

IN THE MATTER OF AN ARBITRATION BEFORE ARBITRATOR GEDALOF

BETWEEN:

THE UNIVERSITY OF TORONTO FACULTY ASSOCIATION (UTFA)

Association

and

GOVERNING COUNCIL OF THE UNIVERSITY OF TORONTO

Employer

**REPLY BRIEF OF THE ASSOCIATION ON YEAR 3
SUBMITTED ON NOVEMBER 17, 2025; UPDATED NOVEMBER 18, 2025**

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The University of Toronto Faculty Association ("UTFA" or the "Association") makes the following submissions in reply to the arbitration brief of the Governing Council of the University of Toronto (the "Administration") submitted on November 12, 2025.

Subject to the Administration's presentation of its arguments at the November 18, 2025 hearing, the Association reserves the right to make further reply.

The Administration justifies its proposal based on the following four factors:

1. The Consumer Price Index ("CPI");
2. The Administration's financial challenges;
3. Internal comparators; and
4. Salaries at other universities.

None of these factors supports the Administration's position that sub-inflationary increases should be awarded.

First, the Administration's CPI data are misleading, and its submissions fail to consider the fact that recent Across-the-Board ("ATB") increases have been lower than inflation.

Second, the Administration's financial challenges are overstated.

Third, internal comparator data are of limited relevance.

Fourth, updates to the Administration's comparator data show that the University of Toronto faculty and librarian salaries have fallen behind those at the University of British Columbia ("UBC").

Furthermore, the Administration's suggestion that the retroactive payment to retired members should be non-pensionable is entirely inappropriate given that it was not raised during negotiations and lacks any rationale. It would treat retirees, who were active employees during the applicable contract period, differently from all other members. There is no basis for this request.

THE RELEVANT CPI

The Administration submits that the relevant CPI for 2024-2025 is 1.46% for Ontario and 1.73% for Canada.¹ It argues that its ATB proposal should be selected because it falls between these two numbers.

It is entirely unclear why the Administration states that the increase in Ontario CPI from July 2024 to July 2025 is 1.46%. Per Statistics Canada and the data provided by the Administration, the Ontario CPI for that period is 1.6%.²

The Administration argues that there is an “established pattern” of ATB increases falling at the midpoint between the increases in the CPI for Canada and Ontario.³ A review of the data in the Association’s brief and the data cited in the 2023 Gedalof Award does not demonstrate any such pattern. Of the 27 years cited in the 2023 Award, only 3 had ATB increases that fell midway between the CPI increases. There is no evidence that the parties or any interest arbitrator have ever recognized or followed such an “established pattern”.

More fundamentally, the Administration has no answer to the fact that salaries were, and remain, eroded by the COVID-era inflationary surge.

From 2006 to 2019, the cumulative CPI was **28%**. During that period, the compounded ATB was **35.7%**. In contrast, since 2020-2021, the cumulative CPI has been **18.2%**, while the compounded ATB has been **16.8%**.

The Administration provides no explanation for its position that, following this erosion, salaries should now increase below the current rate of inflation. To the contrary, the current award must still catch up to the losses from that surge and, to the extent those losses are not fully recouped in 2025, they will need to be addressed in 2026.

THE ADMINISTRATION’S FINANCIAL POSITION IS STRONG

Reading the Administration’s brief, it would appear that revenue at the University of Toronto is in sharp decline, while the salaries of faculty and librarians skyrocket. However, the Administration’s focus is too narrow to meaningfully capture the reality of its financial position.

The Administration presents a false choice: keep salaries below inflation or “divert” funds away from students and other members of the community.⁴ This argument should be rejected. Paying faculty and librarians fairly is not a diversion.

¹ Administration Brief at para 28

² Statistics Canada, [Consumer Price Index by product group, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit](#)

³ Administration Brief at para 27

⁴ Administration Brief at para 24

Several examples demonstrate that the picture the Administration paints misses the full scope of its financial situation.

