENEFITS	110,854,282	28.04%	71.60%	7.96%

* Includes VEAP contribution of \$3.0 million and \$7.2 million for RPP and SRA deficit reduction, as per pension contribution strategy approved by the Business Board on January 2004.

Note:

Excluded from the benefit plans above, are the non-contributory benefits such as pensioner's medical benefits, scholarships, staff waivers, dependent and SCS fee waivers, maternity leave, professional development, severance, employee assistance, educational assistance, medical benefits for LTD, pre-81 retiree HCSA, CUPE 3902 Unit 3 GRRSP and HCSA, and PM 6-9 HCSA.

UNIVERSITY OF TORONTO

SUMMARY OF TOTAL COMPENSATION - ALL STAFF
FOR THE PERIOD MAY 1, 2008 TO APRIL 30, 2009

(REFLECTING PENSION CURRENT AND PAST SERVICE COSTS ACTUALLY PAID)

	Amount		%		% of Total Compensation		
	\$				Total	University's	Employees'
	Total	University's	Employees'	University's	Employees'	University's	Employees'
Salaries and Wages (Less Employees' benefit plan contribution)							
Employees' Benefit Plans Contributions							
Total Salaries and Wages							
University's Benefit Plans Contributions							
Total Compensation							
BENEFIT PLANS							
Pension Plans (including SRA)	131,240,470	97,770,292 *	33,470,178	74.50%	25.50%	16.28%	12.13%
Legislative Plans:							
Canada Pension	36,797,836	18,398,918	18,398,918	50.00%	50.00%	4.57%	2.28%
Employment Insurance	14,616,130	8,019,637	6,596,493	54.87%	45.13%	1.81%	1.00%
Employers' Health Tax	14,313,179	14,313,179	-	100.00%	0.00%	1.78%	1.78%
Work place Safety Insurance	1,881,688	1,881,688	-	100.00%	0.00%	0.23%	0.23%
Medical Plans:							
Extended Health Care	14,414,680	10,589,406	3,825,274	73.46%	26.54%	8.39%	5.29%
Dental	11,599,347	9,105,540	2,493,807	78.50%	21.50%	1.79%	1.31%
Semi-Private Hospitalization	818,160	602,395	215,765	73.63%	26.37%	1.44%	1.13%
Vision Care	647,403	324,322	323,081	50.10%	49.90%	0.10%	0.07%
Life & LTD	27,479,590	20,621,663	6,857,927	75.04%	24.96%	0.08%	0.04%
Disability insurance	7,218,658	5,767,318	1,451,340	79.89%	20.11%	3.41%	2.56%
Group Life Insurance	2,927,006	1,946,620	980,386	66.51%	33.49%	0.90%	0.72%
Other:							
Joint Membership	1,317,549	445,453	872,096	66.33%	33.67%	0.36%	0.24%
Union Based Plans	577,059	557,275	19,784	96.57%	3.43%	1.26%	0.96%
TOTAL BENEFITS	238,369,165	169,722,043	68,647,122	71.20%	28.80%	29.58%	21.06%

* Includes VEAP contribution of \$3.0 million and \$27.2 million for RPP and SRA deficit reduction, as per pension contribution strategy approved by the Business Board on January 2004.

Note:

Excluded from the benefit plans above, are the non-contributory benefits such as pensioner's medical benefits, scholarships, staff waivers, dependent and SCS fee waivers, maternity leave, professional development, severance, employee assistance, educational assistance, medical benefits for LTD, pre-81 retiree HCSA, CUPE 3902 Unit 3 HCSA, and PW 6-9 HCSA.

I:\General Accounting\Benefits-Parsons\Total Comp\2008-09\UTFA-April 2009\Final Report.xls for 08-09

FACULTY AND LIBRARIAN COMPENSATION AT THE UNIVERSITY OF TORONTO

The University

21. The University is the largest and most distinguished university in Canada. With more than 75,000 students, approximately 3,200 faculty and librarians, and approximately 4,900 staff, the University occupies three campuses: Scarborough, Mississauga and the historic St. George Campus. It is also federated with three smaller universities on the St. George campus as well as several colleges and institutes. It is fully affiliated with nine teaching hospitals. The University offers programmes in 18 academic divisions, offers 75 PhD programmes and includes 14 professional faculties. The Faculty of Arts and Science on the St. George Campus is made up of 38 departments and encompasses a greater range of disciplines than any other university in Canada. The University of Toronto Library includes over 18 million holdings and is one of the top five research libraries in North America.
22. For the year ended April 30, 2009, total University expenses were \$2.07 billion. Operating fund expenses were \$1.38 billion of which \$991.8 million represented salary and benefits.
23. Approximately 1,300 University confidential, professional and managerial employees, Research Associates, and Deans and above are subject to the March 24, 2010 to March 30, 2012 compensation restraint measures in the *Public Sector Compensation Restraint to Protect Public Services Act, 2010* (the “*Compensation Restraint Act*”).

Faculty and Librarian Average Salaries

24. For the academic years 2008/09 and 2009/10, the average faculty and librarian salaries were as follows:

Tenure Status	Ranks	2008-09		2009-10	
		Avg. Annualized Salary	# of Employees	Avg. Annualized Salary	# of Employees
Tenure Stream	Professor	\$160,793	810	\$162,918	829
	Associate Prof	\$127,146	646	\$127,834	654
	Assistant Prof	\$105,417	428	\$106,480	429
	Prof Ranks Average Salary	\$136,676	1,884	\$138,255	1,912
Non Tenured Teaching Stream	Lecturer/Sr Lecturer	\$93,262	367	\$95,705	382
Permanent Status	Librarians	\$97,104	111	\$99,745	106

Notes:

Excludes faculty with senior administrative duties, faculty on LTD or other unpaid leave, and clinicians. Librarians includes only permanent status. Source: data files shared with UTFa.

25. Most members of the professoriate are tenure stream. Senior Lecturers and Librarian III and IV are “permanent status employees”.

Faculty and Librarian Rank Structure

26. The faculty ranks at the University are: Professor, Associate Professor, Assistant Professor, Lecturer/Sr. Lecturer. Each rank is associated with a nominal minimum salary which is not reflected in actual hiring rates. The salary floors for the faculty ranks are:

FACULTY SALARY STRUCTURE

ACADEMIC RANK	As of Jan. 1, 2009	
	MIN	MAX
PROFESSOR	\$84,000	
ASSOCIATE PROFESSOR	\$62,700	
ASSISTANT PROFESSOR	\$51,000	\$86,900
ASSISTANT PROFESSOR (CONDITIONAL)	\$42,900	\$70,900
LECTURER/SENIOR LECTURER	\$69,000	

27. For librarians, the ranks are Librarian I-IV. Each librarian rank is associated with a minimum salary but, again, hiring is done above the floor. The salary floors for the librarian ranks are:

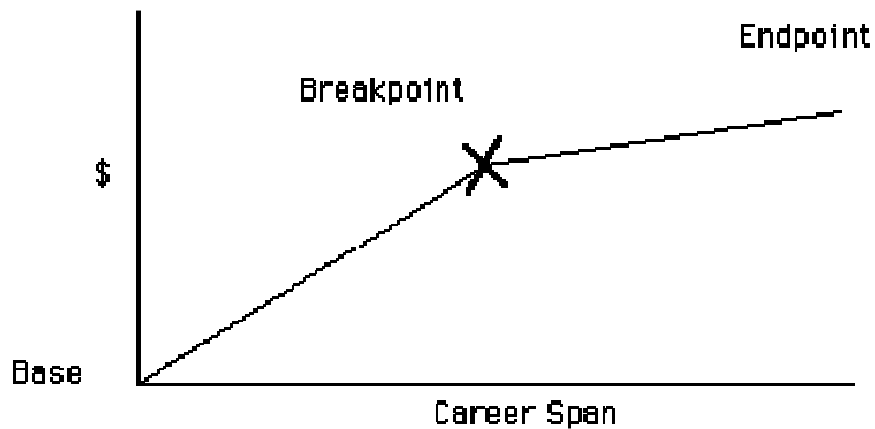
LIBRARIAN SALARY STRUCTURE

	As of January 1, 2009	
LIBRARIAN RANK	MIN	MAX
LIBRARIAN I	\$52,200	
LIBRARIAN II	\$54,600	
LIBRARIAN III	\$70,600	
LIBRARIAN IV	\$83,700	

28. Most librarians in the Librarian III and IV category (by far the most populous category) are permanent status employees. Librarians I and II are contractually limited or probationary. Occasionally, Librarians III and IV are appointed on a contractually limited basis.
29. Contractually limited term appointments (CLTA's) are faculty appointments that do not exceed five years in total. CLTA's normally hold one of the professorial ranks detailed above. Others, for example, visiting professors and clinical appointments in the Faculty of Medicine, have contractual appointments and hold professorial rank.

PTR/Merit

30. As part of the salary structure, there has traditionally been a career progress or merit fund created to be distributed to faculty members and librarians. This is known as the PTR/Merit scheme. Pursuant to the commitment of the University to rewarding merit, the current PTR/Merit plan was first introduced at the University of Toronto in 1973-74 to apply to tenured and tenure stream faculty who held the rank of Assistant Professor, Associate Professor and Full Professor excluding those in the senior salary category. Lecturers and librarians are also covered by PTR/Merit schemes.
31. The PTR/Merit Plan is based on three reference points: a base, a breakpoint and an end point. These points determine the rate of opportunity for career progress provided by the Plan as illustrated below:



32. The plan itself operates on a model which outlines general career opportunity and determines the size of the pool of funds available for recognition of merit from year to year. The rate of increase between the base and the breakpoint is greater than between the breakpoint and the endpoint. In this way, the plan recognizes the need for accelerated salary progress in the early years of a career.
33. The plans operate as models which determine the increments for merit available to individuals from year to year. While no individual faculty member has an automatic entitlement to a PTR/Merit increase for the professoriate, in 2009/10 the size of the PTR fund assumes that \$2,990 is available per staff member below the breakpoint and \$1,695 above. The breakpoint is \$136,650. It should be noted that under the existing scheme a specific fund is calculated for PTR/Merit purposes and the University spends all of that sum on merit payments. The following table includes the corresponding amounts for Lecturers and Librarians who also participate in the PTR/Merit scheme. It should be noted that these amounts do not include the additional 5% Dean's Merit Pool.
34. The following table shows the level of PTR/Merit funding. With PTR/Merit funding at this level, the average annual PTR/Merit increase for faculty and librarians is approximately 1.9% of the total salary base, which was paid to and received by faculty and librarians effective July 1, 2009.

PROFESSORIAL BREAKPOINT		\$136,650
Amount in fund per FTE above Breakpoint	\$1,695	
Amount in fund per FTE below Breakpoint	\$2,990	
LECTURER/SENIOR LECTURER and/or TUTOR/SENIOR TUTOR BREAKPOINT		\$107,050
Amount in fund per FTE above Breakpoint	\$1,310	
Amount in fund per FTE below Breakpoint	\$2,295	
LIBRARIAN BREAKPOINT		\$103,550
Amount in fund per FTE above Breakpoint	\$1,150	
Amount in fund per FTE below Breakpoint	\$2,335	
*This amount excludes 5% set aside for allocation through the "5% merit pool."		

35. The cost of normal PTR/Merit is approximately 1.9%. The University expends the entire amount from its operating budget each year and faculty and librarians receive the entire amount into their base salaries. PTR/Merit is broadly distributed among faculty and each faculty member receives a histogram for their pool and faculty. Although there may have been a hope at the beginning of the PTR scheme in the 1970's that the funds for PTR fund could be "recovered" within the operating budget from the difference between salary lines eliminated through retirements and those of new hiring salaries, that recovery model was never fully realized and has ceased to have any meaningful application in the University for many years. Under the current budget model, divisions must fund all compensation increases from their overall operating funds in the same way as they fund any other increase or expense. There is no longer any notion of retirements funding PTR or any other compensation increases; the implications of factors such as the elimination of mandatory retirement and the ensuing low number of retirements as well as the significant increase to hiring salaries over the past 20 plus years and other variables in the complement have made the approach obsolete.
36. Five per cent of the PTR/Merit pool is placed in a special merit pool. Funds from the 5% merit pool are awarded by Deans, the Provost in single department

divisions or the Chief Librarian, on the basis of outstanding performance. A 5% merit pool award is in addition to normal PTR/Merit. Awards from both funds are added to base salary and accordingly received throughout the recipient's career. These amounts were also paid out to faculty and librarians effective July 1, 2009.

37. Although the distribution of PTR/Merit increases is based on merit, the total amount of PTR/Merit funds spent on salary increases is not discretionary. Every dollar contributed to the PTR/Merit pool is allocated to faculty and librarians in the form of base compensation increases. A PTR/Merit based increase costs the University the same as an ATB increase and provides the same benefit to faculty and librarians as an ATB increase. The only difference is that a PTR increase must be earned on the basis of merit.
38. PTR/Merit is new base money added to faculty and librarian salaries each year. While the amount each individual receives is based on merit, the total PTR/Merit dollars delivered each year is based on a funding formula per faculty and librarian, as discussed earlier in this brief.
39. The University's position in salary and benefit negotiations and the dispute resolution process under Article 6 has been for more than 25 years and is now to give precedence to the PTR/Merit scheme over ATB increases.

FACULTY AND LIBRARIAN BENEFITS AT THE UNIVERSITY OF TORONTO

Faculty and Librarians Have Comprehensive and Competitive Benefits

40. The University's Group Health and Dental Benefits Plan is very competitive with other universities.

Green Shield Medical Coverage

41. Three Green Shield plans (extended health, dental care, and semi-private hospital) are available to full time and part-time employees with appointments of at least 25% of full-time. Pensioners under the University of Toronto Pension Plans who retired after May 1981 have identical coverage, both in terms of level of benefits and cost sharing (retirees and actives pay 20% or 25% of the premium for these benefits and the University pays the balance of the cost). This coverage is applicable anywhere in the world the pensioner retires, with actual coverage varying slightly where the benefit is integrated with Provincial Health coverage (OHIP)

Medical Benefits Summary		
Plan	Contributions and Costs	Benefits Include
Extended Health (optional)	<p>University pays 75% of monthly premiums (and a pro-rated amount for eligible part-time staff)</p> <p>Participants pay a \$25 deductible every twelve month period starting on the day the first claim is made.</p>	<ul style="list-style-type: none"> -Most prescription drugs (no co-pay, dispensing fee capped at \$6.50) -Ambulance services -Private duty nursing services (when medically required) -Paramedical care (including registered massage therapy, physiotherapy, and chiropractic care) to a combined maximum of \$500 per person per plan year -Psychologist services to \$2,000 per person, per plan year -Services of an optometrist (covers eye exams, diagnostic tests) as well as prescription eyewear to a combined maximum of \$250 every 24 months. -Out of Province/Country emergency travel coverage (no maximums)
Dental	University pays 80% of	-9 month recall for adults and 6 month recall for children

(mandatory)	monthly premiums (and a pro-rated amount for eligible part-time staff)	under 19 -Basic services at 100% of the current ODA General Practitioner fee schedule -Major restorative services at 80% of the current ODA schedule (to a maximum of \$2,500 per person, per plan year) -Orthodontia coverage at 50% to a maximum \$2,500 lifetime per covered person
Semi-Private Hospital (optional)	University pays 75% of monthly premiums (and a pro-rated amount for eligible part-time staff)	-Pays or the difference in cost between standard ward accommodation provided by OHIP coverage and semi-private hospital accommodation (two to four beds in a room)

42. Pensioners retiring before June 1981 (and eligible surviving spouses) do not participate in the three Green Shield plans, but have received Health Care Spending Account (“HCSA”) contributions since January 1, 2004. The University deposits \$1,000 each year to an eligible pensioner’s HCSA, \$1,500 if the individual has a spouse. If an eligible pensioner dies, his or her spouse is entitled to receive a \$1,000 annual deposit for the remainder of his or her lifetime. Each year’s deposit must be spent within two years or is forfeited, as per *ITA* requirements.

HCSA funds may be spent on a wide-range of medical expenses that qualify for medical expense tax credits under the *Income Tax Act*. Expenditures on prescription eyeglasses, dental services, medical devices and supplies, prescription drugs, and services of paramedical and nursing practitioners are all reimbursable on a tax-free basis.

LTD Coverage

43. Full time and part-time employees with appointments of at least 25% are also required to participate in an LTD plan administered by Sun Life. The University pays 80% of the total monthly cost for full-time staff and part-time staff

44. The LTD plan provides individuals who qualify with income protection at 70% of pre-LTD earnings (with a maximum insurable salary of \$125,000 per annum). A

short-term sick pay plan provides up to 15 weeks sick pay during the 15 week LTD qualifying period, at full salary and with no cost to the employee.

45. Fifty per cent of earnings received under a rehabilitation or return-to-work program are subtracted from disability benefits, provided total earnings do not exceed 100% of insurable pre-disability earnings. If an employee's total earnings exceeds 100% of pre-disability insurable salary, the LTD benefit is further reduced so that total earnings equals 100% of pre-disability insurable salary. Individuals are not eligible for LTD benefits once rehabilitation or return-to-work earnings equal 75% or more of pre-disability earnings.

Life Insurance Coverage

46. Active faculty and librarians are covered for basic life insurance at 1x their salary to a maximum insurable salary of \$125,000 at the University's cost. Members can elect optional life insurance at the time of hire or any subsequent life event change, or at any time with medical evidence of insurability. Optional insurance is paid 1/3 by employer and 2/3 by employee, and is available as an additional 1x, 2x, or 3x insurable salary, or as a survivor income benefit with or without an optional 1x insurable salary.

The University has a Large Unfunded Liability in respect of Retiree Benefits

47. The University continues to offer the same level of group benefit coverage to retired faculty and librarians and it is one of the few institutions to offer comprehensive benefits to retirees.
48. Accounting standards require the University to report the unfunded liability for retiree benefits on its balance sheet (for both current retirees and the "accrued" portion for active members who will become future retirees). As of April 30, 2009, this liability was \$282 million.

THE UNIVERSITY'S BUDGET

49. The University of Toronto Budget Report 2010-11 and Long Range Budget Guidelines 2010-11 to 2014-15 dated March 3, 2010 is at **Tab 9**, University Documents.
50. The University of Toronto 2010-11 Tuition Fees and Budget Report presented to Governing Council dated April 8, 2010 is at **Tab 10**, University Documents.

1. Economic Environment and Budget Challenges

51. The University encountered extraordinarily difficult financial circumstances related to endowment and pension losses in 2009-10 and the impact of this will be strongly felt in the upcoming years. The major financial challenges faced by the University as it ends the 2009-10 fiscal year on April 30, 2010 and enters into another tough new fiscal year are outlined below. However, despite facing pressing and ongoing financial challenges, the University plans for a balanced budget in 2010-11.

Slide 1 - from Presentation to Governing Council, April 8, 2010

Budget Challenges

- Uncertainty related to economy
- Effective decrease in per student funding
- Continuing tuition constraints
- Structural budget shortfall – reliance on enrolment expansion and cost containment
- Significant shortfall in funding formula for indirect cost of research
- Pension and debt liabilities are substantial

Endowment losses

52. The impact of last year's endowment losses is still being felt across the University. In 2009-10 the University received approval to incur a deficit of up to \$45M in order to ameliorate the affects of the losses on the academic program. This amount was placed in a special account from which funds were loaned to the divisions. Because divisions were encouraged to borrow only the minimum amount needed, the draw on the fund was \$17.8M. Rather than accessing the full \$45M from this deficit fund, divisions dug deeply into their carefully managed reserves (reserves which had been built up over time for instance, to pay for necessary deferred maintenance, to replace deteriorating equipment in labs, etc.) to mitigate the effects of the endowment loss and to continue to strive to deliver programs of the very first rank. Now divisions must pay back the \$17.8M loans over the next five years as well as replenish the reserve funds which were diverted to make up the rest of the endowment fund losses.

