November 12 2025

In the Matter of a Dispute Resolution Proceeding before Arbitrator Eli Gedalof regarding the Unresolved ATB Salary Increase for the period July 1, 2025 to June 30, 2026 pursuant to the Memorandum of Agreement dated February 20, 2025

B E T W E E N:

THE GOVERNING COUNCIL OF THE UNIVERSITY OF TORONTO

(the "University Administration")

- and -

THE UNIVERSITY OF TORONTO FACULTY ASSOCIATION

("UTFA")

UNIVERSITY ADMINISTRATION'S INTEREST ARBITRATION BRIEF

HICKS MORLEY HAMILTON STEWART STORIE LLP
77 King Street West, 39th Floor
Box 371, TD Centre
Toronto, Ontario M5K 1K8

John E. Brooks
Tel: 416-864-7226
E-mail: john-brooks@hicksmorley.com

Jonathan A. Maier
Tel: 647-274-5964
E-mail: jonathan-maier@hicksmorley.com

Counsel for the University

INTRODUCTION AND OVERVIEW

1. The University Administration and UTFA are parties to a Memorandum of Agreement dated February 20, 2025 (the "February 20 2025 MOA")[1], which appointed Eli Gedalof as an interest arbitrator to hear and determine all unresolved salary, benefit and workload issues referred to him by the parties for a three-year term beginning on July 1, 2023 and ending on June 30, 2026, in accordance with the process set out in Article 6 of the Memorandum of Agreement between the parties.[2]

2. In an award dated July 3, 2025[3] (the "2025 Interest Award"), Arbitrator Gedalof determined all unresolved issues regarding salary, benefits and workload for this three-year period, save and except for the across-the-board ("ATB") percentage salary increase for the period July 1, 2025 to June 30, 2026. This issue was to be determined in accordance with paragraph 3 of the February 20 2025 MOA, which provides that:

> Any ATB percentage salary increase, including any salary related items that may be subject to an ATB increase, for the period July 1, 2025 to June 30, 2026 will be subject to without prejudice discussions between the parties in the summer of 2025. If the parties are unable to reach agreement on an ATB percentage salary increase, including any salary related items that may be subject to an ATB increase, for the period July 1, 2025 to June 30, 2026, Eli Gedalof will act as interest arbitrator to determine the ATB percentage salary increase and any salary related items that may be subject to an ATB increase, for the period July 1, 2025 to June 30, 2026, with a mutually convenient interest arbitration hearing scheduled in this regard in the fall of 2025.

3. The University Administration and UTFA engaged in without prejudice bilateral negotiations earlier this year. They have been unable to reach an agreement on the ATB percentage salary increase for the period July 1, 2025 to June 30, 2026. The interest arbitration process set out in paragraph 3 of the February 20 2025 MOA is therefore required.

---

[1] February 20 2025 Memorandum of Agreement between the University Administration and UTFA, **Tab 1**

[2] Memorandum of Agreement between the University Administration and UTFA, **Tab 2**

[3] *The Governing Council of the University of Toronto and UTFA* 2025 CanLII 65826 (Gedalof) ["2025 Interest Award"]. **Tab 3**

4. The University Administration proposes an ATB percentage salary increase of 1.5% to be applied to the salaries of all faculty members and librarians employed as of the date of the interest award, retroactive to July 1, 2025.

5. The scope of application for the July 1, 2025 ATB increase set out in paragraph 4, above, will be consistent with the University's longstanding practice and as set out by the University Administration in the related proceeding in respect of July 1, 2023 ATB and July 1, 2024 ATB.

6. The University Administration proposes to increase to the minimum per course / overload stipend by 1.5% retroactive to July 1, 2025. The University Administration proposes that all faculty members and librarians who have retired on or after July 1, 2025 would be paid a non-pensionable lump sum amount reflecting a 1.5% increase in their salaries for any portion of the time that they remained employed with the University on or after July 1, 2025. These retirees would also receive a non-pensionable lump sum payment reflecting a 1.5% increase to any per course / overload stipend rate they received on or after July 1, 2025.

7. This Arbitration Brief provides support for the University Administration's proposed ATB percentage salary increase of 1.5%. This proposal reflects current budgetary realities at the University. It is also consistent with the compensation increases provided to the relevant internal comparators, which continue to provide important guidance for determining the compensation increases paid to faculty members and librarians.