The Administration's Operating Margins

The Administration's strong financial position is confirmed by its healthy cash position, by far the most relevant picture of its finances. Its financial reports show a cash position of \$322 million for the 2024-2025 fiscal year,⁵ This is marginally lower than its cash position in 2024 (\$352 million) and 2022 (\$333 million), but significantly higher than its cash position in 2023 (\$221 million) and 2021 (\$192 million).⁶

Other relevant factors confirm the Administration's financial health:

- The Administration's most recent Financial Report shows a net income of \$519 million, with a positive net income of 10.6% of revenues before allocations to reserves.⁷
- The Administration boasts an "excellent credit rating of Aa1". This indicates that the Administration is in a stable financial position, with a very low risk of failing to meet its financial obligations. This rating is higher than that of the Government of Ontario, which has the power to raise revenues through taxes.⁸
- The Administration projects an operating margin of 3.8% in 2025-2026, which it notes exceeds the Provincial Government's minimum threshold of 1.5%.⁹
- The Administration projects an increase in operating revenue of \$98 million in 2025-2026, representing growth of 2.8%.¹⁰ Notably, the Administration is setting aside \$179 million in operating funds for other priorities like capital projects and reserves.¹¹ Even after these allocations, it expects to close the present fiscal year with a net operating surplus of \$178 million on an accounting basis.¹²

The data show that the University of Toronto is not in financial distress. Rather, it is a University with a balanced budget and a healthy surplus, and an Administration making choices about that Administration's priorities.

⁵ Financial Report [2025](#) at p. 35; Financial Report [2022](#), at p. 27

⁶ Financial Report [2023](#) at p. 40; Financial Report [2022](#) at p. 40

⁷ Financial Report [2025](#) at p. 3

⁸ Budget Report [2025-26](#) at p. 4; [Province of Ontario Credit Ratings](#)

⁹ Budget Report [2025-26](#) at p. 24

¹⁰ Budget Report [2025-26](#) at p. 14

¹¹ Budget Report [2025-26](#) at p. 23

¹² Budget Report [2025-26](#) at p. 24

Revenue is Not Frozen

Contrary to the statement at paragraph 17 of the Administration's Brief (and paragraph 101 of its March 2025 brief), operating grant funding is not frozen. Base operating grant funding increased by 3% in 2024-2025 and 2% in 2025-2026 and will increase by an additional 2% in 2026-2027, which the Administration has stated is "very welcome".¹³

Further, the Administration states at paragraph 18 that, "[i]n 2024-2025, the University generated less total revenue from tuition fees and operating grants combined than it did in 2018-2019 nominal dollars, not adjusted for inflation." This is not supported by the Administration's audited financial statements. In nominal dollars, revenue from those sources has increased by **\$750 million**:

Fiscal Year	2018-2019 (millions) ¹⁴	2024-2025 (millions) ¹⁵
Student fees	1,728	2,380
Government grants for general operations	727	754
Government and other grants for restricted purposes	469	540
Total	2,924	3,674

Significantly, other sources of revenue have grown during this time, including sales and investment income, such that, even adjusted for inflation, 2024-2025 revenue exceeds revenue from 2018-2019 by over \$500 million.¹⁶

While the cap on international students is a challenge, the decreases have not been as dramatic as indicated in the Administration's brief. The Administration has stated that, while international enrolments have been a "great source of anxiety", it has been able to mitigate the difficulties "[t]hanks to the efforts of recruitment and admissions offices across the University, and U of T's strong global brand".¹⁷ This "strong global brand" is due to the international reputation for excellence in teaching and research by faculty members and librarians.

The decline of 6% in 2024 cited by the Administration represents 300 fewer new undergraduate international students.¹⁸ As a whole, however, international enrolments actually grew in 2024 by 134 students or 0.3%.¹⁹ As the table at Schedule 2c of its most recent Enrolment Report shows, the Administration continues to project growth in international students into the future.²⁰

¹³ Budget Report [2025-26](#) at p. 9

¹⁴ Financial Report [2019](#) at p.32

¹⁵ Financial Report [2025](#) at p. 33

¹⁶ Bank of Canada, [Inflation Calculator](#): \$3,593.00 in 2019 = \$4,350.12 in 2025.