Slide 2 - from Presentation to Governing Council, April 8, 2010

Endowment

- University just beginning to recover from impact of severe endowment losses and payout cancellation (\$62M)
- Divisions dug deeply into expendable and carryforward funds
- Draw-down of \$17.8M on deficit fund
- Endowment has begun to recover (Jan 31, 2010 +10.26%) from a loss of 29.4% in 2008
- Budget assumes \$7.00 /unit payout in 2010-11 (payout announced on March 5 at \$7.26 per unit)



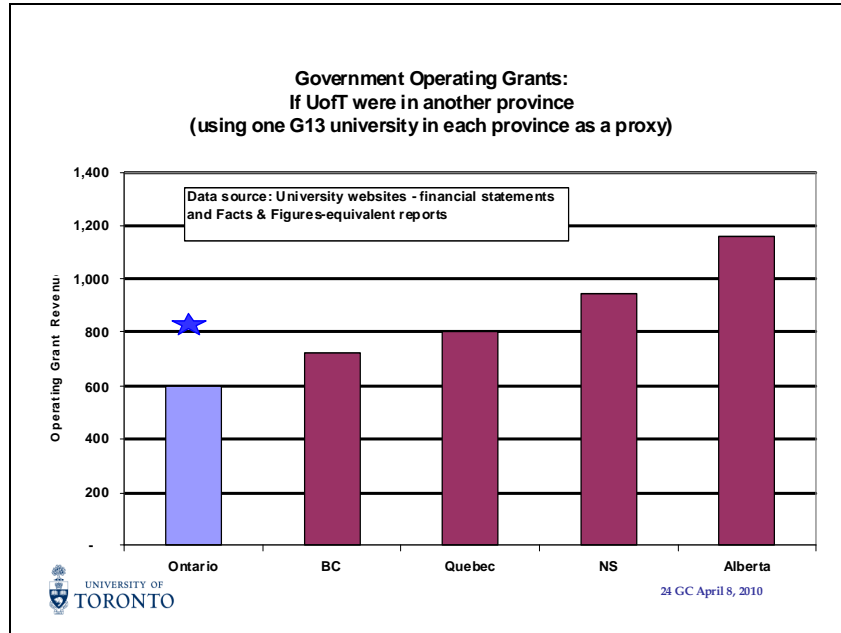
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Provincial Funding

53. Next, there is still significant uncertainty with respect to long-term provincial and federal funding, as a result of government deficits at record-high levels. Although the recent Ontario budget indicated some unexpected relief in a statement that it

would provide year end funding for previously unfunded undergraduate spaces in 2009-10; uncertainty continues around the future of this tenuous funding as the Province grapples with a deficit projected at \$21B. Operating funding per student has effectively declined by over 37% since 1992-93 as the Government has not increased funding with inflation since that period. This represents a loss of over \$200M at UofT, which must be addressed through other sources of revenue. Ontario funding per student remains the lowest in Canada. Slide 3 compares Ontario to selected other provinces. Note: the “star” in slide 3 indicates where grant funding would be for UofT if it had kept up with inflation.)

Slide 3 - from Presentation to Governing Council, April 8, 2010



Federal Funding

54. The recent Federal Budget included some minor increases for tri-council research funding and a pro-rata increase in the related indirect costs (IDC). However, as a long-standing subject of government advocacy, universities have been requesting that the federal government move towards recognizing the full cost of research in its research funding policy, with a 40% rate as a minimum target for the indirect costs. The government provides IDC with an effective rate for the University of Toronto of slightly less than 20%, considerably short of the

actual institutional cost of research at the University of Toronto, estimated to be well in excess of 50% of direct expenditures on research. This creates an annual shortfall of \$30M to be absorbed by the operating budget. Without a change in the funding formula, each additional dollar of research funding places a higher burden on the University's operating funds.

55. The Federal government also funds the Canada Research Chairs program. As a result of a recent redistribution of funding in the program over the last few years, the University has lost 12 of its chairs, a loss of \$1.7M to the operating budget. As well, Chairs have not been inflation-protected, adding an additional burden of \$7M annually to the operating budget

Pension Deficit

56. The going concern market deficit in the pension plan is approximately \$1 billion (July 1, 2009). There are a number of issues that continue to cause concern, including existing solvency deficit funding requirements, potential volatility in investment returns over the coming years as the global economy deals with the fallout from the financial crisis, the need to make payments into the RPP, and whether we will meet the long-term return expectations given financial market trends.
57. The next required filing of the actuarial reports (absent of any changes to the pension benefit) is July 1, 2011. At this time, based on current legislation and regulation, it is expected that the University will be required to contribute significant additional funding into the registered plans. In 2004-05 the University began setting aside \$26.2M annually from the operating budget to amortize the going concern deficit in the pension fund over fifteen years and to provide a reserving strategy. This was approved by Business Board as part of the pension funding strategy at that time. Since the funding strategy was adopted in 2004 there have been a number of plan amendments and by 2006-07 the annual amount was increased to \$27.2M, which is the level currently reflected in the budget. From this allocation, the University this year made an annual special

payment of \$14.8M to the registered pension plan with the balance of \$12.4M set aside in a pension reserve.

58. The University is also reviewing its pension funding strategy and investment risk and return targets, which may impact future contribution requirements. A recommendation on a funding strategy to deal with both of these issues is expected to come forward to senior administration and Governing Council later in the year. An early estimate of additional funds that may be required as special payments is \$49M annually. This could place an enormous and unsustainable burden on the University's operating budget.

Other Future Liabilities

59. The University has many future liabilities, not currently funded directly through the operating budget.
60. Deferred maintenance across the three campuses is estimated at \$270M. The operating budget sets aside approximately \$11M annually. This funding, in addition to any provincial Facilities Renewal Program (FRP) funds, attempts to at least maintain the current conditions of the buildings and minimize the chance of unforeseen major expenditures.
61. The Ancillary operations' cumulative deficit is projected to be \$107M at April 30, 2010. The ancillary operations deficit is primarily due to the internal financing of capital projects, which has the impact of increasing both the University's overall deficit and the investment in capital assets.
62. The capital fund cumulative deficit is projected to be \$71M at April 30, 2010. The capital fund deficit is also primarily due to the internal financing of capital projects, which has the impact of increasing both the University's overall deficit and the investment in capital assets.
63. The projected net accrued benefit obligation for employee future benefits (medical, dental, vision) as at April 30, 2010 is \$342.8M. This obligation results in

an annual obligation of \$39.5M, of which \$10.5M is set aside in the operating budget leaving \$29M annually to be funded in the future.

Slide 4 - from Presentation to Governing Council, April 8, 2010

University Deficits and Future Liabilities (\$M)	
Estimated Pension Deficit	~ 1,000
Operating: accumulated deficit April 2010	36
Deferred maintenance: estimated cost	270
Ancillary operations: accumulated deficit April 2010	107
Capital fund: accumulated deficit April 2010	71
Employee future benefits: estimate at April 2010	343
vs. total annual operating revenue	1,570



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2. Planning Cycle and Deficit Management

64. The University budget planning cycle is based on a five-year rolling window. Under Governing Council policy the University should strive to plan a balanced budget in every year of the cycle. In addition, any outstanding accumulated deficit from previous years should be reduced to zero by the end of the five-year planning period. An in-year deficit may be allowed in some years to facilitate planning, recognizing that fluctuations often occur in enrolments, government grants, investment income, etc. A planned deficit may also be necessary in exceptional circumstances. Planned budgetary deficits should also be repaid over five years.

65. All divisions, both academic and central, are part-way through the plan for paying off the institutional accumulated deficit. This deficit started at \$66.3M when the new budget model came into place in 2007-08 and divisions have paid off over \$30M to date, thus reducing their ability to direct these funds toward new academic priorities. There is a total deficit of \$32.7M remaining, with payments

scheduled as follows: 2010-11 - \$11.2M, 2011-12 - \$11.2M, and 2012-13 - \$10.3M. In addition, the planned deficit of \$17.8M in 2009-10 will be repaid over a five-year period, with equal instalments of \$3.6M. Combined, the above deficit payment plans require all divisions across the University to re-direct operating resources from academic priorities, totalling \$50M over the planning period

Slide 5 - from Presentation to Governing Council, April 8, 2010

Accumulated Deficit Repayment					
(\$M)					
10-11	11-12	12-13	13-14	14-15	Total
Historical accumulated deficit — \$32.7M					
11.2	11.2	10.3	—	—	32.7
Divisional deficit financing — \$17.8 drawn					
3.6	3.6	3.6	3.6	3.6	17.8
Total					
14.8	14.8	13.9	3.6	3.6	50.5



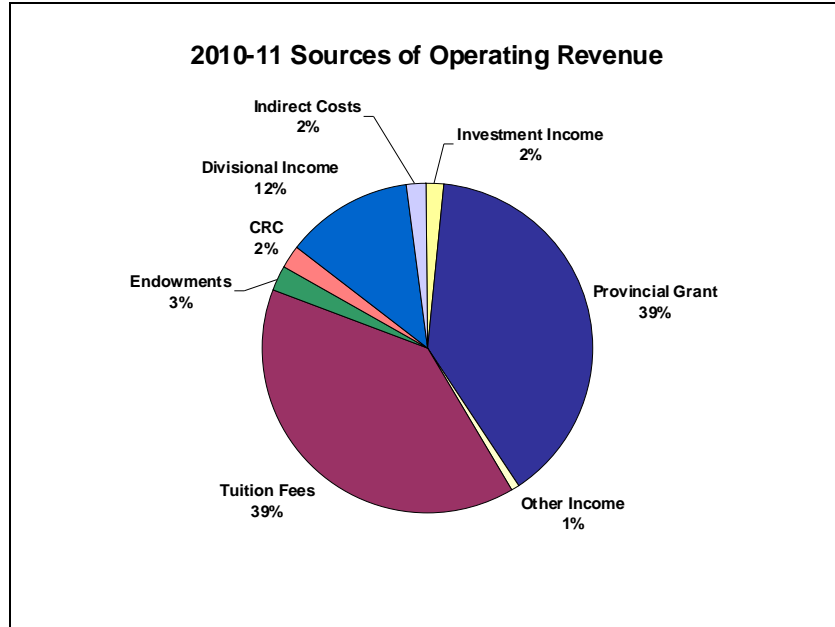
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3. Revenue and Expense Projections/Impact on Academic Divisions

Revenues

- 66. The University receives operating revenues from various sources, as outlined in slide 6 below.


Slide 6 - from Presentation to Governing Council, April 8, 2010



67. Revenue growth in 2009-10 was essentially flat over the prior year. For 2010-11 revenues are projected to increase by \$125M resulting primarily from an increase in tuition revenue. When averaged over 2 years, revenue growth is 5% annually. However it must be emphasized that within this amount, over \$50M is a result of endowment and investment income returning to normal levels. Adjusting for this, the revenue increase is 3% annually. (Note: Subsequent to UofT's 2010-11 budget approval by Business Board, the Ontario budget announced approximately \$16M in year end funding for previously unfunded undergraduate spaces in 2009-10. This has not been built into the budget or factored into this overview of the Budget).


Slide 7 - from Presentation to Governing Council, April 8, 2010

Revenue Summary: 2-year view		
Revenue Source	2010-11 increment over 2008-09 (\$M)	average annual %
Grants (incl. UG discount)	22.5	1.9%
Tuition	105.7	10.4%
Endowment	(4.1)	(4.5%)
Other	0.7	0.3%
Total revenue	124.8	5.0%


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68. Tuition increases in for domestic students in Ontario are subject to the provincial Tuition Fee Framework. The key points of the framework are shown below in slide 8.

Slide 8 - from Presentation to Governing Council, April 8, 2010

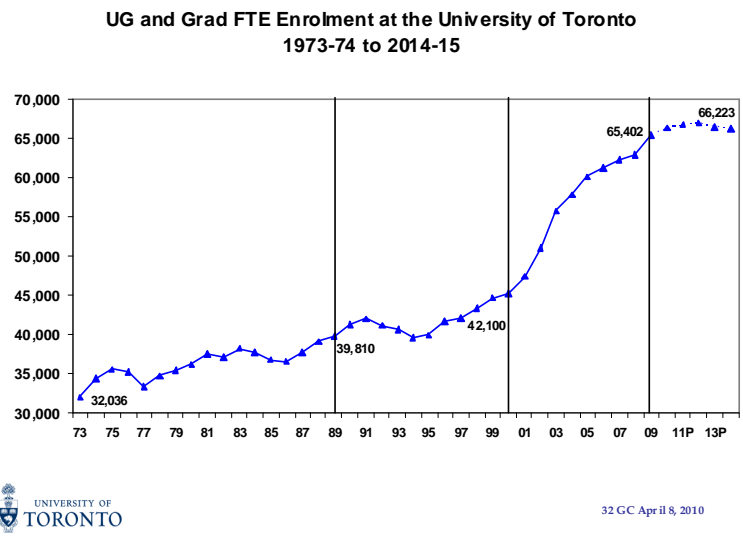
MTCU Tuition Framework: Domestic	
<ul style="list-style-type: none"> • Average increase across University capped at 5% per year • Continuing students capped at 4% in program • Entering students - undergrad programs most capped at 4.5% • Entering students - Professional and graduate programs up to 8% 	 4 GC April 8, 2010

69. Due to the mix of domestic students at UofT and despite maximizing tuition increases where possible, the weighted average tuition fee increase for 2009-10

and 2010-11 is 4.3%, well under the overall cap of 5%. This places an additional revenue constraint on the operating budget.

- 70. Much of the University's revenue growth in the past has been the result of enrolment growth, as government funding per student has remained flat and tuition increases constrained. Over the next five years, as per the President's Towards 2030 vision document, enrolment plans call for a slight decrease in total enrolment across the three campuses. The rapid rise in enrolment over the past 30 years, and the flattening in the next five years, can be seen in slide 9.

Slide 9 - from Presentation to Governing Council, April 8, 2010



Expenses

- 71. While the revenue outlook has improved somewhat since a year ago, projected revenues over the five-year budget cycle remain constrained and uncertainty in government funding and pension liabilities remains a significant concern. Tuition revenues have increased, but the University continues to draw down tuition revenues for bursary support in light of its strong and continuing commitment to accessibility. Given the lack of any major enhancements to OSAP, the burden for defending accessibility has increasingly shifted to the University. A significant

proportion of the tuition revenue increase comes from two sources: increased international enrolment and increased graduate enrolment. The latter kind of increase in tuition revenue comes at significant cost: indeed, the doctoral stream increase is generally a net zero for students in their first five years, once graduate student funding packages and other supports are taken into consideration.

72. In 2009-10 essentially no new funding was allocated to university-wide costs other than the minimum required to fund compensation and regulatory or contractual requirements. Starting in 2010-11 investments will be made to fund high priority institutional initiatives. These include the implementation of a new student information management system to replace ROSI, the launch of a major fundraising campaign and strengthening of the University research services infrastructure.

Cost Containments

73. The University has been forced to implement cost containment measures to manage its budget responsibly. The bulk of the cost containment pressure is felt within the academic divisions. Significant cost containments have already been necessary over the past decade as costs have historically increased faster than revenue (>\$200M)
74. The University faces a chronic structural challenge. On average revenue has historically increased by 2.5% per year (adjusted to remove the impact of enrolment volume increases) and expenses have increased by 4%, leaving a structural shortfall of 1.5%. Slide 9 outlines the structural challenge. Revenue increases stem primarily from tuition fee increases and cost increases primarily from compensation increases. The University has dealt with this challenge by taking more students, which is no longer planned, as per Towards 2030 as discussed above, and through cost reductions (In addition, the University is currently restricted in its ability to take more students by space/physical capacity constraints).

Slide 10 - from Presentation to Governing Council, April 8, 2010

Structural budget challenge								
<ul style="list-style-type: none"> • Average annual increase in provincial operating grants*: 0% • Average annual increase in tuition*: 5% • Historical average annual increase in compensation: 5% <p>* excluding volume impact</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Average yr-over-yr increase in total revenue*</td> <td style="text-align: center; padding: 5px;">2.5%</td> </tr> <tr> <td style="padding: 5px;">Average yr-over-yr increase in total expense</td> <td style="text-align: center; padding: 5px;">4.0%</td> </tr> <tr> <td style="text-align: center; padding: 5px;">ANNUAL STRUCTURAL SHORTFALL</td> <td style="text-align: center; padding: 5px;">(1.5%)</td> </tr> </table>	Average yr-over-yr increase in total revenue*	2.5%	Average yr-over-yr increase in total expense	4.0%	ANNUAL STRUCTURAL SHORTFALL	(1.5%)	
Average yr-over-yr increase in total revenue*	2.5%							
Average yr-over-yr increase in total expense	4.0%							
ANNUAL STRUCTURAL SHORTFALL	(1.5%)							

Impact on Divisions

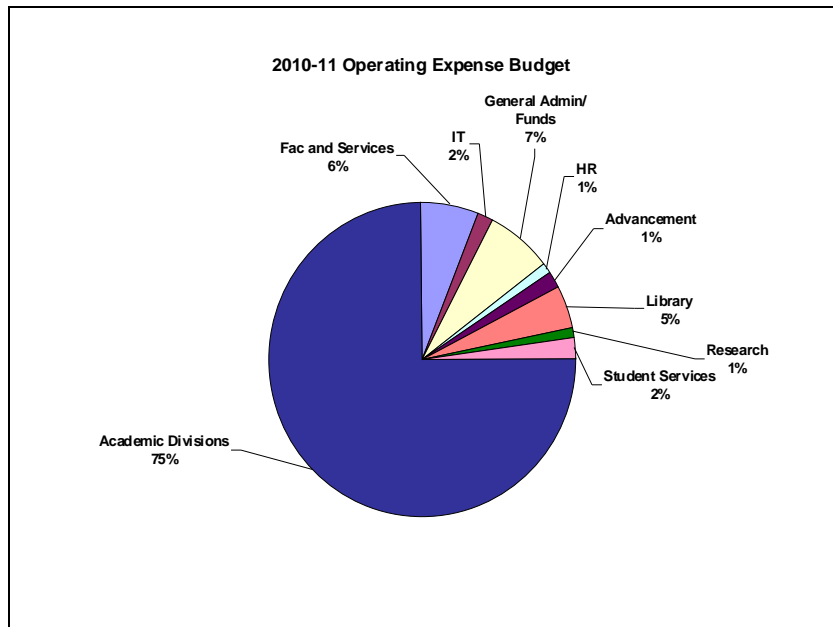
75. The University of Toronto adopted a new approach to budgetary allocations starting in 2007-08. The model introduced a simple methodology for attributing revenues and the costs of shared services to all divisions. A major portion of the expense budget allocated to an academic division (defined as all faculties plus UTM and UTSC) is its *Net Revenue*, which is equal to its share of the University’s gross revenue less its share of expenses and its contribution to student aid and to a university-wide fund called the University Fund. A division’s net revenue reflects its programs, student enrolments, fund raising activities, research, etc. Hence, divisions benefit as these activities bring more revenue. Divisions also benefit when, in cooperation with central service units, they are able to make more efficient use of the shared resources.

76. The remainder of the divisional budget is an allocation from the University Fund. This is an entirely non-formulaic allocation, intended to provide funding in accordance with the University’s academic values and priorities. It ensures that the total budget of a division is determined by the University’s own priorities rather than by those of an external body. It also enables the University to

recognize differences in the cost of delivery of various programs or to support particular activities that it considers to have high academic priority.