THE UNIVERSITY'S ATB PROPOSAL

The University Administration proposes:

1. an ATB percentage salary increase of 1.5% to be applied to the salaries of all faculty members and librarians employed as of the date of the interest award, retroactive to July 1, 2025. This increase will be applied in a consistent way with the University's longstanding practice, and as set out in the University Administration's submissions made during the related proceeding in respect of July 1, 2023 ATB and July 1, 2024 ATB.

2. an increase to the minimum per course / overload stipend of 1.5% retroactive to July 1, 2025.

3. all faculty members and librarians who have retired on or after July 1, 2025 will be paid:

   (a) a non-pensionable lump sum amount reflecting a 1.5% increase in their salaries for any portion of the time that they remained employed with the University on or after July 1, 2025, if any;

   (b) a non-pensionable lump sum payment reflecting a 1.5% increase to any per course / overload stipend rate they received on or after July 1, 2025, if any.

RELEVANT INTEREST ARBITRATION PRINCIPLES

8. The University Administration's March 7, 2025 Arbitration Brief included a detailed review of the interest arbitration principles that apply to the determination of an ATB increase. The University Administration repeats and relies on its earlier submissions regarding these principles as set out in its earlier brief.[4]

[4] University Administration's Interest Arbitration Brief of March 7, 2025, Part II, pages 9-24. **Tab 4**

THE UNIVERSITY'S OPERATING EXPENSES AND COMPENSATION

9. In the University's Budget Report for 2025-2026, faculty and staff compensation are expected to result in approximately $2.32 billion in expenses. This will account for approximately 64% of the University's total operating expenditures. As set out in the table below, the percentage of the University's operating expenditures that is dedicated to faculty member, librarian, and staff compensation continues to increase:

Faculty & Staff Compensation as a Percentage of Budgeted Operating Expenses			
Fiscal Year	**Total Operating Expenses**	**Faculty & Staff Compensation**	**Percentage of Total Operating Expenses**
2020-21	$2.991 billion	$1.720 billion	57.51%
2021-22	$3.123 billion	$1.768 billion	56.61%
2022-23	$3.233 billion	$1.883 billion	58.24%
2023-24	$3.358 billion	$2.001 billion	59.59%
2024-25	$3.522 billion	$2.19 billion	61.87%
2025-26 Budget	$3.62 billion	$2.37 billion	64.00%

10. Of the estimated $2.37 billion for faculty and staff compensation, an estimated $984 million is attributable to salaries for faculty members and librarians.[5]

11. The largest proportion of faculty members at the University hold appointments in the Tenure Stream or the continuing stream Teaching Stream. Save and except for the ranks of Professor, Teaching Stream and Associate Professor, Teaching Stream, each rank in each stream is associated with a nominal minimum salary which is not reflected in actual hiring rates. The salary floors for the academic ranks in each stream are set out in the table that appears on the following page.

[5] Governing Council of the University of Toronto – Budget 2025-26 and Long-Range Budget Guidelines 2025-2026 to 2029-2030 – Compensation Section. University's Book of Documents, **Tab 5**

Faculty Salary Structure		
ACADEMIC RANK	As of July 1, 2024	
	MIN	MAX
Professor	$124,130	
Associate Professor	$92,460	
Assistant Professor	$75,351	$129,776
Assistant Professor (Conditional)	$63,339	$105,658
Teaching Stream	$102,167	

12. Appointments at the ranks of Associate Professor, Teaching Stream and Professor, Teaching Stream are made only in exceptional circumstances.

13. Based on salary data from Fall 2023, the average salaries paid to faculty members and librarians were as follows:

Employee Subgroup	Rank	Average Annualized Salary	Number of Employees
Tenured / Tenure Stream	Professor	$254,564	1,133
	Associate Prof.	$193,932	677
	Assistant Prof.	$162,718	509
	All Ranks Combined	**$216,704**	**2,319**
Continuing Stream, Teaching Stream	Professor, Teaching Stream	$194,099	46
	Associate Prof, Teaching Stream	$172,855	248
	Assistant Prof, Teaching Stream	$144,227	186
	All Ranks Combined	**$163,797**	**480**
Permanent Status and Permanent Status Teaching Stream	**Librarians**	$141,865	**133**

Note: Excludes faculty on LTD or unpaid leave. Includes faculty members with tenure or continuing status and librarians with permanent status who are part-time, based on annualized salary. Also includes faculty and librarians with senior administrative duties. Assistant Professor (Conditional) listed under Assistant Professor, Teaching Stream.