¹⁷ Enrolment Report [2024-25](#) at p. 3

¹⁸ *Ibid*

¹⁹ *Ibid*

²⁰ *Ibid* at p. 31

Schedule 2c: Total International FTE Enrolment

2023-24 to 2029-30

	2023-24	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Actual	Plan	Actual	Variance	YoY Change	Plan	Projected	Projected	Projected	Projected
Total International FTE	26,942	27,150	27,076	(75)	134	27,066	27,597	28,092	28,625	28,800
Total Undergraduate	21,240	21,335	21,240	(95)	(0)	21,355	21,856	22,278	22,802	22,937
Total Graduate	5,702	5,815	5,836	21	134	5,711	5,740	5,814	5,822	5,863
Total International FTE By Campus	26,942	27,150	27,076	(75)	134	27,066	27,597	28,092	28,625	28,800
St. George ^(Note 2, 3)	18,712	18,921	19,077	156	365	19,068	19,166	19,333	19,389	19,473
UTM ^(Note 2, 3)	3,980	4,026	3,885	(141)	(95)	3,728	3,958	4,153	4,353	4,401
UTSC ^(Note 3)	4,137	4,108	3,998	(110)	(139)	4,157	4,364	4,505	4,787	4,832
Toronto School of Theology (TST)	114	96	116	21	3	114	108	101	95	93
Undergraduate International FTE	21,240	21,335	21,240	(95)	(0)	21,355	21,856	22,278	22,802	22,937
Direct Entry Programs ^(Note 1)	19,984	20,054	19,902	(153)	(83)	19,979	20,475	20,889	21,411	21,538
Second-Entry Professional	1,216	1,243	1,293	50	77	1,330	1,334	1,339	1,341	1,349
Conjoint TST Programs	40	38	45	7	5	46	47	50	50	50
Graduate International FTE	5,702	5,815	5,836	21	134	5,711	5,740	5,814	5,822	5,863
Professional Master's	2,996	3,171	3,136	(35)	140	3,033	3,095	3,173	3,196	3,235
Doctoral Stream Master's	329	336	297	(40)	(33)	321	333	336	335	335
Doctoral	2,303	2,251	2,332	81	29	2,289	2,252	2,254	2,246	2,250
Graduate Conjoint TST Programs	74	57	71	14	(3)	68	60	51	45	43

Notes:

1. 'Direct-entry' includes undergraduate programs offered by the following divisions: Arts & Science St. George, UTM, UTSC, Applied Science & Engineering, Architecture, Landscape & Design, Kinesiology & Physical Education, and Music, as well as the Transitional Year program.
2. Medicine MD and MScOT students at UTM are included in the UTM subtotal above.
3. Self-declared graduate Arts & Science students at UTM and UTSC are included in the UTM and UTSC subtotals above.

Moreover, while the Administration does not provide any source for its projection that the decrease in international students will translate into a loss of \$70 million in revenue, that number, itself, represents only a very small percentage of the Administration's revenue and does not change the fact that total revenue has increased substantially. Nor does it account for the fact that, while the Administration enrolled 75 fewer international students than it projected in 2024, it also enrolled 752 more students overall than it had projected.²¹ As the table at Schedule 2a of the Enrolment Report shows, this increase was largely due to the enrolment of 901 more undergraduate students than planned.

²¹ *Ibid* at p. 30

Schedule 2a: Total FTE Enrolments

2023-24 to 2029-30

	2023-24	2024-25	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
	Actual	Plan	Actual	Variance	YoY Change	Plan	Projected	Projected	Projected	Projected
Total FTE	88,652	90,493	91,245	752	2,593	92,415	93,697	94,848	94,953	95,429
Total Undergraduate	68,228	69,533	70,434	901	2,207	71,270	72,102	72,713	72,542	72,651
Total Graduate	20,424	20,960	20,811	(149)	386	21,144	21,595	22,135	22,412	22,778
Total FTE By Campus	88,652	90,493	91,245	752	2,593	92,415	93,697	94,848	94,953	95,429
St. George ^(Note 2, 3)	61,825	62,652	63,523	871	1,698	64,066	64,290	64,737	64,391	64,735
UTM ^(Note 2, 3)	14,337	14,597	14,714	117	377	14,440	14,659	14,642	14,615	14,631
UTSC ^(Note 3)	12,009	12,811	12,503	(308)	494	13,403	14,246	14,961	15,451	15,563
Toronto School of Theology (TST)	481	433	505	72	24	505	502	508	496	499
Undergraduate FTE	68,228	69,533	70,434	901	2,207	71,270	72,102	72,713	72,542	72,651
Direct Entry Programs ^(Note 1)	60,429	61,515	62,356	841	1,927	62,924	63,513	63,999	63,996	64,072
Second-Entry Professional	7,538	7,759	7,780	21	241	8,033	8,261	8,369	8,201	8,235
Conjoint TST Programs	261	259	299	39	38	313	328	344	344	344
Graduate FTE	20,424	20,960	20,811	(149)	386	21,144	21,595	22,135	22,412	22,778
Professional Master's	9,698	10,248	10,132	(116)	434	10,331	10,642	10,917	10,977	11,072
Doctoral Stream Master's	2,646	2,706	2,573	(133)	(73)	2,704	2,824	2,903	2,952	2,974
Doctoral	7,861	7,832	7,900	68	39	7,918	7,956	8,153	8,331	8,577
Graduate Conjoint TST Programs	221	174	206	32	(14)	192	174	164	152	155