Slide 11 shows the breakdown of academic vs. shared services divisions.

Slide 11



77. In 2009-10 central service units absorbed a 3% base budget cost containment and in 2010-11 they will reduce base budgets by another 2%. Central units are also contributing to the repayment of the University's accumulated deficit. Under the new budget model, across-the-board cost containments are no longer assigned to academic divisions and academic divisions must fund their own compensation increases. Each academic division must find a way to balance its budget over the planning period and strategies will vary based on the revenue and cost structure of each unit.
78. The following are examples of cost containment measures taken by academic divisions in 2009-10. Divisional plans for 2010-11 are still under development.

(a) Non-salary cost containment

79. Internally, divisions are applying cuts to operating budgets or, at best, holding expenses flat across the planning period. The Faculty of Arts & Science applied 2% base budget cuts to all departments and an additional 2% in one-time-only reductions. The Faculty of Medicine applied 3% base budget cuts to all departments, and an additional 3-4% short-term spending reduction annually. Operational reviews are underway (A&S; OISE) to find re-structuring opportunities, efficiencies and cost-savings. Divisions are looking externally to leverage and expand cost-sharing partnerships (Medicine and affiliated hospitals). Operating growth is being limited to key programmes, initiatives and/or contractual obligations (A&S - Human Biology expansion). Divisions look to advancement campaigns to alleviate pressure on the operating budget (e.g., student aid). Increased reliance is being placed on carryforward (OTO) funds to meet base commitments; eventually the OTO funds will run out.

(b) Complement Plan

80. In many divisions there have been limitations on faculty hiring, including hiring restricted to replacements, and delayed or cancelled searches.
81. Divisions have also terminated non-academic staff as part of making cost containments. In 2009, involuntary terminations across the University were almost double those of 2007, as illustrated in the following table:

Involuntary Terminations by Calendar Year (2007-2009)
excludes Faculty and Librarians

Employee Group	Calendar Year		
	2007 (All)	2008 (All)	2009 (All)
USW	39	52	68
PM	13	9	23
Research Associate	5	6	9
CUPE 3261	3	6	12
Confidential	3	5	4
CUPE 2484	1	3	1
Unite HERE		2	
Trades	1		4
Police F/T L519			1
Res Officer F/T			1
Total	65	83	123

82. Approximately 55 non-academic staff positions were eliminated for cost savings in 2009, including the following:
- Applied Science & Engineering – Professional Development Centre Unit closed – employees laid off (some of these were casual)
 - New College Residence – eliminated late night Hall Porters – employees laid off
 - Research Services – Departmental Review – employees laid off
 - Faculty of Nursing – Nursing Health Services Research Unit closure – employees laid off
 - Faculty of Medicine – School of Public Health restructure – employees to redeployment pool (all found work elsewhere at the University)
 - Faculty of Law – restructuring – staff reductions

(c) Capital / Space

83. Divisions are reducing space utilization. If space is deemed to be redundant it is returned to the centre and re-deployed to other divisions where space is needed. The University is also looking more closely at finding expansion solutions within existing buildings rather than looking to off-campus solutions. (Music; Medicine;

Pharmacy), delaying capital projects (A&S; Engineering; OISE), and living with short-term space shortages (Social Work; Rotman, OISE).

THE APPLICATION OF THE REPLICATION MODEL TO THIS ARBITRATION AWARD

84. As noted by Chairman Munroe in the 1986 Munroe DRP decision (**Tab 5**, University Documents) in the replication model: “The essential function of the decision maker becomes the identification of the factors which likely would have influenced the negotiating behaviour of the particular parties in the actual circumstances at hand. It is the dynamic mix of those factors which produces the end result.”
85. The University submits that the key factors which would have influenced the negotiating behaviour of the University and the Association are the following:
- (a) Faculty and Librarian Salaries at the University of Toronto Compared to Other Universities
 - (b) The Economic Climate
 - (i) CPI
 - (ii) Private and public sector settlements
 - (iii) The March 24, 2010 Ontario Budget and the introduction of the *Compensation Restraint Act*
 - (iv) The climate for Canadian, U.S. and British universities

(a) Faculty and Librarian Salaries at the University of Toronto Compared to Other Universities

Faculty and Librarian Salaries are among the Highest in Canada

86. The University of Toronto faculty and librarians are among the highest paid academics in Canadian universities.
87. 1,967 faculty members and librarians are reported as earning more than \$100,000 in the 2009 T4's Public Sector Salary Disclosure Report.

(i) Faculty Salaries

88. Statistics comparing the 2008/09 average salaries of Tenure Stream Faculty at Canadian peer research intensive universities (G13) are included in the following pages. The data show the following:
- (a) Tenure stream faculty at the University of Toronto have the highest average salaries at all ranks (see Tables 1a to 1d and figures 1a to 1d).
 - (b) The average salary of University of Toronto's full professors exceeds the mean by \$28,241 (21.0%), that of associate by \$20,406 (19.0%), and assistant by \$16,963 (19.1%).
 - (c) Average salaries of all professorial ranks combined is \$16,625 (13.9%) more than their comparators at the next highest paid research intensive university in Canada.

**Tables 1a to 1d: G13 Canadian Universities: Tenure Stream Faculty Salary Data 2008-09
 Extracted From Salaries and Salary Scales of Full-time Teaching Staff at Canadian Universities, 2008/2009; G13DE 2010**

Table 1a: G13 Canadian Universities: Tenure Stream Faculty Salary Data 2008-09 - Full Professors

University	Count	Mean	Median	75th Percentile	25th Percentile	Interquartile	Maximum	Minimum	Rank of Mean Salaries
Toronto	648	\$162,531	\$154,915	\$173,727	\$143,484	\$30,243	\$319,423	\$111,580	1
Alberta	567	\$140,461	\$135,362	\$151,387	\$120,738	\$30,649	\$348,269	\$98,986	7
Calgary	327	\$143,520	\$140,405	\$156,188	\$123,027	\$33,161	\$251,841	\$92,065	3
Dalhousie	167	\$125,097	\$125,457	\$135,567	\$113,108	\$22,459	\$197,764	\$86,349	12
Laval	542	\$116,176	\$116,173	\$116,173	\$111,097	\$5,076	\$184,771	\$94,314	13
McGill	277	\$133,289	\$128,919	\$145,309	\$118,041	\$27,268	\$252,158	\$92,286	9
McMaster	200	\$140,519	\$138,286	\$147,554	\$127,514	\$20,041	\$236,687	\$113,001	6
Montreal	716	\$126,798	\$120,530	\$133,626	\$119,198	\$14,428	\$247,543	\$97,533	11
Ottawa	261	\$130,490	\$130,581	\$139,945	\$121,879	\$18,066	\$285,256	\$105,315	10
Queen's	206	\$134,612	\$132,838	\$141,693	\$123,925	\$17,768	\$209,655	\$97,185	8
UBC	523	\$146,118	\$139,083	\$158,807	\$124,642	\$34,165	\$329,539	\$100,118	2
Waterloo	266	\$142,717	\$142,129	\$149,969	\$134,982	\$14,987	\$280,181	\$109,209	4
Western	246	\$141,316	\$134,014	\$147,424	\$122,596	\$24,827	\$261,000	\$99,072	5

UofT Rank	1
Count	4,946
Mean Excl UofT	\$134,290

% Diff Between UofT & Mean	21.0%	\$ Diff Between UofT & Mean	\$28,241
UofT & Highest	n/a	UofT & Highest	n/a
UofT & Second	11.2%	UofT & Second	\$16,413

Source: Statistics Canada Fall 2008 files through the G13DE. Data excludes Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary. Data only includes faculty in the tenure stream.

Table 1b: G13 Canadian Universities: Faculty Salary Data 2008-09 - Associate Professors

University	Count	Mean	Median	75th Percentile	25th Percentile	Interquartile	Maximum	Minimum	Rank of Mean Salaries
Toronto	567	\$127,562	\$123,341	\$139,934	\$109,994	\$29,940	\$250,000	\$86,323	1
Alberta	383	\$105,402	\$102,243	\$106,537	\$93,603	\$12,934	\$221,053	\$79,837	8
Calgary	307	\$108,432	\$106,059	\$115,737	\$98,143	\$17,594	\$184,592	\$77,351	7
Dalhousie	165	\$98,416	\$96,367	\$105,214	\$90,112	\$15,103	\$166,095	\$71,066	12
Laval	265	\$94,010	\$94,419	\$102,216	\$87,644	\$14,572	\$118,232	\$78,971	13
McGill	369	\$104,680	\$101,709	\$111,110	\$93,143	\$17,967	\$239,400	\$78,662	9
McMaster	216	\$113,521	\$114,076	\$123,045	\$104,313	\$18,732	\$145,258	\$81,176	5
Montreal	524	\$100,963	\$101,068	\$106,379	\$93,992	\$12,387	\$157,920	\$77,460	11
Ottawa	311	\$104,272	\$103,071	\$111,699	\$96,550	\$15,149	\$216,000	\$83,167	10
Queen's	244	\$114,467	\$112,698	\$124,854	\$104,568	\$20,286	\$174,190	\$83,750	4
UBC	553	\$109,897	\$105,550	\$114,426	\$98,794	\$15,632	\$198,261	\$88,106	6
Waterloo	265	\$117,675	\$116,951	\$128,190	\$106,109	\$22,081	\$160,194	\$83,002	2
Western	323	\$115,818	\$107,986	\$118,790	\$99,034	\$19,756	\$268,259	\$79,100	3

UofT Rank	1
Count	4,492
Mean Excl UofT	\$107,156

% Diff Between UofT & Mean	19.0%	\$ Diff Between UofT & Mean	\$20,406
UofT & Highest	n/a	UofT & Highest	n/a
UofT & Second	8.4%	UofT & Second	\$9,887

Source: Statistics Canada Fall 2008 files through the G13DE. Data excludes Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary. Data only includes faculty in the tenure stream.

Table 1c: G13 Canadian Universities: Faculty Salary Data 2008-09 - Assistant Professors

University	Count	Mean	Median	75th Percentile	25th Percentile	Interquartile	Maximum	Minimum	Rank of Mean Salaries
Toronto	391	\$105,553	\$97,602	\$111,853	\$89,732	\$22,121	\$210,830	\$72,000	1
Alberta	328	\$85,454	\$82,534	\$88,163	\$74,489	\$13,674	\$205,818	\$64,087	9
Calgary	212	\$89,229	\$87,459	\$94,100	\$81,875	\$12,226	\$167,000	\$66,000	7
Dalhousie	148	\$81,176	\$81,442	\$87,467	\$72,218	\$15,249	\$123,063	\$63,500	12
Laval	205	\$79,167	\$77,801	\$84,753	\$71,680	\$13,074	\$114,320	\$65,732	13
McGill	266	\$86,647	\$82,776	\$91,867	\$72,350	\$19,517	\$212,150	\$65,000	8
McMaster	127	\$94,713	\$94,462	\$106,678	\$81,856	\$24,822	\$142,167	\$60,000	4
Montreal	351	\$83,123	\$81,813	\$89,460	\$76,134	\$13,326	\$107,402	\$67,170	11
Ottawa	296	\$84,334	\$84,649	\$88,744	\$78,307	\$10,437	\$142,842	\$64,521	10
Queen's	143	\$102,576	\$95,940	\$114,395	\$88,475	\$25,920	\$168,225	\$73,500	2
UBC	407	\$97,568	\$93,675	\$102,090	\$87,729	\$14,361	\$179,745	\$67,000	3
Waterloo	212	\$93,310	\$91,305	\$105,000	\$82,075	\$22,925	\$137,575	\$65,949	5
Western	238	\$89,364	\$85,023	\$93,668	\$77,923	\$15,745	\$227,812	\$65,000	6

UofT Rank	1
Count	3,324
Mean Excl UofT	\$88,590

% Diff Between UofT & Mean	19.1%	\$ Diff Between UofT & Mean	\$16,963
UofT & Highest	n/a	UofT & Highest	n/a
UofT & Second	2.9%	UofT & Second	\$2,978

Source: Statistics Canada Fall 2008 files through the G13DE. Data excludes Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary. Data only includes faculty in the tenure stream.

Table 1d: G13 Canadian Universities: Faculty Salary Data 2008-09 - All Professorial Ranks

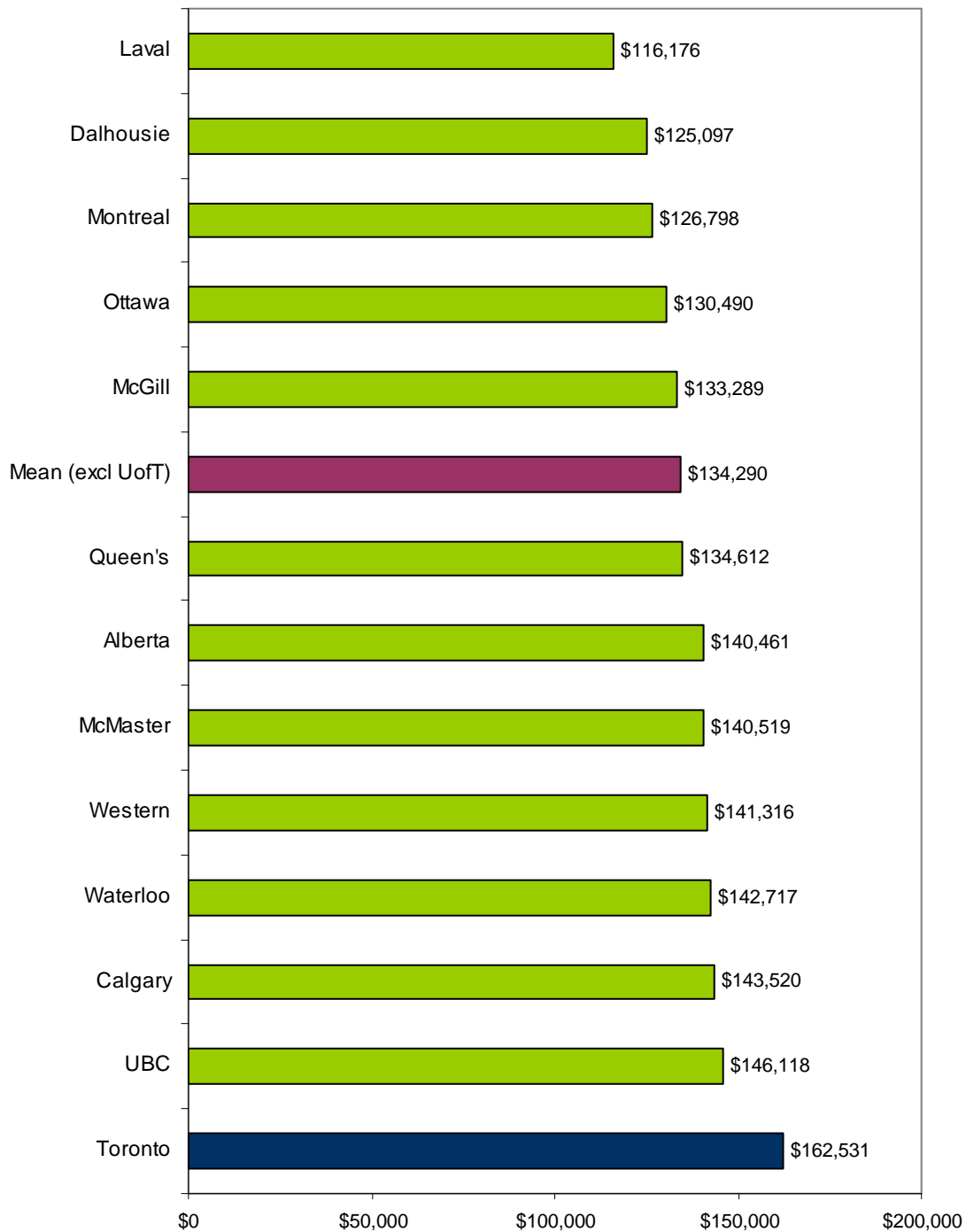
University	Count	Mean	Median	75th Percentile	25th Percentile	Interquartile	Maximum	Minimum	Rank of Mean Salaries
Toronto	1,606	\$136,313	\$134,613	\$154,799	\$107,868	\$46,931	\$319,423	\$72,000	1
Alberta	1,278	\$115,837	\$109,858	\$135,936	\$89,974	\$45,961	\$348,269	\$64,087	7
Calgary	846	\$117,182	\$113,084	\$134,823	\$94,678	\$40,145	\$251,841	\$66,000	6
Dalhousie	480	\$102,383	\$97,552	\$118,909	\$85,269	\$33,639	\$197,764	\$63,500	13
Laval	1,012	\$102,875	\$103,127	\$116,173	\$88,959	\$27,214	\$184,771	\$65,732	12
McGill	912	\$108,110	\$104,250	\$124,141	\$88,381	\$35,761	\$252,158	\$65,000	10
McMaster	543	\$119,066	\$119,409	\$135,146	\$103,066	\$32,080	\$236,687	\$60,000	4
Montreal	1,591	\$108,654	\$108,724	\$120,530	\$92,154	\$28,376	\$247,543	\$67,170	9
Ottawa	868	\$105,357	\$101,590	\$119,639	\$87,241	\$32,398	\$285,256	\$64,521	11
Queen's	593	\$118,598	\$117,730	\$131,783	\$104,420	\$27,363	\$209,655	\$73,500	5
UBC	1,483	\$119,287	\$112,053	\$134,332	\$97,614	\$36,718	\$329,539	\$67,000	3
Waterloo	743	\$119,688	\$120,000	\$139,812	\$100,066	\$39,746	\$280,181	\$65,949	2
Western	807	\$115,789	\$109,953	\$130,836	\$91,864	\$38,972	\$268,259	\$65,000	8

UofT Rank	1
Count	12,762
Mean Excl UofT	\$112,728

% Diff Between UofT & Mean	20.9%	\$ Diff Between UofT & Mean	\$23,585
UofT & Highest	n/a	UofT & Highest	n/a
UofT & Second	13.9%	UofT & Second	\$16,625

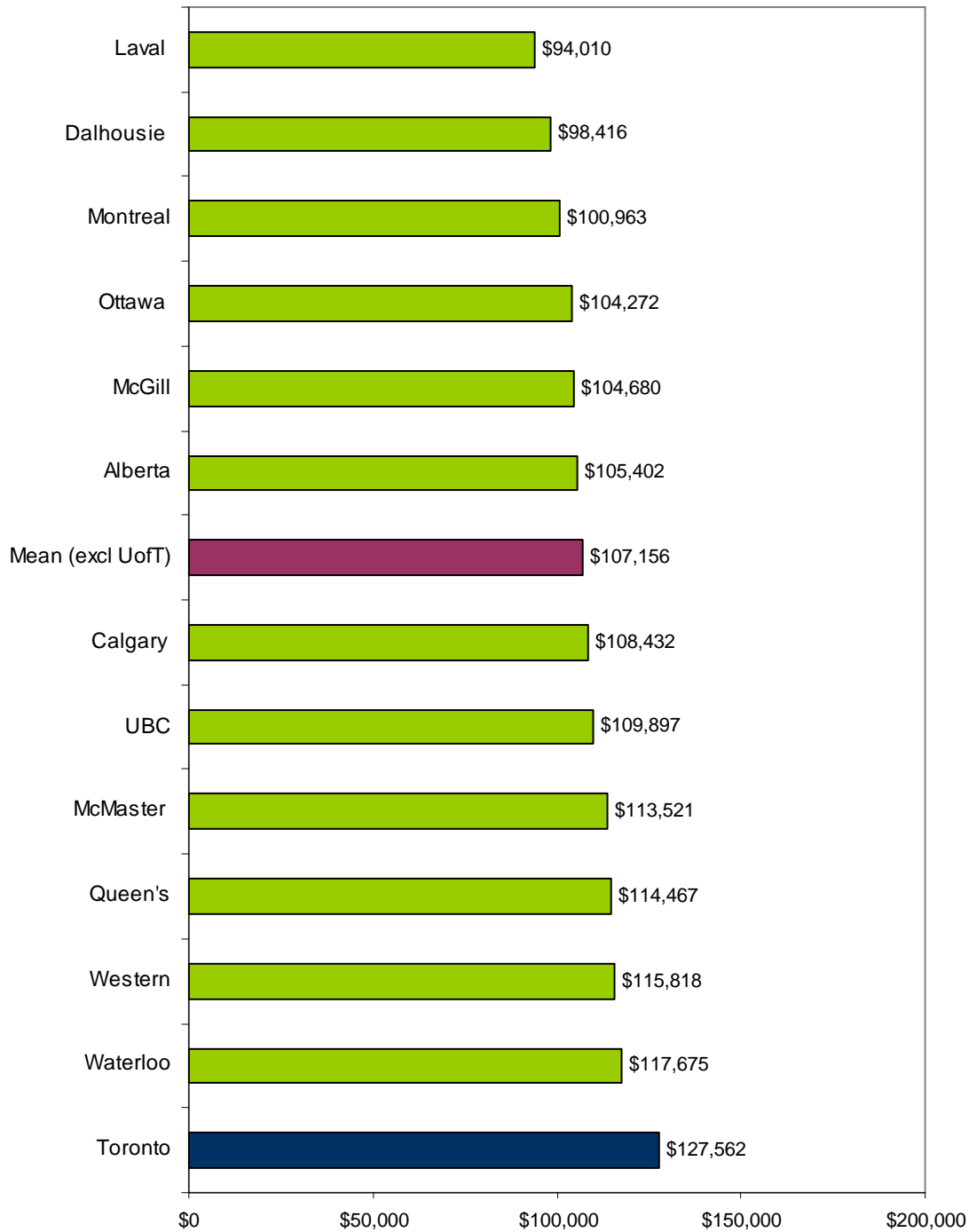
Source: Statistics Canada Fall 2008 files through the G13DE. Data excludes Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary. Data only includes faculty in the tenure stream.

