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UTFA's Response to MTCU on Faculty Pensions

July 31, 2019

Nancy Mudrinic
Assistant Deputy Minister
Post-Secondary Education Division
Ministry of Training, Colleges, and Universities

Dear Ms. Mudrinic,

I am writing in response to the invitation for further submissions stemming from the most recent consultation on faculty pensions, held June 24, 2019. The University of Toronto Faculty Association (UTFA) concurs with the positions taken by Dr. Rahul Sapra, President of the Ontario Confederation of University Faculty Associations (OCUFA) in his July 10 submission to you, in particular with regard to the Provincial Government's proposed abrogation of existing agreements between faculty associations and university administrations that are the result of good faith collective bargaining. In addition, we will focus on the UTFA position on three other elements of the issue.

The first is the myth of "double-dipping," a rhetoric which misleads uninformed members of the public into thinking that faculty are somehow behaving in an unethical manner by simultaneously receiving both a salary and a pension. This is professionally insulting to both UTFA and the University, which negotiated the U of T pension regulations in good faith. As well, it is personally distressing to the faculty involved to be so characterized. Regulations at U of T do not allow regularly appointed faculty to collect their pension until age 71, when, as you are aware, all workers in Canada (all faculty, all judges, members of the Government, etc.) are, in accordance with federal legislation, required to begin collecting their pension.

It is important to note that salary comes from the U of T operating budget, only 24% of which currently comes from the Government. Pensions come from the U of T Pension Plan, which is a separate entity. U of T contributes money to the pension plan in lieu of contributing it as salary; the faculty contribute money to the pension plan as a form of savings. These monies contributed over the faculty members' career together with interest accrued generate the faculty members' pension entitlement. Therefore,

pension monies should correctly be regarded as both deferred compensation and personal savings. The June 4, 2019, article by Jeffrey MacIntosh in the Financial Post clearly lays this out.

The pension plan is funded entirely by contributions by the employee and the employer (the latter as part of the employee's overall negotiated compensation package) over the course of the employee's career at the university. All pension payouts derive from these contributions and accumulated interest. Nothing comes from the Government. Thus, when a professor finally begins collecting a pension, that pension is entirely funded out of savings that are laboriously accumulated over a period of years. This is vitally important to understanding why "double-dipping" is not an appropriate term. First, the salary that the professor receives is for services rendered. Second, the pension payments are a distribution out of the professor's own accumulated pension savings. The professor is fully entitled to have those savings paid out even while he or she continues to be employed by the university.

Our second concern is the sustainability argument that the Government has used as a justification for its proposals. It masks the real sustainability factor, which is that per capita support for post- secondary education in Ontario is the lowest of all the Canadian provinces. It argues that monies saved by reducing the compensation of faculty who are in receipt of a pension would lead to renewal and fiscal sustainability at universities. There is no guarantee, however, that any money that might be saved would remain in the university system. As documented by N.C. Agarwal (Mandatory Retirement and the Canadian Human Rights Act, p. 21, 1999, prepared for the Canadian Human Rights Act Review Panel), no studies show that the termination of older workers results in the hiring of younger workers. Twenty years later, Bill 100, subsection 18 (2) 6. (f), says that the regulations "may govern the use of any amounts saved by a post-secondary institution through the reduction, limitation and alteration of compensation required by the regulations and establish and govern procedures, rules and methods for calculating such amounts" thus allowing for the possibility that any savings resulting from reduction of faculty compensation may not even be returned to the universities, much less be used for faculty renewal. In their May 17, 2019, submission OCUFA wrote the following:

Universities flourish when they are independent, self-governing, and attract the very best national and international talent. The right of academics to have a meaningful say in how universities are run is not a management prerogative or the province of any partisan government but rather the intellectual and cultural lifeblood of a modern university. It is the distinguishing feature that sets universities apart from all other social institutions and provides a unique space for academics to tackle the most vexing social, economic, cultural, and environmental problems of our time.

The University of Toronto is the best qualified body to manage its renewal, being cognizant of the nuances of its needs for teaching and other scholarly activities. Its position in the world ranking of universities is a testament to that.

Our third concern, and perhaps the most significant from a human rights perspective, is the Government's explicit discrimination against faculty based upon age. In a June 2019 Ontario Government document called a discussion paper, the following text appears. It clearly targets senior faculty who retire post 65 with the false claim that their teaching methods or research contributions might be inadequate. The document strongly implies that they are not worth their higher salaries.

Ensuring a Dynamic University Workforce: The average retirement age of faculty has been increasing, suggesting that employees are remaining in their positions longer and limiting turnover that would bring in earlier career professionals with new teaching methods and increase diversity. This has cost

implications, as these employees tend to be paid the highest salaries and benefits and, in some cases, are drawing salary and pension payments at the same time.

In the absence of any hard evidence and based solely on stereotypes related to age, the Government has suggested that faculty who are in receipt of both a salary and a pension are less valuable to the University than are younger faculty who are at the beginning of their careers. The fact is that the group of senior scholars in question are among the most distinguished at the University. In one department alone it is notable that of the seven faculty in the 71+ cohort, all have grants in support of their research, all are training graduate students and/or post-doctoral fellows, one is a President's Teaching Award recipient, and four are University Professors. Like all U of T faculty, senior professors submit an Activity Report upon which their work is assessed annually. Their contributions to teaching, research, scholarship, professional practice, and service are substantial and significant. It is simply wrong to suggest that U of T would be better off without them.

In conclusion, the University of Toronto Faculty Association strongly opposes the sections of Bill 100 which propose to override duly negotiated collective agreements, which fail to contribute to sustainability at the University, and which violate the Ontario Human Rights Code by discriminating against faculty members based upon their age. To the extent that the Government wishes to contribute to the strengthening of our university system without hidden agendas, we share that ambition and are prepared to work with the Government to that end.

Yours sincerely,

Cynthia Messenger
President
University of Toronto Faculty Association

I gratefully acknowledge the excellent work of Judith Poe in the composition of this letter.

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