Notes:

1. 'Direct-entry' includes undergraduate programs offered by the following divisions: Arts & Science St. George, UTM, UTSC, Applied Science & Engineering, Architecture, Landscape & Design, Kinesiology & Physical Education, and Music, as well as the Transitional Year program.
2. Medicine MD and MScOT students at UTM are included in the UTM subtotal above.
3. Self-declared graduate Arts & Science students at UTM and UTSC are included in the UTM and UTSC subtotals above.

University-Wide Compensation Costs are of Limited Relevance

At paragraph 24 of the Administration's brief, the Administration states that the cost of a 1% increase in compensation is approximately \$23 million, based on an overall workforce compensation budget of approximately \$2.3 billion. There is no relevance to that figure, which represents the entire University community, and is therefore not specific to the UTFA members' compensation. In his 2025 Award, Arbitrator Gedalof found "nothing in the evidence before me to suggest that faculty salaries have historically followed the University's internal comparators".²² Following this statement, the Administration has provided no further evidence to show that other groups, including the upper Administration or other bargaining units on campus follow UTFA's ATB increases. Indeed, the data at page 13 of the Administration's brief show that most bargaining units settled their recent increases before UTFA. On the other hand, UTFA members would at this time be happy to follow the percentage salary increases the senior Administration have awarded themselves, as outlined at pages 12 and 13 of the Association's brief, filed November 12, 2025.

The more relevant figure for the purposes of these proceedings is the figure of \$984 million, included in the Administration's most recent budget report.²³ However, even that figure is not completely relevant. Per UTFA's figures, which were provided to it by the Administration, total salaries for 2025 equal \$713 million. If the \$984 million figure in the Budget Report is valid, it is because it includes other forms of

²² *Governing Council of The University of Toronto v University of Toronto Faculty Association*, 2025 CanLII 65826 at para 72

²³ Budget Report [2025-26](#) at p. 20; see also Budget Report [2023-2024](#) at p. 20 and Budget Report [2024-2024](#) at p. 20

compensation – likely benefits, considering the standard benefits rate of 25% that the Administration unilaterally determines – which are not included in UTFA’s ATB proposal.²⁴

In any event, the Administration **has budgeted a 4.1% increase** in compensation for 2025-2026.²⁵ It cannot now say that UTFA’s proposal of 4% ATB is out of line with its overall plan for compensation in 2025-2026. The opposite is true.

The Administration’s Argument About its Financial Situation is Contrary to Precedent

The Administration, while relying heavily on its financial circumstances, has not raised a formal inability-to-pay argument. If it had, such an argument would have to be rejected, following the reasoning of Arbitrator Shime in *McMaster University*, which has been applied between these parties several times, including by Justice Winkler in 2006 and Arbitrator Teplitsky in 2010.²⁶ Crucially, even where the Administration has previously sought to rely on its financial situation, increases above inflation have been awarded between these parties.

In 2010, the parties went to arbitration before Arbitrator Teplitsky in the immediate wake of the 2008/2009 global financial crisis, the largest economic downturn in 70 years. In July 2009, CPI was -0.9% nationwide and -1.2% in Ontario. Arbitrator Teplitsky noted that the overall economic conditions were “poor”.²⁷

There were significant pressures to award low or no wage increases. The provincial government had passed the *Public Sector Compensation Restraint to Protect Public Services Act*, freezing wages from 2010-2012. The Act applied to the University of Toronto and 1,300 of its employees, but not to represented employees, including UTFA members. The Government urged wage freezes for represented employees and stated that any negotiated increases would not be funded. Arbitrator Teplitsky noted that this was a “very serious threat”.²⁸

The Administration’s financial position during that period appeared to be dire and its outlook was uncertain. In 2009, the Administration ran a deficit of \$169.2 million.²⁹ Its endowment was devastated, decreasing by 26.7%, due to “severe financial market losses”. Indeed, it experienced investment losses of \$545.0 million on endowments.³⁰

²⁴ University of Toronto, [Benefits Accounting](#). Applying 25% to \$713 million to account for benefits brings the number closer to that provided by the Administration.