**Figure 1a. G13 Universities: FT Tenure Stream Faculty Salaries Fall 2008
Full Professors**



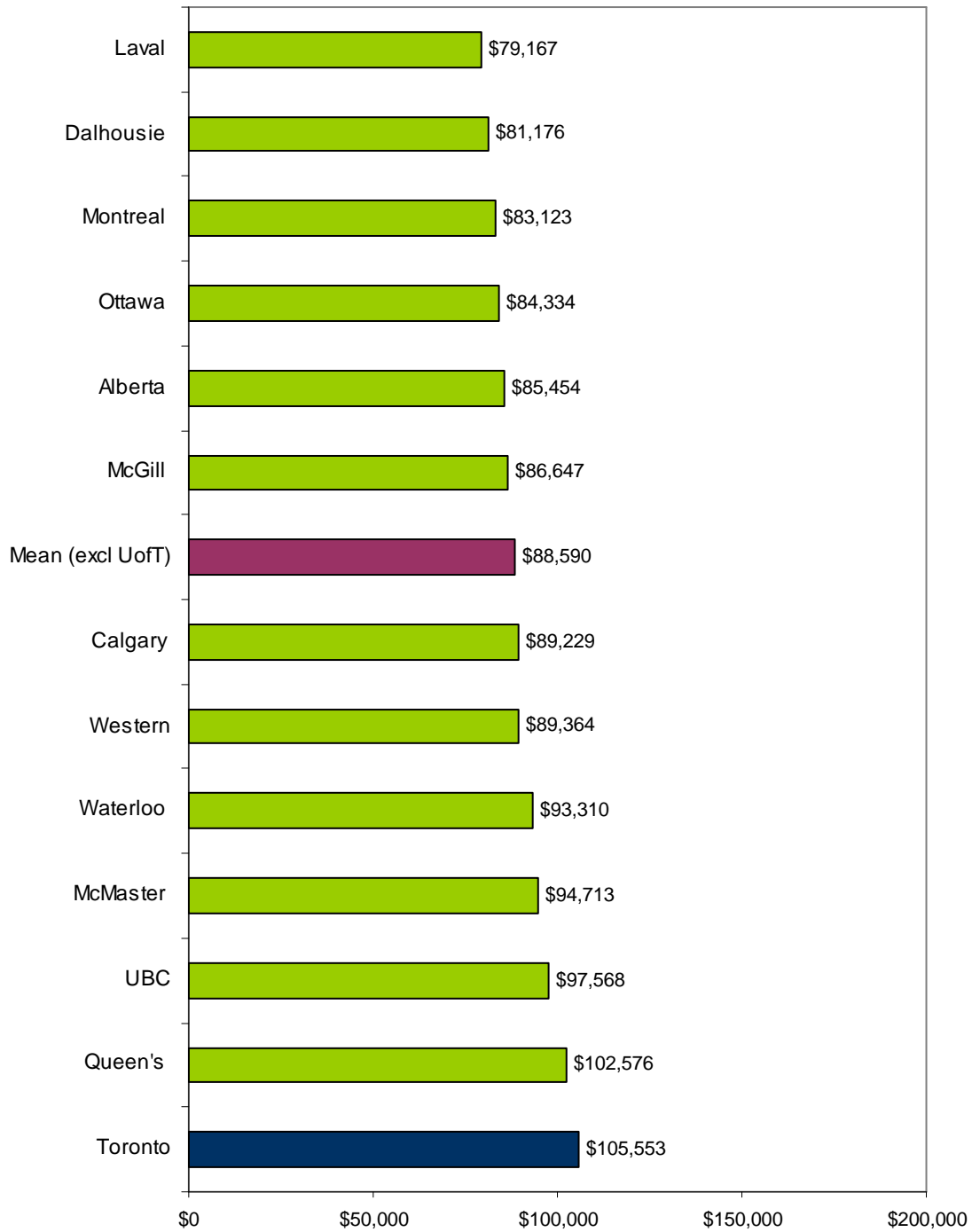
Source: Statistics Canada files through the G13DE. Data excludes faculty in Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary.

**Figure 1b. G13 Universities: FT Tenure Stream Faculty Salaries Fall 2008
Associate Professors**



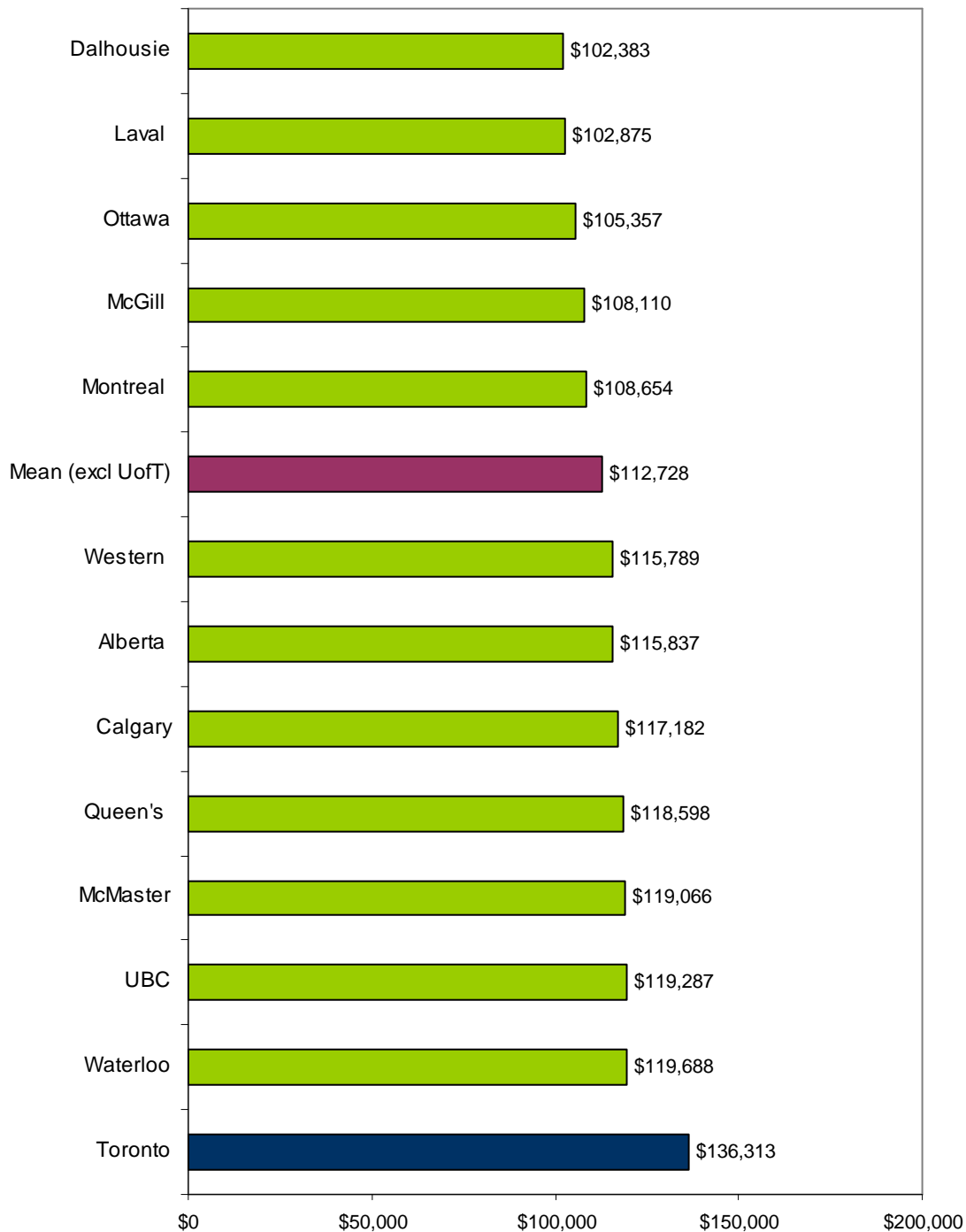
Source: Statistics Canada files through the G13DE. Data excludes faculty in Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary.

**Figure 1c. G13 Universities: FT Tenure Stream Faculty Salaries Fall 2008
Assistant Professors**



Source: Statistics Canada files through the G13DE. Data excludes faculty in Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary.

**Figure 1d. G13 Universities: FT Tenure Stream Faculty Salaries Fall 2008
All Professorial Ranks**



Source: Statistics Canada files through the G13DE. Data excludes faculty in Medicine and Dentistry and faculty with senior administrative duties. Data from Laval, McGill and Montreal are preliminary.

89. Tables from Statistics Canada's survey of university faculty for 2008/09 are included in the following pages. These tables based on the "UCASS" Statistics Canada survey compare the average salaries of tenure and non tenure stream full-time professors, associate professors, assistant professors and all ranks at Ontario universities together with six large universities outside Ontario. These data show the following:
- (a) In 2008-09, the average salaries of the University's full professors and associate professors are significantly higher than their peers at other Canadian universities. At the rank of Assistant professor, the University has the highest average salary in the cohort under 45 years of age (\$101,959), where 87% of our Assistant Professors are clustered, in contrast to York, Queen's, Carleton, and Laurentian which have a larger proportion of their Assistant Professors over 44 years of age (ranges from 18% to 40%), which effectively increases their average salaries. At the University of Toronto, Assistant Professor is the normal entry point for the tenure stream and promotion to Associate Professor normally occurs after 5 years with the grant of tenure. Accordingly, at the University of Toronto Assistant Professor salaries are therefore almost always starting salaries and up to the first five years of a new academic career.
 - (b) The average salary of University of Toronto's full professors exceeds the mean by \$24,404 (17.7%), that of associate by \$16,897 (15.3%), and assistant by \$11,602 (13.0%).
 - (c) Average salaries of all professorial ranks combined is \$14,612 (12.3%) more than their comparators at the next highest paid university in Canada.

Tables 2a to 2d: Canadian Universities: Age/Salary Comparison of Fulltime Professorial Ranked Faculty 2008-09 (Tenure Stream and Non-Tenure Stream)

Table 2a: Canadian Universities: Age/Salary Comparisons of FT Faculty 2008-09 – Full Professors

UNIVERSITY (sorted alphabet.)	AGE CATEGORY		30 - 34		35 - 39		40 - 44		45 - 49		50 - 54		55 - 59		60+		TOTAL #	AVER SAL	RANK
	#	RANK	#	RANK	SALARY	#	RANK	#	RANK	#	RANK	#	RANK	#	RANK	#			
TORONTO																	657	\$162,324	1
BROCK																	102	\$136,439	12
CARLETON																	174	\$131,556	15
GUELPH																	216	\$130,843	18
LAKEHEAD																	81	\$139,571	10
LAURENTIAN																	204	\$140,096	9
MCMASTER																			
NIPISSING																			
OTTAWA																			
QUEEN'S																			
RYERSON																			
TRENT																			
WATERLOO																			
WESTERN																			
WILFRID LAURIER																			
WINDSOR																			
YORK																			
DALHOUSIE																			
MANITOBA																			
CALGARY																			
ALBERTA																			
BRITISH COLUMBIA																			
SIMON FRASER																			
U OF T RANK																			
COUNT																			
MEAN EXCL. U OF T																			
% DIFF. BETWEEN:																			
U OF T & MEAN																			
U OF T & HIGHEST																			
U OF T & SECOND																			

Source: Statistics Canada Salary Analysis of Full-time Teachers in Canadian Universities and Colleges, 2008-09; excludes Medicine and Dentistry and faculty with senior administrative duties. Includes faculty in the tenure stream and non-tenure stream. Data on Lakehead, Laval, McGill, Montreal, Nipissing and Wilfrid Laurier not available for 2008-09.

Table 2b: Canadian Universities: Age/Salary Comparisons of FT Faculty 2008-09 – Associate Professors

UNIVERSITY (sorted alphabet.)	AGE CATEGORY										TOTAL #		AVER SAL	RANK						
	<30	30 - 34	35 - 39	40 - 44	45 - 49	50 - 54	55 - 59	60+	#	RANK	#	RANK								
TORONTO														579	3	\$133,694	72	3	\$127,079	1
BROCK														189	1	\$134,601	21	1	\$112,864	7
CARLETON														264	7	\$127,698	45	8	\$110,641	9
GUELPH														285	12	\$120,614	33	12	\$109,815	12
LAKEHEAD														111	10	\$126,068	27	10	\$111,305	8
LAURENTIAN														222	12	\$127,059	18	9	\$113,630	6
MCMASTER														321	14	\$113,782	21	15	\$104,796	18
NIPISSING														246	11	\$124,373	33	11	\$114,631	5
OTTAWA														234	13	\$117,338	15	13	\$109,516	13
QUEEN'S														96	7	\$128,080	12	7	\$109,290	14
RYERSON														276	2	\$134,066	33	2	\$117,097	3
TRENT														327	6	\$129,126	45	6	\$115,654	4
WATERLOO														168	9	\$116,679	18	11	\$109,820	11
WESTERN														531	4	\$130,796	108	4	\$121,277	2
WILFRID LAURIER														189	14	\$116,495	18	14	\$98,906	19
WINDSOR														264	20	\$104,507	42	17	\$93,256	20
YORK														381	18	\$103,924	18	18	\$105,402	17
DALHOUSIE														312	16	\$12,861	33	16	\$108,401	15
MANITOBA														552	19	\$103,835	81	19	\$109,896	10
CALGARY														237	20	\$100,026	21	20	\$106,251	16
ALBERTA														1	1					
BRITISH COLUMBIA														3	3					
SIMON FRASER														5784						
U OF T RANK														110,192						
COUNT																				
MEAN EXCL. U OF T																				
% DIFF. BETWEEN: U OF T & MEAN																				
U OF T & HIGHEST U OF T & SECOND																				

Source: Statistics Canada Salary Analysis of Full-time Teachers in Canadian Universities and Colleges, 2008-09; excludes Medicine and Dentistry and faculty with senior administrative duties. Includes faculty in the tenure stream and non-tenure stream. Data on Lakehead, Laval, McGill, Montreal, Nipissing and Wilfrid Laurier not available for 2008-09.

Table 2c: Canadian Universities: Age/Salary Comparisons of FT Faculty 2008-09 – Assistant Professors

UNIVERSITY (sorted alphabet.)	AGE CATEGORY										TOTAL #	AVER SAL	RANK												
	<30		30 - 34		35 - 39		40 - 44		45 - 49					50 - 54		55 - 59		60+							
	#	RANK	#	RANK	#	RANK	#	RANK	#	RANK				#	RANK	#	RANK	#	RANK						
TORONTO	\$102,308	18	\$103,369	141	2	\$100,946	162	2	\$101,490	87	1	\$84,304	42	4	\$93,186	9	8	\$98,657	9	6	\$95,386	6	6	\$100,953	2
BROCK			\$91,427	33	5	\$87,291	48	13	\$86,958	48	14	\$93,582	24	5	\$90,105	12	11	\$95,122	6	8	\$102,162	6	3	\$89,938	10
CARLETON		3	\$77,921	39	17	\$88,909	75	14	\$90,576	39	9	\$93,450	27	7	\$99,376	12	3	\$112,004	6	1		3	3	\$87,684	14
GUELPH	\$79,986	6	\$87,908	42	11	\$90,930	84	7	\$93,183	42	6	\$95,571	24	3	\$95,002	18	6		3			3	3	\$91,679	6
LAKEHEAD			\$75,879	27	20	\$81,483	30	17	\$88,837	27	12	\$91,291	21	11	\$104,014	9	2	\$100,829	6	4		3	3	\$86,330	16
LAURENTIAN		3	\$84,844	36	12	\$90,798	63	8	\$86,903	33	15	\$91,845	27	10	\$91,942	18	9	\$102,216	12	3	\$99,980	6	4	\$90,273	8
MCMMASTER			\$80,820	93	15	\$81,000	114	18	\$85,540	63	17	\$89,947	30	13	\$86,663	24	14	\$89,144	15	12	\$92,348	6	9	\$83,525	18
NIPISSING	\$82,540	6	\$104,643	42	1	\$101,555	51	1	\$92,680	27	7	\$103,505	15	1	\$108,440	6	1	\$102,656	6	2		3	3	\$101,414	1
OTTAWA	\$89,536	3	\$88,385	27	8	\$90,349	69	9	\$92,401	42	8	\$93,568	36	6	\$95,964	30	4	\$94,320	18	9	\$95,821	9	5	\$92,050	5
QUEENS			\$83,104	12	14	\$87,334	21	12	\$88,930	12	10	\$88,698	9	2	\$89,698	9	2		2			2	2	\$89,146	11
RYERSON			\$89,560	72	7	\$93,798	96	4	\$93,662	33	5	\$89,634	21	14	\$87,174	12	13		12			12	12	\$91,646	7
TRENT	\$84,661	9	\$84,766	51	13	\$87,853	102	11	\$96,483	63	2	\$83,140	30	19	\$82,441	18	17	\$92,960	15	10	\$84,913	6	12	\$88,715	13
WATERLOO	\$97,355	6																							
WESTERN			\$79,291	24	16	\$84,057	48	15	\$88,926	39	11	\$91,274	27	12	\$93,235	15	7	\$95,211	9	7	\$104,106	6	2	\$87,566	15
WILFRID LAURIER			\$92,506	63	4	\$91,969	102	6	\$95,796	63	3	\$92,427	54	9	\$95,115	33	5	\$99,627	30	5	\$107,838	33	1	\$94,916	4
WINDSOR	\$84,314	6	\$76,560	36	18	\$79,557	66	19	\$80,095	42	19	\$83,368	21	18	\$85,931	21	15	\$84,197	18	14	\$85,279	6	11	\$80,769	19
YORK			\$75,926	42	19	\$78,153	66	20	\$74,969	48	20	\$76,203	30	20	\$78,469	21	19	\$77,496	9	15	\$85,453	6	10	\$76,834	20
DALHOUSIE	\$69,451	6	\$88,383	90	9	\$83,371	96	16	\$84,828	63	18	\$84,436	36	17	\$85,211	21	16		3			3	3	\$85,453	17
MANITOBA	\$88,976	12	\$88,163	45	10	\$90,220	66	10	\$87,875	66	13	\$86,385	21	16	\$88,346	15	12	\$90,259	9	11	\$93,330	9	7	\$88,830	12
CALGARY		3	\$99,158	96	3	\$99,547	138	3	\$95,717	87	4	\$93,311	39	8	\$90,457	24	10	\$86,009	18	13	\$92,474	6	8	\$86,844	3
ALBERTA	\$97,137	9																							
BRITISH COLUMBIA	\$100,610	6																							
SIMON FRASER			\$89,566	63	6	\$92,945	105	5	\$86,521	51	16	\$88,557	30	15	\$79,568	12	18		3			3	3	\$90,067	9
U OF T RANK	1		2			2			1			4			8			6			6			2	
MEAN EXCL. U OF T	105		1074			1602			975			564			333			195			123			4974	
COUNT	\$87,870		\$87,542			\$89,002			\$89,240			\$90,010			\$90,170			\$93,439			\$96,397			\$89,351	
% DIFF. BETWEEN: U OF T & MEAN	16.4%		18.1%			13.4%			13.7%			4.8%			3.3%			5.8%			-3.1%			13.0%	
U OF T & HIGHEST U OF T & SECOND	1.7%		-1.2%			-0.6%			5.2%			-4.5%			-10.4%			-3.7%			-8.4%			-0.5%	

Source: Statistics Canada Salary Analysis of Full-time Teachers in Canadian Universities and Colleges, 2008-09; excludes Medicine and Dentistry and faculty with senior administrative duties. Includes faculty in the tenure stream and non-tenure stream. Data on Lakehead, Laval, McGill, Montreal, Nipissing and Wilfrid Laurier not available for 2008-09.