14. The University's librarians are appointed at the ranks of Librarian I through Librarian IV. Most librarians hold appointments at the rank of Librarian III or Librarian IV. The salary structure for the University's librarians is set up in the table below.

Librarian Salary Structure		
ACADEMIC RANK	As of July 1, 2024	
	MIN	MAX
Librarian I	$81.054	
Librarian II	$84,573	
Librarian III	$108,234	
Librarian IV	$127,527	

15. More detailed information that sets out the University Administration's total compensation costs, including benefit costs across the institution and specific to faculty members and librarians for the period May 1, 2024 to April 30, 2025 is attached at **Tab 5**.

16. The non-compensation portion of the University's operating budget funds all other costs associated with running the University including maintaining spaces and library collections, renewing equipment, high priority student financial aid programs, and many others. As the portion of the University's operating budget directed towards compensation increases, it reduces funding available for these other operating costs and priorities.

THE CURRENT FISCAL ENVIRONMENT AT THE UNIVERSITY

17. The University is now confronting a challenging fiscal environment. The rate at which operating expenses are increasing is outpacing the University's ability to grow operating revenues. At the provincial level, revenue sources that have been flatlined for years remain subject to ongoing freezes and constraints. Base operating grant funding has been frozen for decades. Domestic tuition has been frozen since the government-mandated a 10 percent decrease in tuition fees in 2019-2020. This tuition freeze is expected to continue beyond the 2025-2026 period at issue in this proceeding . Since the vast majority of the University's students are from Ontario, the exemption from this tuition freeze that applies to out-of-province students is of limited utility.

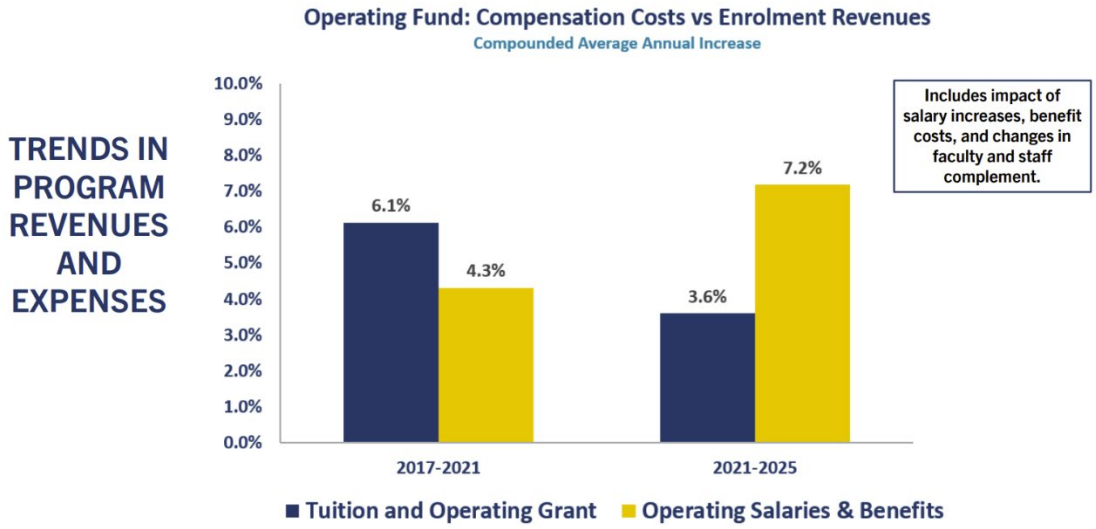
18. Approximately 86% of the University's operating revenue comes from tuition fees and provincial operating grants. The impact of these frozen revenue streams has been significant. In 2024-2025, the University generated less total revenue from tuition fees and operating grants combined than it did in 2018-2019 nominal dollars, not adjusted for inflation.

19. In prior years, the University could mitigate the negative impacts of frozen provincial operating grants and domestic tuition fees through increases to the tuition fees charged to international students. For the past 15 years, the University benefitted from its strategy to increase international enrolment. The additional revenue generated by higher levels of international student enrolment and the higher tuition fees charged to these students funded the inflationary increases applied to the University's operating expenses.

20. More specifically, over the past six years, the revenue generated by international student tuition provided all of the incremental dollars used to fund the compensation increases provided to faculty members, librarians and staff. However, this source of revenue growth has been and remains constrained, due to the cap on international study permits that were introduced in 2024 and which remain in place. After having decreased by 6% in 2024, the University forecasts that its incoming international undergraduate cohort will decrease by a further 5% in 2025. This estimated decrease will translate into a loss of revenue of approximately $70 million, which will compound in subsequent years, as these smaller cohorts continue in their academic programs.