²⁵ Budget Report [2025-26](#) at p. 19

²⁶ *McMaster University and McMaster University Faculty Assn, Re* (1990), [1990 CanLII 12727](#) at p. 203; *University of Toronto (Governing Council) and University of Toronto Faculty Assn (Re)* (2006), [2006 CanLII 93321](#) at para 15; *Governing Council of the University of Toronto and UTFA*, unreported, October 5, 2010, pp. 10-11. **Tab 7** of Employer Brief at p. 5

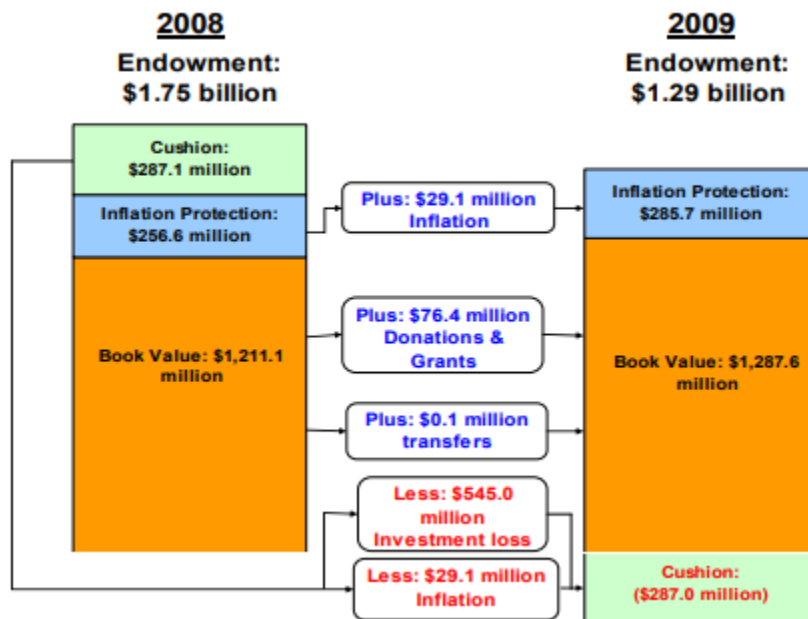
²⁷ *Governing Council of the University of Toronto and UTFA*, unreported, October 5, 2010, pp. 10-11.

Tab 7 of Employer Brief at p. 9

²⁸ *Ibid* at p. 4

²⁹ Financial Report [2009](#) at p. 3

³⁰ Financial Report [2009](#) at pp. 3, 18-19



Nonetheless, Arbitrator Teplitsky rejected any suggestion that the Act or government policy applied. He dismissed the notion that ability to pay was a relevant factor.³¹ Instead, he applied ordinary factors, such as the CPI and settlements in the public sector, private sector, and university comparators to fashion an award that provided increases of 2.25% for 2009 (CPI= -0.9%) and 2.25% for 2010 (CPI= 1.8%).

In the present circumstances, the Administration argues that because of its financial situation, which is nowhere near that of 2009, it needs relief via sub-inflationary increases. If this argument was rejected in the era of a \$169.2 million deficit, it surely cannot apply in the era of a \$519 million surplus.

INTERNAL COMPARATORS

The Administration argues that the Arbitrator should consider increases provided to other bargaining units at the University. As noted above, in his 2025 Award, Arbitrator Gedalof considered the same argument. He reasoned that, while these outcomes provide “important guidance”, they are ultimately of limited utility, as “there is nothing in the evidence before me to suggest that faculty salaries have historically followed the University’s internal comparators”.³² The Administration has provided no reason to depart from this holding in the 2025 Gedalof Award.

SALARIES AT OTHER UNIVERSITIES

The Administration argues at paragraph 32 that salaries at the University of Toronto “compare favourably” with those at other universities in Canada. The Association

³¹ Governing Council of the University of Toronto and UTFA, unreported, October 5, 2010, pp. 10-11.