Table 2d: Canadian Universities: Age/Salary Comparisons of FT Faculty 2008-09 – All Professorial Ranks

UNIVERSITY (sorted alphabet.)	AGE CATEGORY										TOTAL #	AVER SAL	RANK											
	<30		30 - 34		35 - 39		40 - 44		45 - 49					50 - 54		55 - 59		60+						
	#	RANK	#	RANK	#	RANK	#	RANK	#	RANK				#	RANK	#	RANK	#	RANK					
TORONTO	\$102,308	1	\$105,840	153	2	\$110,913	276	1	\$123,951	282	1	\$133,693	237	1	\$144,092	204	1	\$157,312	345	1	1704	\$133,493	1	
BROCK			\$83,808	36	11	\$90,230	93	14	\$96,440	87	16	\$105,267	69	16	\$114,122	51	16	\$138,923	72	8	474	\$109,086	13	
CARLETON		3	\$80,574	45	15	\$89,140	114	15	\$97,629	96	13	\$107,925	111	13	\$118,333	87	8	\$126,321	72	14	642	\$109,015	14	
GUELPH	\$79,986	6	\$82,047	45	13	\$89,343	132	6	\$102,705	123	9	\$109,273	102	10	\$114,761	105	15	\$122,844	111	18	726	\$110,451	11	
LAKEHEAD			\$77,318	33	16	\$84,294	36	18	\$88,141	51	18	\$103,878	48	18	\$118,593	45	7	\$124,608	36	13	321	\$108,401	16	
LAURENTIAN		3	\$88,640	42	8	\$98,000	102	4	\$104,928	108	8	\$113,284	99	7	\$124,296	96	4	\$127,000	81	6	624	\$114,871	8	
MCMMASTER			\$81,554	99	14	\$86,404	183	17	\$95,329	150	17	\$105,533	132	15	\$116,169	135	13	\$120,196	123	16	939	\$104,358	18	
NIPISSING	\$82,540	6	\$88,640	42	8	\$98,000	102	4	\$104,928	108	8	\$113,284	99	7	\$124,296	96	4	\$127,000	81	6	624	\$114,871	8	
OTTAWA			\$81,554	99	14	\$86,404	183	17	\$95,329	150	17	\$105,533	132	15	\$116,169	135	13	\$120,196	123	16	939	\$104,358	18	
QUEENS	\$89,536	6	\$106,781	48	1	\$102,236	78	3	\$106,755	108	6	\$119,277	99	3	\$121,707	87	6	\$128,084	72	7	606	\$118,081	3	
RYERSON		3	\$90,650	33	6	\$93,876	90	10	\$102,179	108	10	\$109,672	111	14	\$111,778	105	17	\$117,630	81	18	627	\$108,527	15	
TRENT			\$66,483	15	20	\$90,536	36	13	\$97,125	36	14	\$108,423	33	12	\$108,852	24	18	\$131,516	24	4	207	\$114,250	9	
WATERLOO	\$84,661	9	\$90,925	78	5	\$96,247	141	5	\$110,090	114	4	\$119,063	135	4	\$127,580	117	2	\$138,928	69	2	786	\$118,051	4	
WESTERN	\$97,355	6	\$84,766	51	10	\$92,567	144	11	\$109,047	144	5	\$111,184	153	9	\$116,543	108	12	\$129,407	114	5	864	\$114,191	10	
WILFRID LAURIER			\$70,481	27	19	\$86,831	63	16	\$96,719	87	15	\$104,211	78	17	\$115,004	57	14	\$120,955	54	15	453	\$108,228	17	
WINDSOR		6	\$93,518	69	4	\$94,731	153	7	\$111,738	174	2	\$115,302	171	5	\$118,327	156	9	\$126,568	174	10	1182	\$117,914	5	
YORK	\$84,314	6	\$70,671	39	18	\$80,518	102	19	\$87,097	90	19	\$98,087	84	19	\$106,331	99	19	\$114,705	96	19	597	\$100,926	19	
DALHOUSIE	\$69,451	6	\$70,864	45	17	\$79,932	99	20	\$85,123	120	20	\$92,022	102	20	\$100,196	102	20	\$108,681	84	20	744	\$100,581	20	
MANITOBA	\$88,976	12	\$90,289	99	7	\$92,400	162	12	\$105,833	231	7	\$111,615	222	8	\$126,489	210	3	\$131,805	183	3	1275	\$115,877	7	
CALGARY		3	\$82,653	48	12	\$94,574	108	8	\$100,421	153	12	\$114,478	126	6	\$117,660	114	10	\$126,754	147	9	876	\$116,704	6	
ALBERTA	\$97,137	9	\$99,158	96	3	\$106,871	225	2	\$110,969	231	3	\$119,572	243	2	\$122,818	219	5	\$128,355	222	6	1494	\$118,881	2	
BRITISH COLUMBIA	\$100,610	6	\$85,495	66	9	\$94,493	141	9	\$101,098	123	11	\$108,980	132	11	\$117,155	105	11	\$119,810	81	17	768	\$109,119	12	
SIMON FRASER			\$100,610	6	2	\$85,495	66	9	\$94,493	141	9	\$101,098	123	11	\$117,155	105	11	\$119,810	81	17	768	\$109,119	12	
U OF T RANK	1		2		1			1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1
COUNT	105		1167		1			2616		1		2487		1		2226		2061		1		15909		
MEAN EXCL. U OF T	\$87,870		\$86,372		\$93,192		\$102,240		\$102,240		\$110,594		\$117,954		\$125,152		\$135,024		\$135,024		\$135,024		\$112,350	
% DIFF. BETWEEN: U OF T & MEAN	16.4%		22.5%		19.0%		21.2%		21.2%		20.9%		22.2%		19.2%		16.5%		16.5%		16.5%		18.8%	
U OF T & HIGHEST U OF T & SECOND	1.7%		-0.9%		3.8%		10.9%		10.9%		11.8%		12.9%		7.4%		7.2%		7.2%		7.2%		12.3%	

Source: Statistics Canada Salary Analysis of Full-time Teachers in Canadian Universities and Colleges, 2008-09; excludes Medicine and Dentistry and faculty with senior administrative duties. Includes faculty in the tenure stream and non-tenure stream. Data on Lakehead, Laval, McGill, Montreal, Nipissing and Wilfrid Laurier not available for 2008-09.

(ii) Librarian Salaries

90. Statistics comparing the average salaries of Librarians in 2008-09 at research intensive Canadian universities (G13) are included in the following pages and demonstrate the following:

- (a) Librarians at the University of Toronto had the highest average salaries compared to their research intensive peers (see Table 3 and figure 2).
- (b) The average salary at the University of Toronto exceeds the mean by 19.4%.

Table 3. Average Librarian Salaries (excluding Chief Librarians) – G13 Institutions, 2008-09.

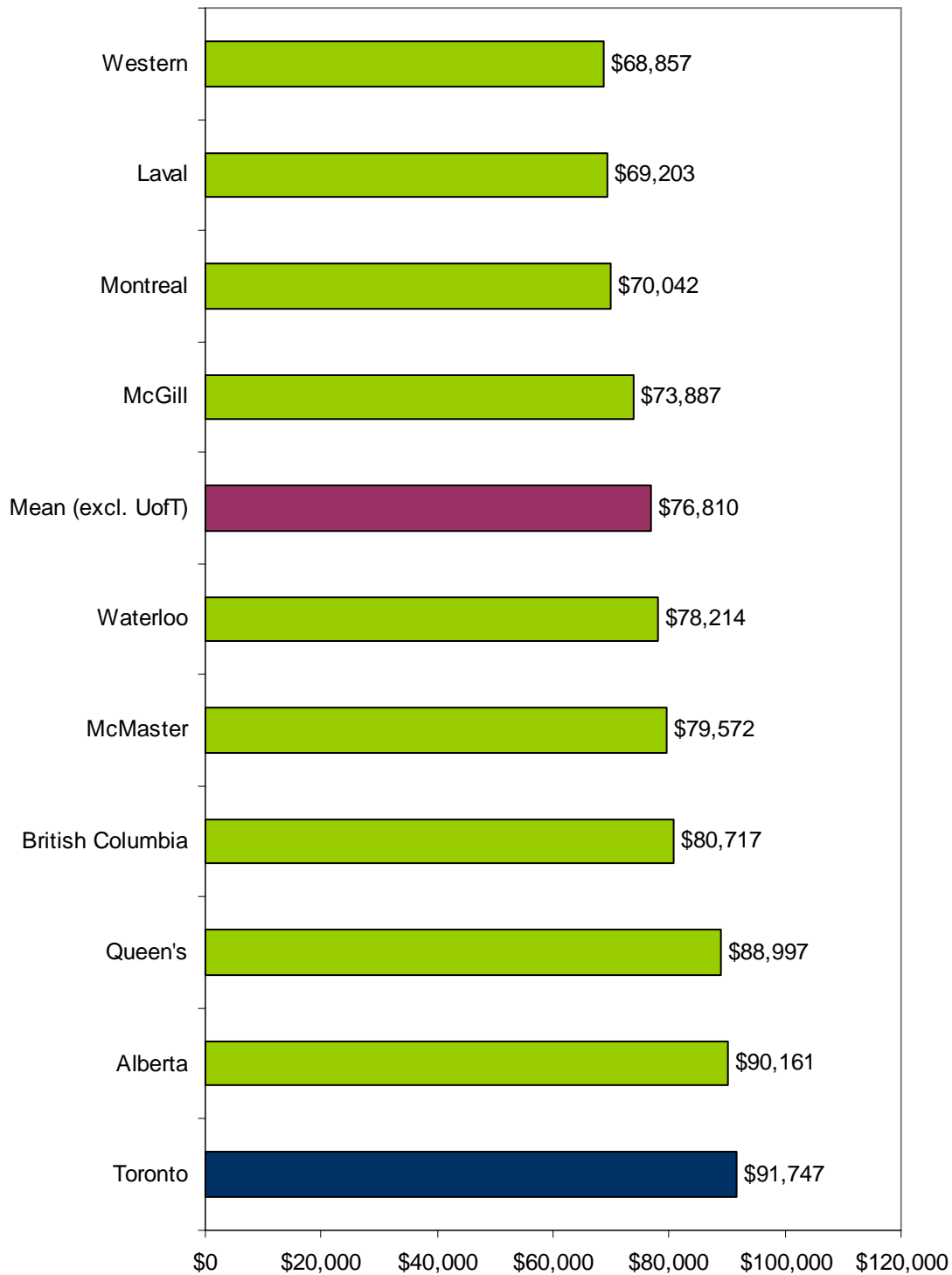
University	Average Salary	Rank	# of Staff
Toronto	\$91,747	1	143
Alberta	\$90,161	2	66
British Columbia	\$80,717	4	88
Laval	\$69,203	9	63
McGill	\$73,887	7	63
McMaster	\$79,572	5	31
Montreal	\$70,042	8	89
Queen`s	\$88,997	3	33
Waterloo	\$78,214	6	33
Western	\$68,857	10	62

Mean Excl. UofT	\$76,810
-----------------	----------

UofT Rank	1		
% Diff between UofT & Mean	19.4%	\$ Diff between UofT & Mean	\$14,937
UofT & Highest		UofT & Highest	
UofT & Second	1.8%	UofT & Second	\$1,585

Source: Based on ARL 2008-09 Table 31a. Dollars reported in Canadian funds. Data from Calgary, Dalhousie and Ottawa were not available.

Figure 2. Average Salaries of Librarians at G13 Universities, 2008-09.



Source: Based on ARL 2008-09 Table 31a. Dollars reported in Canadian funds. Data from Calgary, Dalhousie and Ottawa were not available.

(b) The Economic Climate

91. It is trite that in applying the replication model of interest arbitration interest arbitrators do, and indeed must, take into account and have regard for the economic climate in which the collective bargaining negotiations between the parties are to be replicated in an interest arbitration award.

December 1986 Decision of Dispute Resolution Panel Between the *University of Toronto and the Association*, Donald R. Munroe, Q.C. Chairman (**Tab 5**, University Documents)

No doubt, salary increases of the magnitude sought by the Association were once the order of the day; and, depending on circumstances, might again become common place or, at least, attainable. But at present, the Association's salary demand must be viewed as unrealistic. Certainly, we cannot imagine such an increase being the product of free collective bargaining in the Ontario University setting in 1986. The University would not have agreed to it; the Association and its membership would not have struck for it. In that sense, an award which came close to an acceptance of the Association's demand would rightly be viewed, by any reasonable objective observer, as an aberration.

June 1993 Decision of Dispute Resolution Panel Between the *University of Toronto and the Association* Chaired by Donald R. Munroe, Q.C. (**Tab 6**, University Documents)

Replication: The Economic Climate

...

It surely cannot be doubted that the Ontario economy has recently been experiencing one of its worst battering in modern memory. Indeed, it seems safe to observe that not since the Great Depression of the 1930's have Ontarians been exposed to such oppressive recessionary conditions – with such devastating socio-economic consequences.

...

As we have already commented, the prevailing economic climate in Ontario has lately been savagely recessionary. The oppressive character of the recession can be measured both in terms of its depth and its duration. Among other consequences of the recession has been a dampening of both private and public sector pay demands and bargaining outcomes. Harkening back to the replication model, we are of the view that these economic realities of the day would have profoundly influenced the eventual product of the parties' direct negotiations according to the normal process of collective bargaining – including the threat or actuality of a strike or a lock out.

The Corporation of the City of Windsor and Local 455 of the International Association of Fire Fighters, September 17, 1982 decision of Panel Chaired by Martin Teplitsky (**Tab 11**, University Documents)

What has happened in Windsor [The Windsor Police Association and the Board of Commissioners of Police for the City of Windsor interest arbitration award dated June 15, 1981] unfortunately, is that attention was focused only on one passage of my award, and the rest was apparently ignored. The rest is important because it expressly recognized that there is an appropriate basis for taking adverse economic conditions within a community into account; namely, if the evidence discloses that the community generally has moderated its wage expectations then an interest arbitrator should reflect that moderation in his award, and should reflect moderation to the extent that the community is showing restraint. Arbitrators must do this because, although public sector employees are not required to subsidize the community by accepting sub-standard wages and benefits, the community is not required to pay greater wages or benefits to public sector employees than the community itself is able to derive from its employment.

...

What an interest arbitrator must do is determine what the community generally is obtaining by way of wage settlements and must take that fact into account as a relevant consideration in determining an appropriate salary increase.

Brantford Police, November 1991, Professor R.C. Jackson (**Tab 12**, University Documents)

The brutal reality is that we are in the midst of a terrible recession which has caused social and economic misery for hundreds of thousands and which has sewn fear in every right thinking person.

...

I am now convinced that the economic situation is so desperate that the police to police comparisons which have always been the principle consideration in the determination of police salaries by arbitrators, must take a subordinate place, temporarily – to economic necessity. It is just not fair – nor do I believe it is right – for the public, over 10% of whom are out of work, and most of whom are very frightened over their own economic futures, to read about wage increases for public sector groups well above the rate of inflation and above what the private sector is getting (those who are working, at least).

...

I am convinced that the seriousness of the current economic crisis makes salary determination based strictly on police-to-police comparisons less and less credible. Sheer economic reality will inevitably bring down the level of public sector wage settlements; either that, or the Provincial Government will be forced again out of sheer economic necessity, to follow the lead of 7 other jurisdictions in the country and impose some sort of limit on negotiated and arbitrated wage increases.

Re Brandon School Division No. 40 [2000] M.G.A.D. No. 2 (Scurfield) at page 44. (**Tab 13**, University Documents)

An arbitrator's task is to award a public employee economic benefits which the arbitrators believes that the parties bargaining in good faith should have agreed to. Public sector employees normally reside in the communities where they work. They are part of that community. A reasonable teacher should expect to

benefit from its prosperity and share a proportionate share of the hardships which befall the general community. Any objective right thinking public employee should expect to receive wage increase which are related to the prevailing economic circumstances in the province. Thus, in practical terms, an arbitrator should seek to make an award which is sensitive to the prevailing economic climate on the basis that such an award represents what the parties bargaining in good faith should have agreed to. That is the object of an arbitration award.

(i) Consumer Price Index

92. The annualized CPI percentage change for 2009 was exceptionally low – 0.35% for Ontario and 0.44% for Toronto.

CONSUMER PRICE INDEX (2002=100)							
	2003	2004	2005	2006	2007	2008	2009
CANADA	102.8	104.7	107.0	109.1	111.5	114.1	114.4
% CHANGE		1.85%	2.20%	1.96%	2.20%	2.33%	0.26%
ONTARIO	102.7	104.6	106.9	108.8	110.8	113.3	113.7
% CHANGE		1.85%	2.20%	1.78%	1.84%	2.26%	0.35%
TORONTO	103.0	104.7	106.7	108.4	110.5	113.1	113.9
% CHANGE		1.65%	1.91%	1.59%	1.94%	2.35%	0.44%
Sources: Statistics Canada and The Conference Board of Canada							

ALL ITEMS CONSUMER PRICE INDEX - CANADA			ALL ITEMS CONSUMER PRICE INDEX FOR ONTARIO			ALL ITEMS CONSUMER PRICE INDEX - TORONTO		
Annual Average for 2002 = 100			Annual Average for 2002 = 100			Annual Average for 2002 = 100		
Month	Index	% Change from same month one year ago	Month	Index	% Change from same month one year ago	Month	Index	% Change from same month one year ago
2009			2009			2009		
January	113.0	1.1%	January	112.4	1.4%	January	112.5	1.6%
February	113.8	1.4%	February	113.1	1.5%	February	113.2	1.7%
March	114.0	1.2%	March	113.7	1.8%	March	113.8	2.1%
April	113.9	0.4%	April	113.2	0.6%	April	113.1	0.8%
May	114.7	0.1%	May	114.0	0.4%	May	113.9	0.5%
June	115.1	-0.3%	June	114.2	0.0%	June	114.0	0.2%
July	114.7	-0.9%	July	113.7	-1.2%	July	113.6	-1.1%
August	114.7	-0.8%	August	113.7	-1.0%	August	113.6	-1.0%
September	114.7	-0.9%	September	113.8	-1.1%	September	113.7	-1.0%
October	114.6	0.1%	October	113.9	0.2%	October	114.0	0.3%
November	115.2	1.0%	November	114.6	1.0%	November	114.4	0.8%
December	114.8	1.3%	December	114.1	1.2%	December	113.9	0.8%
2010			2010			2010		
January	115.1	1.9%	January	114.5	1.9%	January	114.5	1.8%
February	115.6	1.6%	February	115.1	1.8%	February	115.1	1.7%
March			March			March		
April			April			April		
May			May			May		
June			June			June		
July			July			July		
August			August			August		
September			September			September		
October			October			October		
November			November			November		
December			December			December		

(ii) Private and Public Sector Settlements

Ministry of Labour Collective Bargaining Highlights

93. The economic climate has resulted in a downward trend in both private and public sector settlements.
94. The Ontario Ministry of Labour Collective Bargaining Highlights (**Tab 14**, University Documents) indicates the following:

Average Annual Increase, Current Three Years

	2007 %	2008 %	2009 %
Private Sector	2.9	2.0	1.3
Public Sector	3.1	3.1	2.4
All Settlements	3.0	2.7	2.1

Wage Trends – Last Three Years

Average Annual Increase in Base Wage Rates and Consumer Price Index

Sector and CPI	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Private Sector	2.6	3.0	3.3	1.9	2.0	1.7	2.5	2.6	2.0	1.2	1.2	1.2
Public Sector	3.0	3.2	3.4	2.9	3.1	3.0	3.0	3.1	2.4	2.6	2.2	2.3
All Settlements	2.9	3.0	3.4	2.7	2.9	2.0	2.9	3.0	2.4	2.2	1.9	1.8
Consumer Price Index	1.3	1.8	2.0	2.3	1.5	1.9	3.6	2.0	1.6	0.3	-1.1	0.8

Private Sector Settlements in the GTA

95. A review of a variety of private sector settlements in the GTA from late 2008 onwards indicates some agreements with no ATB wage increases, and most with very modest ATB wage increases.

SUMMARY OF PRIVATE SECTOR SETTLEMENTS IN THE GTA – ATB INCREASES

Agreement	Effective Date	Expiry Date	City	Union	Number of Employees	Term	First Year %	Second Year %	Third Year %
Johnson Controls Inc.	22/08/2008	25/08/2011	Whitby	CAW	684	3	0	0	0
Garland Commercial Ranges	01/10/2008	30/09/2010	Mississauga	LUNA	166	2	1	1	1
Volth Siemens Hydro Power	01/10/2008	01/10/2011	Mississauga	CAW	55	3	1.1	1	1
Koch Heat Transfer	24/11/2008	23/11/2009	Toronto	BBF	33	1	0	0	0
Oshawa Holiday Inn	08/12/2008	07/12/2011	Oshawa	UFCW	98	3	0	1.5	1.5
Mississauga Seating Systems	13/12/2008	06/11/2010	Mississauga	CAW	400	1.9	0	0	0
Star Bedding Products Co	01/01/2009	31/12/2011	Toronto	USW	71	3	1.4	1.8	1.75
Maple Leave Consumer Foods, Barter Road, Div.	15/01/2009	14/01/2011	Toronto	UFCW	300	2	1.35	2.3	0
Hewitt Material Handling	08/02/2009	07/02/2012	Concord	CAW	60	3	1.8	1.8	1.75
Belmont Meat Products	17/02/2009	16/02/2012	Weston	UFCW	100	3	0	1.4	1.4
Mobile Climate Control	30/03/2009	29/03/2012	Toronto	UFCW	300	3	0	1.8	2.1
Webb Airport Services Inc.	01/04/2009	31/03/2012	Mississauga	CAW	108	3	0	2	2
Atlas Logistics Ajax Inc.	01/04/2009	14/01/2013	Ajax	CAW	600	3.8	0	1.7	1.6
Daimler Buses North America	01/04/2009	01/04/2012	Mississauga	CAW	350	3	1.9	2.1	2
Par'N Fly	15/04/2009	14/04/2012	Mississauga	UFCW	100	3	0	2.1	2
AGS Automotive Inc.	16/05/2009	31/08/2012	Oshawa	CAW	100	3.3	0	0	0
Faurecia Automotive Seating	18/05/2009	17/05/2010	Toronto	USW	195	1	0	0	0
Zellers	01/06/2009	31/05/2012	Scarborough	CAW	310	3	0	1	1.5
Olymel/Galco Food Products	01/06/2009	31/05/2013	Brampton	UFCW	470	4	0	1.7	1.6
Bombardier de Havilland	23/06/2009	22/06/2012	Toronto	CAW	3000	3	0	1.75	2
Globe and Mail	01/07/2009	30/06/2014	Toronto	CEP	450	5	0	0	2
SKF Bearings Canada	01/07/2009	30/06/2010	Toronto	IAM	23	1	0	0	0
La Rocca Creative Cakes	01/07/2009	31/08/2012	Richmond Hill	UFCW	100	3.2	0	0	0
Slix Innovations Inc.	01/07/2009	30/06/2012	Mississauga	USW	75	3	1	1	2
Callaway Golf Canada Ltd.	01/08/2009	31/07/2012	Concord	CAW	102	3	0	1.4	2.5
Hunter Douglas Canada LP	05/08/2009	04/08/2012	Brampton	UFCW	100	3	2	2	2
M&I Air Systems	12/08/2009	11/08/2012	Mississauga	CAW	155	3	0	0	2.2
Arnall Enterprises	01/10/2009	30/09/2010	Mississauga	WU	264	1	0	0	0
Maple Lodge Farms Ltd.	13/10/2009	12/10/2012	Brampton	UFCW	1150	3	0	0	1.4
The Britton House	18/11/2009	17/11/2012	Toronto	UFCW	125	3	0	1	2
Ball Packaging Products	01/12/2009	30/11/2012	Whitby	UFCW	114	3	1	1.5	2
Interforest Ltd.	03/01/2010	02/01/2011	Durham	USW	91	1	0	0	0
Autoliv Electronics Canada Inc.	12/01/2010	12/01/2013	Markham	IAM	242	3	0	2.5	2.5
Lear Corporation	01/05/2011	30/04/2014	Ajax	CAW	350	3	0	0.8	0.8

Public Sector Settlements

96. In December of 2008 the Government of Ontario and OPSEU reached a settlement without a labour dispute with ATB increases of 1.75% 2009/10; 2% 2010/11; 2% 2011/12; and 2% 2012/13.

97. A review of major public sector settlements reached from January 2009 onward follows. The settlements reflect a downward trend in ATB increases.

**SUMMARY OF MAJOR PUBLIC SECTOR SETTLEMENTS -- ATB INCREASES
(AS OF FEBRUARY 2010)**

Agreement	Month/Year Agreement Reached	Term	2008/09	2009/10	2010/11	2011/12	2012/13
Treasury Board/PSAC	January, 2009	4 years	1.50	1.50	1.50		
Council of Academic Hospitals of Ontario/Professional Association of Interns and Residents of Ontario (PAIRO)	January, 2009	3 years					
Toronto Hydro/CUPE Local 1	January, 2009	5 years		1.50	1.50	2.00	
CBC English/Canadian Media Guild	January, 2009	4 years		3.00	3.00	3.00	3.00
OPSBA and ETFO	February, 2009	4 years	2.00				
OPG/CUPE 1000	March, 2009	3 years		3.00	3.00	3.00	
York University/CUPE 3903	April, 2009	3 Years	3.00		3.00		
University of Toronto/GAW, Local 2003	May, 2009	3 years					
Gov't of Ontario/AMAPCEO	May, 2009	3 years		1.95	1.95	1.95	
City of Toronto/ CUPE Local 79 and 416	July, 2009	3 years		1.75	2.00	2.00	
City of Windsor/ CUPE, Locals 543 and 82	July, 2009	4 years		1.75	2.00	2.25	
City of Thunder Bay/ CUPE Local 87	September, 2009	2 years		1.00	1.50	1.80	2.00
Canadian Blood Services/OPSEU Locals 106, 205, 477, 5103	October, 2009	3 years					
OHA/ CUPE	October, 2009	4 years	2.75		1.50	1.50	
City of Ottawa (OC Transpo)/ATU Local 279	October, 2009	3 years		2.00	2.00	2.00	2.00
OHA/OPSEU	November, 2009	2 years			2.50		
Toronto Public Library Board/ CUPE Local 4948 (formerly 416)	November, 2009	3 years	3.25		2.50		
London Transit Commission/ATU Local 741	December, 2009	4 years		1.75	2.00	2.25	
Average 2009			2.50	1.98	2.08	2.25	2.13
Mental Health Centre Penetanguishine/OPSEU Local 329	January, 2010	2 years		2.00	2.00		

**SUMMARY OF MAJOR PUBLIC SECTOR SETTLEMENTS -- ATB INCREASES
(AS OF FEBRUARY 2010)**

Niagara Parks Commission/OPSEU Local 217	January, 2010	4 years		1.00	1.50	1.50	1.50
College Compensation and Appointments Council/OPSEU	February, 2010	3 years		1.75	2.00	2.00	2.00
Average 2010				1.58	1.83	1.75	1.50

(iii) March 24, 2010 Ontario Budget and the *Compensation Restraint Act*

98. Ontario had a record \$21.3 billion dollar deficit for the year ending March 31, 2010 and projects a \$19.7 billion dollar deficit for the current year (**Tab 15**, University Documents).
99. On March 24, 2010 Finance Minister Dwight Duncan tabled the Government's Budget for 2010.
100. The Government tabled its Budget Bill (Bill 16) on March 25, 2010. Schedule 25 to Bill 16 is the "Public Sector Compensation Restraint to Protect Public Services Act, 2010" (the "*Compensation Restraint Act*") (**Tab 16**, University Documents).
101. Subject to specified exceptions the *Compensation Restraint Act* precludes any increase in compensation as defined in the Act for a two year period from March 24, 2010 to March 31, 2012. "Compensation" is defined in the Act to mean "all forms of payment, benefits and prerequisites paid or provided, directly or indirectly, to or for the benefit of a person who performs duties and functions that entitle him or her to be paid, and includes discretionary payments."
102. The *Compensation Restraint Act* restricts compensation increases for the period March 24, 2010 to March 30, 2012 for approximately 350,000 non-bargaining public sector employees, including non-bargaining employees at all Ontario universities. At the University of Toronto this affects approximately 1,300 professional, managerial, confidential and research associates, including senior academic administrators and professionals and managers who had already agreed to a voluntary salary freeze for 2009/10.
103. In the context of the replication model of interest arbitration and the economic climate as it relates to faculty and librarian compensation at the University of Toronto this means that 1,300 employees working side-by-side with faculty and librarians at the University of Toronto, including professionals and managers and senior academic administrators, will have their compensation restricted under the *Compensation Restraint Act* for a significant period of time covered by this

arbitration award, and beyond. In addition it means that hundreds of thousands of other employees in the broader public sector, including a great many employees in the community in which University of Toronto faculty and librarians work, will also have their compensation restricted under the *Compensation Restraint Act* for the same period of time.

104. In addition to the *Compensation Restraint Act*, the government's Budget contained the following statement regarding compensation for broader public sector employees, including university employees, represented by trade unions or organizations that collectively bargain with an employer as follows (**Tab 17**, University Documents):

All existing collective agreements in the public sector will be honoured. As agreements are renegotiated, the government will work with transfer payment partners and bargaining agents to seek agreements of at least two years' duration. *These agreements should help manage spending pressures, protect public services that Ontarians rely on and provide no net increase in compensation.*

[emphasis added]

105. The Government provided further comment on the Budget statement above in a Frequently Asked Question ("FAQ") document issued on March 24, 2010 (**Tab 18**, University Documents) concerning employees in the broader public sector represented by trade unions or organizations that collectively bargain compensation with employers as follows:

Q. Why only non-bargaining employees of public sector employers, and not those who bargain collective (e.g. unionized)?

A. All broader public sector employees would be asked to contribute to protect public services during these challenging times. It is only the fair thing to do.

Non-bargaining employees would see their compensation structures frozen for two years.

Employees who are part of a union or who bargain compensation collectively would see their current agreements honoured. *When these agreements expire and new contracts are negotiated, the Government will work with transfer payment partners and bargaining agents to seek agreements of at least two years' duration that do not include net compensation increases.*

The fiscal plan provides no funding for compensation increases for future collective agreements.

It doesn't matter whether contracts expire next month, next year or the year after that – all employers and employee groups will be expected to do their part.

[emphasis added]

106. In the context of the replication model the *Compensation Restraint Act* and the government's announcements concerning new collectively bargained agreements would have been a very significant factor in collective bargaining negotiations between the University and the Association.

(iv) The Challenges Facing Some Canadian, U.S. and British Universities

107. Universities in Ontario and Canada are facing significant challenges in the current economic climate, a sampling of which is set out below.

Ontario

(a) Lakehead University

108. Lakehead University closed both of its campuses from December 21 to 24, 2010 without pay for faculty and staff as a cost saving measure (**Tab 19**, University Documents).

(b) McMaster University

109. In late February, 2010 McMaster University announced that it was looking at cutting a minimum of 50 and up to 100 positions across the University. While some of these will be through attrition, others will cause layoffs. Because more of these cuts will be in non-teaching rather than teaching areas, service levels in many areas will be reduced (**Tab 20**, University Documents).

(c) Queen's University

110. At Queen's University the school's board of trustees has told administrators to reduce the annual deficit to zero by the end of the 2012 fiscal year. Cost-cutting measures include a salary freeze among senior administration and senior staff, and Queen's is reviewing its property holdings to see what real estate could be sold. Also, in addition to implementing a 15% budget cut over the next three years, the new Principal will be reviewing the school's academic priorities and renewing its emphasis on undergraduate programs. The new Principal asked the faculty association to accept a reduction in a previously negotiated salary increase which the faculty association declined to do (**Tab 21**, University Documents).

(d) University of Ottawa

111. The University of Ottawa reports a \$25 million deficit and senior administration appointed a committee of professors and financial experts to pull together suggestions on how to make up the shortfall. The majority of the spending reduction proposals would affect students and faculty and include increased class sizes, elimination of vacant teaching positions and reductions in student scholarship support (**Tab 22**, University Documents).

Canada

(a) University of British Columbia

112. In February/March 2010 negotiations with the Faculty Association the University proposed a two year rollover agreement with no increases in total compensation costs which proposal was formally rejected by the Faculty Association (**Tab 23**, University Documents).

(b) University of Winnipeg

113. The University of Winnipeg announced that its senior administrators – the president, vice-presidents, associate VPs and equivalents, and deans – will take a pay freeze in 2010-11 in an effort to balance the operating budget (**Tab 24**, University Documents).

(c) University of Manitoba

114. The University of Manitoba's Board of Governors approved a recommendation to provide a 0% salary increase for 2010 to members of the executive group and senior administrative academic group. The move is designed to help achieve a balanced budget for 2010. The university has instituted a vacancy management program for faculty and staff in which many positions are not being filled. Faculties and administrative units have been asked to plan for up to a 5% reduction in budgets (**Tab 25**, University Documents).

(d) University of New Brunswick

115. The University of New Brunswick is eliminating jobs at its Fredericton campus due to shortfalls in the school's operating budget. Most of the affected positions are in the integrated technology services unit, and the majority are senior-level administration jobs. UNB's vice-president of finance says the cuts were unavoidable, as the university needs to reduce its expenses by about \$2.5 million in Fredericton and nearly \$500,000 in Saint John. The VP says the Saint John campus was able to manage its shortfall through vacant positions, and did not require job cuts this year (**Tab 26**, University Documents).

(e) University of Alberta

116. In early February, 2010 University of Alberta faculty voted 71% in favour of accepting 6 furlough days. The furlough days are scheduled for the winter break at the end of December, when the school will be closed. Faculty will see the pay reduction spread out over 9 months. In exchange for the furloughs, academic staff have the opportunity to review and critique previously confidential financial planning documents. Senior administrators, who are members of the academic staff association, have promised to take 6 extra furlough days. Each campus-wide furlough day saves uAlberta about \$1.5 million staff layoffs are also likely (**Tab 27**, University Documents).

(f) McGill University

117. As a cost saving measure all salary increases (academic and non-academic) were delayed six months such that salary increases that would normally have taken place in December 2009 will take place in June 2010. The ATB increase is 0.5%.

(g) University of Calgary

118. On October 1, 2009 AUPE, representing some staff at the University of Calgary, advised that 23 of its members working in IT services had lost their jobs. The

University's President has advised that 200 positions would have to be cut at the school (**Tab 28**, University Documents).

(h) Northern Alberta Institute of Technology

119. The Northern Alberta Institute of Technology's academic council will vote on April 16, 2010 on a budget proposal that could eliminate 13 certificate and diploma programs and as many of 50 teaching positions (**Tab 29**, University Documents).

American Universities

120. The Chronicle of Higher Education is a newspaper and on-line source of information regarding U.S. universities and colleges. It maintains a page tracking cuts at universities at <http://chronicle.com/blog/campus-cuts/21/1/> , recent posts on which include the following:

Louisiana State U. at Shreveport

Proposes a freeze in operating budget, a freeze in student and graduate-assistant positions, a declaration of financial exigency, and furloughs of faculty and staff members to comply with a second midyear budget cut.

Humboldt State U.

Plans to eliminate as many as 14 academic programs, including chemistry, computer science, fisheries biology, nursing, philosophy, and physics, in order to offset state budget cuts.

Washington State U.

Plans to close the theater department in 2011 to save \$350,000 a year.

U. of South Carolina system

Proposed cutting 14 programs, most at the graduate level and in the Columbia campus's College of Education, and adding two programs, subject to a Board of Trustees vote.

Chicago State U.

Announced the elimination of 126 employees, including 25 administrators, 50 temporary employees, and three vacant faculty positions.

Arizona State U.

Plans to eliminate or merge out of existence four schools, including kinesiology, health management and policy, design innovation, and education, along with some staff positions.

South Dakota Board of Regents

Approved cutting 37 academic programs and 109 specializations within academic majors in the six-campus university system.

U. of Maine

Plans to cut or freeze 74 part- and full-time faculty and staff positions, including eight layoffs, to close a projected \$5.9-million budget deficit in 2011. Proposed cutting 19 undergraduate majors and graduate programs, and about 80 faculty positions over three years.

U. of Minnesota

Approved a temporary pay cut of 1.15 percent for faculty members and a three-day campus shutdown to reduce facilities costs.

San Jose State U.

Plans an unspecified number of layoffs, including staff and adjunct faculty members.

U. of Colorado at Boulder

Plans to eliminate 60 faculty and staff positions, as part of systemwide cuts totalling 139 jobs and amount to \$22 million in savings, subject to a Board of Regents vote this month.