Tab 7 of Employer Brief at p. 5

³² *Governing Council of The University of Toronto v University of Toronto Faculty Association*, 2025 CanLII 65826 at para [72](#)

rejects the notion that ability to pay is a factor in this arbitration. However, it is notable that, while relying on its financial situation, the Administration does not mention that, unlike the University of Toronto, other universities, including other U15 universities and other universities in Toronto, are facing starkly different financial situations. For example, Queen’s has projected a 2025-2026 operating deficit of \$26.4 million, while the University of Waterloo has projected a deficit of \$95 million.³³ York University has projected a deficit of \$129 million.³⁴

Further, what the data actually show is that UTFA salaries have already fallen below salaries at UBC. The Administration relies on a table that purports to represent data from 2023. UTFA is at par with the salaries of the University of British Columbia Faculty Association (“UBCFA”). Similar to the University of Toronto, UBC is in a strong financial position and has run a surplus in recent years—a smaller surplus than the University of Toronto has (\$109,892 for 2024-2025).³⁵

The Administration’s salary data, however, are dated. In 2024, UBCFA salaries increased by 3%, where UTFA salaries increased by only 2.5%.³⁶ As such, as of 2024, based on the Administration’s own data, salaries at UBC already surpass those at UTFA:

University	2023	2024
University of Toronto	\$205,725.00	\$210,868.13
UBC	\$205,375.00	\$211,536.25

Moreover, the UBCFA increases in its last collective agreement precisely mirrored the increase in the collective agreement between the BC General Employees’ Union (“BCGEU”) and the Government of BC, providing 6.75% for 2023 and 3% for 2024.³⁷ While the UBCFA has not yet completed bargaining for 2025-2026, it can be expected that they will continue to follow BCGEU, which recently concluded a tentative agreement providing 3% per year for four years.³⁸

If this trend holds, the UBCFA will begin to significantly surpass UTFA:

University	2024	2025
UBC with BCGEU (3%)	\$211,536.25	\$217,882.34
UofT with Administration Proposal (1.5%)	\$210,868.13	\$214,031.15

³³ Queen’s University, Budget Report [2025-2026](#); University of Waterloo, Board of Governors Meeting, [April 15, 2025](#), at p. 9

³⁴ York University, Multi Year Budget Plan, [2025-2026 to 2029-2030](#) at p. 33

³⁵ UBC Financial Statements, [2024-2025](#) at p. 5

³⁶ Collective Agreement Between the University of British Columbia and The Faculty Association of The University of British Columbia at Part 2, [July 1, 2022 to June 30, 2025](#), art. 2.01(c)

³⁷ Nineteenth Main Public Service Agreement between the Government of the Province Of British Columbia Represented by the BC Public Service Agency and The B.C. General Employees’ Union (BCGEU), [April 1, 2022 to March 31, 2025](#), at art. 27.3

³⁸ BCGEU, “BCGEU Reaches Tentative Agreement with Provincial Government After Eight Weeks of Job Action” ([October 26, 2025](#))

UofT with UTFA Proposal (4%)	\$210,868.13	\$219,302.85
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In contrast, UTFA's proposal of 4% would retain a modest position at the top of market.

In addition, UTFA salaries will fall even further behind UBC because UBC funds merit pools at a higher proportion of total salary than the University of Toronto Administration. The Progress Through the Ranks ("PTR") pool of 1.6% at the University of Toronto falls woefully short of that at UBC, which is at 2.5% of total wages.³⁹ This difference results in the steady erosion of the University of Toronto's top-of-the-market status.

UTFA strongly opposes the Administration's position that relative position at the top of market is not an important factor. Nevertheless, the comparison with UBC shows that if the Administration's position were to be accepted, the University of Toronto would not only lose its relative position, but its actual position, at the top of market.

ATB FOR RETIREES MUST BE PENSIONABLE

Retirees who worked following July 1, 2025, are entitled to the ATB like any other members. The Administration's proposal here is inappropriate and lacks any rationale, as it would treat retirees, who were active employees during the applicable contract period, differently from other members who were also actively employed during the contract period. Their service and income earned during this period is pensionable and should be treated as such. There is no basis for this distinction as those payments represent work that was completed prior to retirement.

Moreover, this is a new issue that the Administration is raising for the first time at Arbitration, contrary to its obligations under Article 6 of the MoA to negotiate proposals in good faith and make every reasonable effort to reach an agreement. It cannot now be allowed to bring a proposal to arbitration that was not raised at the bargaining table.

The Administration's request should be rejected.

³⁹ Collective Agreement Between The University of British Columbia and The Faculty Association of The University of British Columbia at Part 2, [July 1, 2022 to June 30, 2025](#) at Part 2, arts. 2.02-2.05