State U. of New York at Stony Brook

Will close residence halls, eliminate some programs, and suspend new freshman admissions at its recently acquired Southampton campus, which is focused on sustainability curricula, in response to New York state budget cuts. The university's West campus will also see some program cuts.

Indiana State U.

Says that 151 employees, including 35 faculty members, have accepted early-retirement packages offered to save money.

Yale U.

Will cut six staff members at the School of Forestry and Environmental Studies, merge the school's library into another science library, close a research center, and take other steps to deal with a \$2.4 million deficit in 2010-11.

U. of Arizona

Plans to furlough for as many as three days all employees earning more than \$40,000 a year in 2010-11, as part of efforts to cut \$5.2 million from the budget.

Michigan State U.

Will stop providing retiree health-care benefits to new faculty and staff members but will honor coverage for current employees.

U. of Illinois

Plans to close a dozen of the nearly 80 offices of the university's extension program by the summer of 2011, and to eliminate 46 positions.

Dartmouth College

Will reduce employee benefits and lay off as many as 36 employees, in addition to layoffs announced in February.

U. of Houston

Plans cuts in office supplies, travel, and cellphone allowances, as well as a one-day systemwide furlough, a hiring freeze, and deferred maintenance, to help save \$15 million over the next 17 months, with layoffs a possibility.

U. of California at Santa Cruz

Suspended community-studies major, possibly leading to closure.

U. of Texas System

Plans to lay off 23 employees of UT TeleCampus, its central distance-education arm, which is being shut down.

121. The University of California is “pursuing a range of cost saving initiatives to cope with the global economic contraction, UC officials told the Board of Regents this week, including continued reductions at campuses and the office of the president and further limits on senior level pay.” (**Tab 30**, University Documents).
122. A recent article in the Chronicle of Higher Education (**Tab 31**, University Documents) reviewed faculty compensation at U.S. universities for 2009-10 and noted the following:

Professors’ Pay Rises 1.2%, Lowest Increase in 50 years

In 2009-10, the average salary of a full-time faculty member rose only 1.2 percent. That’s the lowest year-to-year increase recorded by the association in the 50-year history of its salary survey.

... In fact, two-thirds of the 1,141 institutions surveyed over two years gave their faculty members either a pay cut, no raise, or an increase of less than 2 percent, on average.

In the report, which covers the economic status of the profession, the association urges professors to help institutions chart their course “for a return to normalcy,” even as they face continuing program cuts, furloughs, and layoffs of tenured professors that mark an economy struggling to rebound.

According to the association, the average pay for a full-time faculty member in 2009-10 is \$80,368. At research institutions, that figure is \$91,060; at master’s institutions, \$70,807; at baccalaureate colleges, \$67,232; and at two-year colleges, \$59,400.

...

U.K. Universities

123. The Guardian.co.uk February 7, 2010 (**Tab 32**, University Documents) reported that: “Universities across the U.K. will be forced to slash spending, resulting in

many job losses” and “universities across the country are preparing to axe thousands of teaching jobs, close campuses and ditch courses to cope with government funding cuts”.

OTHER UNIVERSITY FACULTY SETTLEMENTS

124. On the following page is a table summarizing ATB settlements for faculty and librarians at other Ontario and Canadian universities.
125. The University submits that faculty and librarian settlements at other Ontario or Canadian universities would have been of little or no relevance as a factor “which likely would have influenced the negotiating behaviour of the particular parties in the actual circumstances at hand” (1996 Munroe DRP decision) (**Tab 5**, University Documents). As set out earlier in this Brief tenure stream faculty at the University of Toronto have the highest average salaries at all ranks among the G13 large research intensive universities, with average salaries that in dollar terms significantly exceed the mean (by more than \$28,200 for full professors; \$20,400 for associate professors; and \$16,900 for assistant professors). Further, among the G13 universities average salaries of all professional ranks combined is more than \$16,600 more than their comparators at the next highest paid G13 university in Canada. In these circumstances the percentage increase in faculty salaries at other universities is not a relevant factor vis-à-vis current faculty compensation at the University of Toronto.
126. Further, many of the settlements summarized in the following table were settled prior to the economic collapse in the late fall of 2008 and all of the Ontario settlements were made well before the Ontario government’s record budget deficits and the March 24, 2010 Budget.

Institution	Most Recent Agreement Settled in:	Time Period of Most Recent Settlement	ATB						Average Salary of Full Professors	
			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12		
UBC	April 2006	July 2006 to June 2010	2.0%	2.0%	2.0%	2.0%			Fall 2008	\$145,831
Western	January 2007	July 2006 to June 2010	3.0%	3.0%	3.0%	3.25%				\$142,383
Calgary	Sept/October 2007	July 2007 to June 2010		4.0%	4.5%	4.5%				\$140,461
Toronto	September 2007	July 2007 to June 2009		3% + 0.485% in Jan 08	3% + 0.485% in Jan 09					\$162,324
Manitoba	October 2007	April 2007 to March 2010		2.5% + \$500	2.5% + \$500	2.9% + \$500				\$129,118
OCAD	December 2007	July 2006 to June 2010	1.5%	2.0%	2.0%	0.5%				\$89,113
Waterloo	February 2008	May 2008 to Apr 2010		3.0%	3.0%	3.0%				\$142,498
Guelph	March 2008	July 2007 to June 2011		3.0%	3.25%	3.25%	3.25%			\$130,843
McMaster	March 2008	July 2008 to June 2011		3.0%	3.0%	3.0%	3.25%			\$140,096
Wilfrid Laurier	April 2008	July 2008 to June 2011		3.0%	3.0%	2.5%	2.5%			n/a
Alberta	May 2008	July 2008 to June 2011		4.0%	4.0%	4.75%	4.75%			\$143,819
Queen's	June 2008	May 2008 to Apr 2011		3.2%	3.2%	3.2%	3.2%			\$134,501
Brock	September 2008	July 2008 to June 2011		3.5%	3.5%	3.5%	3.5%			\$136,439
Ryerson	Sept/November 2008	July 2008 to June 2011		3.0%	3.0%	3.0%	3.0%			\$131,321
Lakehead	October 2008	July 2008 to June 2011			3.3% ATB+ \$600 Jan 2009	3.3% ATB+ \$600 Jan 2010	3.3% ATB+ \$600 Jan 2011			n/a
Laurentian	Oct/November 2008	July 2008 to June 2011			3.25%	3.25%	3.25%			\$139,571
Windsor	October 2008	July 2008 to June 2011			3.0%	3.0%	3.0%			\$136,873
Carleton	May 2009	May 2009 to April 2010				2.24%				\$131,566
Ottawa	July 2009	May 2008 to Apr 2011			3.25%	3.0%	2.75%			\$131,217
York	September 2009	May 2009 to Apr 2012				3.0%	3.0%	2.5%		\$144,864
Nipissing	November 2009	May 2009 to Apr 2012				3.0%	3.0%	3.0%		n/a
Simon Fraser	November 2009	July 2006 to June 2012					0%	0%		\$131,912
Trent	November 2009	July 2009 to June 2012				5.31%	n/a	n/a		\$146,386

General Notes:
Data on salaries of Full Professors is for both Tenured and those in the Non-tenure Stream, excluding Medicine, Dentistry and faculty with senior administrative duties.
(Source - StatsCanada Age/Salary Tables).

WORKLOAD

127. From the outset of negotiations, the Association identified amendments and expansions to the Workload provisions of the Memorandum of Agreement as being critically important to it. The Association also pressed for the Workload provisions of the Memorandum of Agreement to become subject to the Article 6 process for negotiation and dispute resolution of salary and benefits, and in this round of negotiations, to arbitration by Martin Teplitsky, Q.C.
128. There was no dispute between the parties in negotiations that a dispute resolution panel or arbitrator under Article 6 had no jurisdiction to expand the scope of Article 6 to include arbitration of non-Article 6 salary and benefit issues, including Article 8 – Workload. The Association nevertheless insisted that it was something the University must agree to in this round of negotiations. Ultimately the University did agree to expand the scope of Article 6 and the process thereunder to include Article 8 – Workload and also agreed that the new workload provisions could be resolved in this arbitration before Martin Teplitsky, Q.C. This was a significant concession by the University and a significant gain in collective bargaining terms for the Association – indeed it was not something that the Association could have achieved in Article 6 negotiations or arbitration before Martin Teplitsky had the University not agreed.
129. This is a significant factor to be taken into account in this arbitration in the context of the replication model of interest arbitration.
130. The March 19, 2010 Agreement between the parties (**Tab 3**, University Documents) has appended to it as Appendices “B” and “C” the University’s November 27, 2009 workload proposal and the Association’s December 14 workload proposal.
131. For the purposes of the arbitration proceedings the University has revised its November 27, 2009 workload proposal as set out later in this section.

132. The University submits that the arbitrator should award the University's workload proposal as amended below. In this regard the University notes the following:
- (a) The University's proposal represents a new and breakthrough provision for the Association in this round of negotiations and at arbitration.
 - (b) For teaching stream faculty the University's proposal expressly confirms that the teaching component of normal workload must recognize the administrative aspects of teaching as part of the normal teaching workload to address concerns raised by the teaching stream faculty that some were assigned greater than reasonable teaching loads that did not recognize the administrative demands associated with the courses.
 - (c) The preamble to the University's proposal expressly acknowledges that academic workload is a combination of self-directed and assigned tasks and that the assigned proportion of a faculty member's work includes teaching and preparation for teaching and the necessary administrative tasks associated with the operation of a collegial environment. The preamble also notes that the remainder of a faculty member's working time is self-directed and may consist of research and other scholarly activity consistent with the type of appointment the faculty member holds.
 - (d) The principles governing the assignment of workload in the University's proposal include:
 - Fair, reasonable and equitable distribution of workload;
 - A transparent process of workload allocation;
 - Flexibility in workload allocation;
 - Criteria for workload allocation developed in accordance with good governance including the opportunity for members of the unit to contribute to their development and review; and

- Workload allocation that takes into account the comprehensive nature of the scope of activities and expectations appropriate to a faculty member's appointment.
- (e) With respect to unit workload, all units must establish a Unit Workload Policy Committee to create and maintain a unit workload policy and each unit will provide an annual summary of teaching and service assignments within the unit.
- (f) Assignment of individual workloads will be in accordance with the principles governing the assignment of workload, the unit workload policy and other factors relevant to the individual.
- (g) The policy addresses the establishment of the teaching component of normal workload and sets out relevant factors that may be included in considering the teaching component of normal workload.
- (h) The policy addresses establishing the service component of normal workload and includes the relevant factors that may be included in considering the service component of normal workload.
- (i) The policy addresses workload for faculty members in the teaching stream including the following:
- The factors to be considered for teaching and related administrative responsibilities component of normal workload for faculty in the teaching stream is the same as for other faculty.
 - Considerations regarding the service responsibilities component of normal workload include the same factors as those for other faculty.
 - The policy expressly notes that the amount of service that a teaching stream faculty member will be expected to do will be

reasonable and shall not, in general, exceed that which the majority of tenure stream faculty in the same unit are expected to do.

- The policy reinforces the provisions of Article 8 of the Memorandum that “faculty members shall not be required to teach formal scheduled courses for more than two terms in any academic year and those terms normally shall be the Spring and Fall terms” applies equally to faculty members in the teaching stream and those in the tenure stream.. The policy also notes that faculty members in the teaching stream may if they wish to do so voluntarily agree to increase or rearrange their teaching schedules to include summer teaching as part of their normal teaching loads.
- The policy contains a process for expedited resolution of individual workload grievances by a workload adjudicator who is a current or former Chair of a unit, or a Dean at the University who is mutually agreed to by the University and the Association.
- The policy contains principles governing the assignment of workload for librarians and guidelines for librarian workload.

133. The University proposes that existing Article 8 of the Memorandum of Agreement be amended by adding the following:

Amendments to Article 8 will be made in accordance with and are part of the process under Article 6 of this Memorandum of Agreement.

Workload is subject to the Workload Policy for faculty and librarians.

134. In addition, the University proposes the establishment of a new Workload Policy as set out below (changes from the University’s November 27, 2009 Workload Proposal are shown in track changes).

UNIVERSITY OF TORONTO WORKLOAD POLICY FOR FACULTY AND LIBRARIANS

FACULTY

Preamble

Academic workload is a combination of self-directed and assigned tasks. The assigned proportion of a faculty member's work will include teaching and preparation for teaching, and the necessary administrative tasks associated with the operation of a collegial environment. The remainder of a faculty member's working time is self-directed and may consist of research and other scholarly activity consistent with the type of appointment the faculty member holds. Academic units vary in their contributions to the University mission and so it is understood that what constitutes normal workload will vary from one unit to another. Individual units shall determine the balance amongst the three principle components of a faculty member's activities: teaching, research and service. This flexibility is important for recognizing the unique missions of units and the differences in agreed upon activities of individuals. ~~Consistent with Article 8 of the Memorandum of Agreement the University agrees to continue to use its best efforts to ensure that there is an adequate level of support for faculty members relating to working conditions amid equitable distribution of support among members of the same academic division or department (in multi-departmental divisions).~~

~~Joint University / UTFA Workload Discussion~~

~~The Memorandum of Agreement between the parties includes Article 8: Workloads and Working Conditions, and Article 17: Changes to Agreement. Article 17 provides that changes or amendments to the Memorandum of Agreement may be made by mutual consent of the parties at any time.~~

~~Pursuant to Article 6: Salary and Benefits of the Memorandum of Agreement the parties negotiate in accordance with the procedures in Article 6 concerning salary and benefits for faculty members and librarians. Workloads and working conditions related to Article 8 of the Memorandum of Agreement are not subject to or part of the Article 6: Salary and Benefits negotiations or the procedures under Article 6. However, the parties agree that in the future they will discuss potential changes or amendments to Article 8: Workloads and Working Conditions of the Memorandum of Agreement at the same time that the parties engage in their separate and distinct negotiations for the purposes of Article 6: Salary and Benefits. Any changes to Article 8: Workloads and Working conditions under this process must be made, and can only be made, by the mutual consent of the parties. Notwithstanding, the parties may agree to engage a mediator to assist them in reaching an agreement on amendments to Article 8.~~

Principles governing the assignment of workload

The University of Toronto is committed to :

- a fair, reasonable and equitable distribution of workload for academic staff
- a transparent process of workload allocation within a unit, which has decisions being made in accordance with criteria that are known to members within that unit;
- flexibility in workload allocation that reflects the unique missions of units and is consistent with the type of appointment faculty members hold
- criteria for workload allocation that have been developed in accordance with good governance, including the opportunity for members of the unit to contribute to their development and review.
- Workload allocation that takes into account the comprehensive nature of the scope of activities and expectations appropriate to the faculty member's appointment, including approved participation in programs outside the unit.

Unit Workload

1. All units shall ~~create~~ establish a Unit Workload Policy Committee to create and maintain a Unit wWorkload pPolicyies which ~~isare~~ consistent with faculty members' responsibilities as outlined in Article 5 of the *Memorandum of Agreement*. The composition of the Unit Workload Policy Committee membership should reflect the types of appointments that faculty members in the unit hold. The Chair of the Unit shall be the Chair of the Unit Workload Policy Committee.

~~2. Consistent with the Policy on Appointment of Academic Administrators, the Chair shall seek the advice of the department/unit in the development and implementation of departmental policy, including workload policies.~~

~~3.2.~~ The Unit ~~wW~~orkload ~~pP~~olicyies shall be accessible and communicated to all faculty members in the unit.

~~4.3.~~ The ~~uU~~nit ~~wW~~orkload ~~pP~~olicy shall identify a range of reasonable teaching and service workloads consistent with the types of appointments that faculty members in the unit hold.

5.4. _____ The normal workload within units shall be consistent with the operating obligations of the unit and the University.

6.5. _____ Unit workload policies shall be reviewed at least every five years by the unit.

~~7. It is recommended that the Dean or Chair/Director establish an advisory committee to review the teaching, and service workload assignments for faculty members in the unit. The composition of the committee membership should reflect the types of appointments that faculty members in the unit hold and the membership should be rotated on a regular basis. The workload advisory committee should take account of the workload policy of the unit in reviewing faculty members' assignments.~~

8.6. _____ ~~It is recommended that e~~Each unit shall provide an annual summary of the teaching and service assignments within the unit.

Establishing Individual Workloads

4. The Chair/Director/Dean shall assign workload to individuals in accordance with the principles governing the assignment of workload, the ~~u~~Unit ~~w~~Workload ~~p~~Policy and other factors relevant to the individual.

~~Individual Grievances~~

~~A complaint from an individual faculty member that the assignment of their teaching and service workload is in violation of the principles governing the assignment of workload set out in this document or the workload policy of the unit can be grieved in accordance with the provisions of Article 7 of the Memorandum of Agreement.~~

~~Appendix A : Establishing the Teaching Component of Normal Workload~~

A faculty member shall carry out his or her responsibility for teaching with all due attention to the establishment of fair and ethical dealings with students, taking care to make himself or herself accessible to students for academic consultation, to inform students adequately regarding course formats, assignments, and methods of evaluation, to maintain teaching schedules in all but exceptional circumstances, to inform students adequately of any necessary cancellation and rescheduling of instructions and to comply with established procedures and deadlines for determining, reporting and reviewing the grades of his or her students.

In considering the teaching component of normal workload, relevant factors may include the following:

- Class size;
- The expected total number of students in all of a member's courses;
- Course coordination and program direction;
- The mix of course levels (introductory, upper year, graduate, etc.);
- The nature of the course (e.g., team-taught, inclusion of writing intensive or critical skills components, first-year seminars, foundation courses, etc.);
- Mode of delivery;
- Contact hours, including in-class and outside of formal scheduled class time;
- Advising duties or equivalent;
- Tutorial, lab, or studio direction or equivalent;
- Supervision of teaching assistants;
- Marking/grading responsibilities or their equivalent;
- Course preparation;
- Directed reading courses and independent studies courses or their equivalent;
- Graduate supervision.

Appendix B :- Establishing the Service Component of Normal Workload

Service to the University is performed by faculty members through participation in the decision making councils of the University, and through sharing in the necessary administrative work of their Departments, Faculties, the University or the Association. In performance of these collegial and administrative activities, faculty members shall deal fairly and ethically with their colleagues, shall objectively assess the performance of their colleagues, shall avoid discrimination, shall not infringe their colleagues' academic freedom, and shall observe appropriate principles of confidentiality.

In considering the service component of normal workload, relevant factors may include the following :

- Participation on University governance committees, task-forces, advisory groups or other related activities;
- Participation on Faculty, School, Library or Departmental Councils and their subcommittees;
- Participation in UTFA and its committees
- Participation in joint UTFA/Administration committees and activities;
- holding of academic administrative positions;
- Participation in unit level academic and administrative committees
- Service to organizations outside the University which is of an administrative nature, relevant to the University mission and not part of a faculty member's research program, including serving on review committees for awards, grants, and scholarships.

Faculty Members holding budgetary cross-appointments

1. Faculty members appointed to more than one unit should be assigned teaching and university service duties in a manner consistent with their percentage appointment in each unit. It is recommended that a common meeting involving the faculty member and all heads of units to which the member is appointed should take place on an annual basis to discuss workload and professional expectations and to resolve any conflicts in such expectations between units.
2. A written record of the teaching, supervisory and service objectives agreed at the meeting shall be kept by the unit heads and the faculty member.

Faculty Members in the Teaching Stream

The duties of faculty members in the Teaching Stream normally consist of teaching students who are in degree programs or access programs, and related professional and administrative activities. Lecturers and senior lecturers may have independent responsibility for designing and teaching courses or significant components of courses within their departmental and divisional curricula. While the patterns of these duties may vary from individual to individual, these duties, namely: Teaching and related Administrative Responsibilities (~~see Appendix A~~); Scholarship, and Service (~~see Appendix B~~), constitute the principal obligations of faculty members in the Teaching Stream.

1. Scholarship refers to any combination of discipline-based scholarship in relation to the field in which the faculty member teaches, the scholarship of teaching and learning, and creative/professional activities.
2. In considering the teaching and related administrative responsibilities component of normal workload, relevant factors may include the factors set out in the “Establishing the Teaching Component of Normal Workload” Appendix A section of this document.
3. In considering the service responsibilities component of normal workload, relevant factors may include the factors set out in the “Establishing the Service Component of Normal Workload” section of this document. The amount of service that a teaching stream faculty member will be expected to do will be reasonable and shall not, in general, exceed that which the majority of tenure and tenure stream faculty in the same unit are expected to do.
- 3.4. Article 8 of the Memorandum provides that “faculty members shall not be required to teach formal scheduled courses for more than two terms in any academic year and those terms normally shall be the Spring and Fall terms”. These provisions of Article 8 apply equally to faculty members in the teaching stream and tenure stream faculty members. Similar to tenure stream faculty, Faculty members

in the Teaching Stream may if they wish to do so voluntarily agree, ~~in accordance with Article 8,~~ to rearrange or increase their teaching schedules so as to include summer teaching as part of their normal teaching loads where this is acceptable to them and to the colleges, divisions or departments (in multi-departmental divisions) offering summer courses.

DISPUTE RESOLUTION

1. An individual faculty member who has a complaint that the assignment of their teaching and service workload by the Chair of the unit is in violation of the principles governing the assignment of workload set out in this policy or the Unit Workload Policy must raise their complaint with the Chair of the unit within 5 working days of the date on which the faculty member knew or reasonably ought to have known of their workload assignment, and cannot file an individual grievance with the GRP under Article 7 of the Memorandum of Agreement.

2. If the complaint is not resolved to the satisfaction of the individual faculty member within 10 working days of the date of the individual faculty member's complaint to the Chair the individual faculty member can within 5 working days thereafter, refer the complaint to Dean's office where the complaint will be reviewed by the Dean's designate.

3. If the complaint is not resolved to the satisfaction of the individual faculty member within 10 working days of the date of the individual faculty member's referral of the complaint to the Dean's office the faculty member can, within 5 working days thereafter, refer the complaint to the Workload Adjudicator. The Workload Adjudicator will review the complainant's workload assignment in the context of the principles governing the assignment of workload set out in this document and the Unit Workload Policy and shall consult with both the complainant and the Chair of the Unit. The Workload Adjudicator shall make a final and binding determination regarding the complaint and the appropriate remedy, if any, in the event the Workload Adjudicator concludes there was a violation of the principles governing the assignment of workload set out in this Policy or the Unit Workload Policy concerning the assignment of workload by the Chair to the individual faculty member.

4. The Workload Adjudicator shall be appointed for a three year term and be a current or former Chair of a unit or Dean at the University of Toronto who is mutually agreed to by the University and the Association.

5. The time limits related to this dispute resolution process may be extended by mutual agreement of the Complainant and the Dean, or by the Workload Adjudicator.

LIBRARIANS

Principles governing the assignment of workload

The University of Toronto is committed to :

- a fair, reasonable and equitable distribution of workload for librarians
- a transparent process of workload allocation
- flexibility in workload allocation that reflects the unique missions of library units and is consistent with the specific position responsibilities of librarians

Guidelines for Librarian Workload

Article 5 of the Memorandum of Agreement sets out the professional obligations and responsibilities of librarians. These consist of :

- a. the development of his or her professional knowledge and performance
- b. contributions to scholarship
- c. service to the University

While the patterns of these duties may vary from individual to individual, they constitute the librarian's principal obligation during the employment year. Librarians, in fulfilling their roles as contributors in the academic process, have a responsibility to provide leadership, initiative and expertise in realizing the goals and objectives of the Library.

Hence, the duties of a professional librarian member are a combination of:

1. professional practice for the Library
2. research and scholarly contributions, including academic, professional and pedagogical activities
3. service, which should be broadly understood to include service to the University, Library and the profession.

While the pattern of a librarian's professional activity may vary from individual to individual, these three activities constitute a librarian's principal responsibilities.

1. Appointed librarians will have the opportunity to discuss with the appropriate unit head or senior administrator the distribution of their duties for the next academic year at the time of the annual performance review.
2. When previously unforeseen circumstances warrant, a librarian may request an in-year adjustment to their agreed workload distribution pattern.
3. The workload distribution will be taken into account at the time of the annual performance review and a written record will be retained.

4. Unit workloads shall include considerations of reasonable comparability amongst librarians with similar duties in other units.

PENSION

PROPOSAL – MEMBER CONTRIBUTIONS INCREASE
University Proposal
Effective July 1, 2010: From 4.5% to 5.7% of salary up to the CPP maximum salary From 6.0% to 7.6% of salary above the CPP maximum salary up to the capped participant salary Effective June 30, 2011: 6.75% of salary up to the CPP maximum salary 9.0% of salary above the CPP maximum salary up to the capped participant salary
These changes will increase net contributions to the Plan by \$7.9 million.

Submissions on Member Contributions

135. The University submits that member contributions to the Plan must be increased because:

- (a) The existing combined member and University contribution level will be insufficient, long term, to fund the ongoing liabilities of the Plan. The Plan has a deficit of 1 billion dollars and the ratio of University to member contributions will be in excess of 4 to 1 effective July 1, 2011, the date of the next valuation to be filed. The Association's focus on current service cost alone is entirely erroneous, and ignores that actual funding of the Plan and the reality of the scope of the University's total contributions
- (b) The 1987 agreement between the parties under which the Association "abandoned" its claim to surplus gave \$68 million of the then existing surplus to members in the form of very significant benefit improvements. What followed for two decades thereafter was a stream of significant Plan improvements and member contribution holidays largely paid for through surplus sharing agreements with the Association. The Plan that has

resulted through years of negotiated improvement now requires an adjustment in contribution levels.

- (c) The 1987 agreement did not insulate the faculty and librarians from contribution increases. On the contrary, that agreement was entirely silent on member contributions. Member contributions were last increased over a decade ago. Almost 25 years have passed since the 1987 agreement was entered into, and the time has come to take a fresh look at the contribution levels that proper funding requires.

136. Provided member contributions are increased as proposed by the University above, in each Plan year, the University's contributions to the Plan for faculty and librarians in each year would be no less than the total of member contributions to the Plan by faculty and librarians.

a. Ratio of University to member contributions will exceed a 4 to 1 ratio as of July 1, 2011

137. The University of Toronto Pension Plan (the "Plan") is a contributory defined benefit plan that covers all staff groups at the University. The benefit formula provides for an accrual of 1.5% of average salary up to the CPP (Canada Pension Plan) maximum salary and 2% of average salary over the CPP maximum salary. There is also a supplemental retirement arrangement to deliver pension benefits in excess of the maximum pension under the Income Tax Act, up to a capped member salary amount.

138. Effective July 1, 2008, the date of the last filed actuarial valuation (based on the market value of the assets), the unfunded liability was \$165,386; effective July 1, 2009, the unfunded liability was \$1, 028, 970, and effective July 1, 2011, the date the next valuation must be filed, it is projected to be \$990 million (**Tabs 33 and 34**, University Documents).

139. Faculty and librarian members of the Plan currently contribute 4.5% of salary below the CPP maximum salary and 6.0% of salary above the CPP maximum salary up

to the participant capped salary amount. The average current member contribution rate is therefore **5.43% of salary**.

140. While the member contributions are fixed by formula, the University's contributions are not. The University is responsible to make contributions both in respect of current service and the unfunded liability as set out in the most recent filed actuarial valuation. The University contributions vary depending on the overall funded status of the Plan

141. For faculty and librarians, the University currently contributes 11% of salary in current service contributions, and an additional approximately 4% of salary in unfunded liability payments (\$27.2 million), for a total annual contribution of approximately **15% of salary** (Tab 34, University Documents).

142. Therefore, based on the total contributions of both the University (current service and unfunded liability payments) and the members, the current ratio of University to member contributions is almost 3 to 1. Excluding the unfunded liability payments, the ratio is still 2 to 1 weighted to the University's contributions.

143. The current gap between University and member contributions is projected to widen to unprecedented levels when the next required actuarial valuation is filed as of July 1, 2011. While some improvement to the funded status is expected to occur, University contributions (excluding solvency special payments) are projected to outstrip the faculty and librarian contributions by more than a 4 to1 ratio.

144. Consistent with virtually all public sector pension plans, other university pension plans facing similar challenges have responded with member contribution increases (Tab 35, University Documents).

145. The 2010 Ontario Budget document stated that any temporary solvency funding relief that might become available to university plans would be conditional upon greater risk sharing by the plan members (Tab 36, University Documents):

“Supporting Sustainable Public-Sector Pension Plans

Since the introduction of the solvency funding relief measures, many single-employer DB pension plan sponsors in the public sector and broader public sector (BPS), including universities, have approached the government seeking additional funding relief, including full exemptions from solvency funding requirements for their plans. The Expert Commission recommended that exemptions of this nature should only be contemplated for pension plans that are structured to provide for joint risk-sharing and joint decision-making.

The government will consider additional temporary funding relief measures for public-sector and BPS pension plans if certain conditions related to greater sharing of risk and governance are met, such as:

- converting to joint sponsorship for future service;
- more equitable sharing of the normal cost of providing benefits between plan sponsors and members;
- linking some future benefits, such as inflation protection, to plan performance; and
- enhancing cost certainty and affordability through benefit adjustments that make plans more sustainable.

These plans should also explore measures that would reduce administrative and investment expenses in order to enhance cost efficiency.”

b. Current service cost perspective ignores the true cost of the Plan

146. There are many factors that contribute to the overall cost of the Plan. It is neither possible nor productive to isolate the current service costs from the total funding obligations of the Plan.

147. The cost of the Plan is determined by the benefits payable under the Plan. The benefits to be paid are funded through (a) contributions by members and the University and (b) investment income. A funding shortfall arises when the contributions made to the Plan have not been sufficient to fund the benefits payable under the Plan.

148. Unfunded liabilities can and do arise for a host of reasons, including:

- (a) salary increases were higher than the assumptions set out in the valuation report, thereby generating higher pension benefits than assumed;
- (b) inflation rates were higher than the assumptions set out in the valuation report, resulting in higher increases in pension benefits than assumed;
- (c) pensioners live longer than the mortality assumptions set out in the valuation report, resulting in pension benefits being paid for a longer period of time than assumed;
- (d) investment returns earned to date or anticipated to be earned in the future are lower than the assumed investment return;
- (e) improvements to benefits in respect of previously earned pensionable service; and
- (f) actuarial surpluses are used to pay for member and employer contributions through contribution holidays.

149. Unfunded liabilities arise, at least in part, from understated current service contributions. The funding mechanism that exists to capture the effect of an understated current service contribution is an unfunded liability which is then funded through a series of special payments. Special payments to fund an unfunded liability (or deficit) are therefore “catch up” payments that pick up what the current service contribution missed.

150. Member contributions should be viewed relative to the total University contributions to fund the Plan since, at least in part, the unfunded liability in the Plan at any point in time is a product of previously understated current service costs. Member contribution increases are justified on this basis alone, as a means to adjust for current service contributions that were lower than they should have been.

151. The University has proposed what would be the first increase in member contributions in over a decade at a time when the University is contributing 3 times what

the members are contributing and following years of Plan improvements that have given rise to unfunded liabilities and increased the costs of the Plan going forward.

c. 1987 Agreement did not preclude future Contribution Increases

152. In 1987, the Association was successful in negotiating very substantial improvements under the Plan, as described at length in the UTFA Negotiation Report prepared by Michael Finlayson, then President of the Association, dated May 27, 1987 (**Tab 37**, University Documents).

153. These Plan improvements included substantial and permanent improvements to the indexing provisions of the Plan, amendments to provisions for part-time members and improved death benefits, in addition to increased pensions for those who had retired prior to July 1, 1985. In relation to surplus, Mr. Finlayson stated:

“in return for these pension amendments the Association has abandoned its claim on the surplus, \$68 million of which has been expended to cover the past service costs of the reforms.”

154. The 1987 agreement was reached in the context of a Mediator’s Proposal dated May 1, 1987 (**Tab 38**, University Documents). The 1987 Mediator’s Proposal dealt with a 1982 pension agreement between the Association and the University reached under the agreed procedures for negotiating salaries and benefits.

155. The 1982 agreement was called the Agreement Arising from the Reports of the Pension Plan Task Force, dated March 17, 1982 (the “1982 Agreement”) and it contained a mechanism by which any amortization payments required to eliminate an unfunded liability would be a “first charge against salary and benefit negotiations for the forthcoming year” (**Tab 39**, University Documents).

156. Likewise, the same mechanism would apply to any surplus (over a 5% cushion) so that an amortized amount reflecting surplus would be a “credit towards the forthcoming year’s salary and benefit negotiations.”

157. During the period from 1983 until 1987 when the 1982 Agreement was terminated, the Plan was in a surplus position so the “first charge” contemplated in relation to a deficit was not triggered.

158. The 1982 Agreement was the subject of negotiations in 1987. The 1987 Mediator’s Proposal set out a proposed termination of the 1982 Agreement, on the following basis:

“The 1982 Pension Agreement dated March 17, 1982 headed Agreement Arising from the Reports of the Pension Plan Task force, **is terminated upon the following conditions:** effective July 1, 1987, the Pension Plan be amended as follows:

(a) The formula for indexation to be improved to provide for CPI minus 4 or 60% of CPI whichever is the greater. In this context CPI is the Canada Consumer Price Index.

(b) Improvement for part-time pensions to be consistent with the proposed amendment to the Pension Benefits Act of Ontario which requires equivalent pension benefits for part-time employees.

(c) Improvements in the pre-retirement death benefit. This improvement also anticipates proposed mandatory improvement contained in the proposed revisions of the Pension Benefits Act.

(d) The pensions of retirees to be augmented as follows [**specific augmentation details not included in quotation**]:

4. The University agrees that no change will be made in the pension plan with respect to faculty and librarians which would reduce the accrued pension or the benefits earned by a member without the consent of UTFa during the currency of Article 6 of the Memorandum of Agreement.

6. A Pension Advisory Committee to be established with 2 representatives of UTFa on the Committee. See Appendix 1 attached hereto.

7. Where the Pension Plan is in a surplus position, at the University’s discretion and subject to the provisions of the Pension Benefits Act, any surplus or a portion thereof may be used to reduce the University’s contributions, subject only to the approval of the actuaries who shall determine by actuarial valuation whether the Plan is in a surplus position. The actuarial valuation is to be conducted in accordance with generally accepted actuarial principles and practices based on assumptions

established by the actuaries from time to time which are, in their opinion, adequate and appropriate in view of the circumstances of the Plan....”

159. The 1987 Mediator’s Proposal was later accepted by the parties and formed the basis for and became part of the 1987 agreement (the “1987 Agreement”). It did not preclude a sharing of the surplus with the faculty and librarians. Indeed, under this very agreement, \$68 million of the then existing surplus was spent on improvements to the Plan for the benefit of the Association members.

160. Nor did the 1987 Agreement in any way prevent, restrict, or limit increases on member contributions in the future. The 1987 Agreement is entirely silent on member contributions.

161. Actuarial surpluses under the Plan were shared with the Association members, through negotiated settlements and mediator/arbitrator awards both in 1987 and thereafter. These agreements resulted in significant Plan improvements and member contribution holidays.

d. Consistent and Significant Surplus Sharing since 1987

162. **May 1, 1989.** The Mediator awarded a one year member contribution holiday for the year May 1, 1989 to April 30, 1990 for all faculty and librarians. In the same award, the Association sought and received a further increase in pensioner augmentation. This was paid for out of the surplus in the Plan.

163. **July 1, 1991.** Pensioner augmentation paid for out of surplus.

164. **July 1, 1992.** The parties reached agreement for (a) Increase in inflation protection from 60% of increase in CPI to 75% of Increase in CPI (subject to a maximum); and (b) Increase in accrual rate on earnings below the CPP maximum salary increased from 1.0% to 1.3% for pensionable service earned on and after July 1, 1992. Member contributions increased from 2.5% up to the CPP maximum salary and 5% above to 3.9% up to the CPP maximum salary and 6.0% above for future pensionable service. Balance of improvements paid for out of surplus.

165. **July 1, 1993.** Pensioner augmentation paid for out of surplus.

166. **July 1, 1996.** The parties reached agreement for (a) increase in accrual rate on earnings below the CPP maximum salary from 1.0% to 1.3% for pensionable service earned prior to July 1, 1992; and (b) increase in the normal form of payment from 50% joint and survivor pension to 60% joint and survivor pension; and (c) enhancement of pension benefit for part-time service before July 1, 1987.

167. **July 1, 1997.** Pensioner augmentation. Member contribution holiday in effect from July 1, 1997 to June 30, 1998. Paid for out of surplus (1996 agreement with the Association).

168. **July 1, 1998.** Member contribution holiday in effect from July 1, 1998 to June 30, 1999. Paid for out of surplus (1996 agreement with the Association).

169. **July 1, 1999.** Member contribution holiday in effect from July 1, 1999 to June 30, 2000. Pensioner augmentation. Both paid for out of surplus. Also, the parties reached agreement to increase the accrual rate on earnings below the CPP maximum salary from 1.3% to 1.5% for both past and future pensionable service. Member contributions increased from 3.9% to 4.5% up to the CPP maximum salary for future pensionable service. Balance of improvement paid for out of surplus.

170. **July 1, 2000.** Member contribution holiday in effect from July 1, 2000 to June 30, 2001. Paid for out of surplus.

171. **July 1, 2001.** Partial Member contribution holiday in effect from July 1, 2001 to June 30, 2002 (partial contribution holiday). Paid for out of surplus.

172. **July 1, 2002.** Pension formula for pensioners who retired prior to July 1, 1996 was improved retroactively by increasing the accrual rate used to calculate their pension on salary up to the CPP maximum salary from 1.0% to 1.3%. Paid for out of surplus.

173. **July 1, 2003.** By agreement between the parties effective July 1, 2003, pensioner augmentation was provided on February 1, 2004 and July 1, 2004.

174. **July 1, 2006.** Pensioner augmentation paid for out of surplus.

175. **July 1, 2007.** Pensioner augmentation paid for out of surplus.

176. **July 1, 2008.** Pensioner augmentation paid for out of surplus.

177. The above Plan improvements gave rise not only to past service unfunded liabilities (funded through surplus) but some of these also necessarily increased the current service obligations under the Plan going forward.

178. In addition to the above improvements and member contribution holidays, during the period between 1986 and 2002, the University directed:

- (a) \$104 million out of savings from contribution holidays to the Endowed Adjustment Fund and \$77 million to the Infrastructure Investment Fund;
- (b) \$44.6 million out of savings from contribution holidays to mitigate the impact of the social contract in the mid-1990s; and
- (c) in excess of \$84.5 million out of savings from contribution holidays to the establishment of the Supplemental Retirement Arrangement (1996 agreement with the Association).

179. In summary, the consistent pattern from the time the 1987 Agreement was entered into has been continuous and significant surplus sharing with the Association members. The last member contribution increase occurred over a decade ago. The time has come for the Association members to shoulder a greater degree of the cost of the Plan.

180. Provided member contributions are increased as proposed by the University, in each Plan year, the University's contributions to the Plan for faculty and librarians would be no less than the total of member contributions to the Plan by faculty and librarians.