21. With the enrolment level of international students continuing to decline, the University cannot realistically continue to increase international tuition fees. In Canada, the marketplace for international students is crowded, and the University already charges the highest undergraduate international fees nationwide. Material increases to these tuition fees would likely expedite already declining enrolment levels. To remain competitive, increases to international tuition fees must be managed carefully. The majority of international undergraduate fees were increased by 2% in recent years, with a 3% increase for 2025-2026. Imposing higher rates of increase is unrealistic.

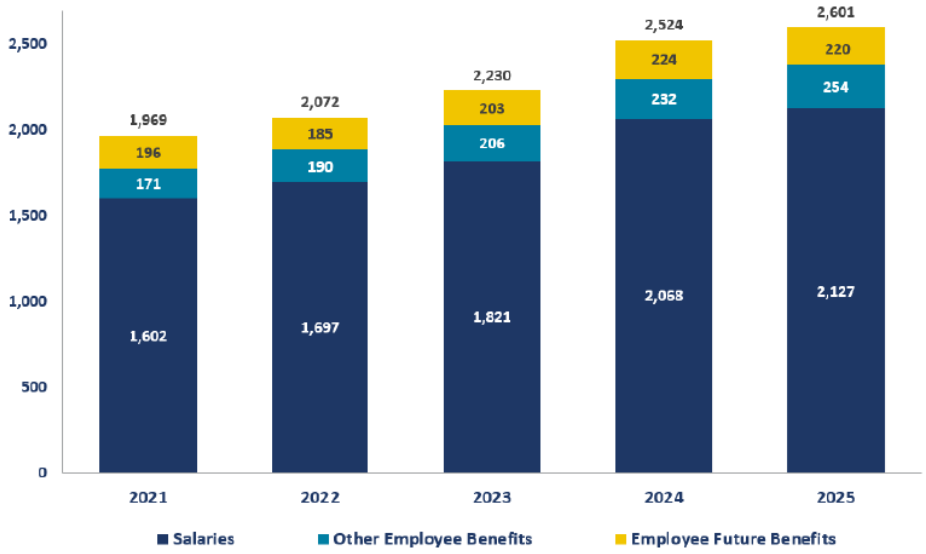
22. These ongoing restrictions on key revenue sources has been accompanied by significant increases in expenses. In the post-Bill 124 era of 2021-2025, when compensation costs rose materially, the compounded average annual increase of operating salaries and benefits rose to 7.2%. In contrast, tuition and operating grant revenue have increased by only 3.6% over this same four-year period. As shown in the chart below, the relationship between tuition and operating grant growth and increases in operating salaries and benefits expenses has inverted over the past four years when compared to the period between 2017-2021.



https://governingcouncil.utoronto.ca/system/files/agenda-items/20250617_BB_03P.pdf

23. The impact of these compensation increases is also seen in the following bar graph that appears on the following page, which tracks increases in total compensation expenses over the last five years. The pace of increases to total compensation has accelerated dramatically in recent years, while the rate of growth in enrolment revenue has not kept pace and has essentially stagnated.

Figure 7: Salaries and Benefits
($ millions) for the year ended April 30



Source: University of Toronto Financial Report April 30, 2025

24. With an overall workforce compensation budget of approximately $2.3 billion, every 1% increase in compensation will cost approximately $23 million. This is equivalent to 350 additional international students; or 3,600 additional domestic students; or a 4.5% increase to undergraduate domestic fees. The higher the level of compensation increases for existing faculty members and librarians, the more resources may need to be diverted from supporting other priorities including expansion of the current complement of faculty members and librarians to support our academic and research missions and expansion of services for students.

25. The confluence of limited revenue growth and increases in expenses was identified in the University's March 7 2025 Arbitration Brief.[6] Since that time, the contrast between the stagnation of the key revenue sources identified above, and material increases including compensation costs has grown. This growing imbalance must be considered when fashioning an award in this proceeding. Any increase to compensation costs must be measured and restrained. The financial circumstances identified in the 2025 Interest

[6] March 7 2025 University Administration's Arbitration Brief, *supra* at pages 36-41.

Award as having militated against inflationary catch-up[7] have become even more difficult to manage and therefore continue to militate against an ATB increase higher than the University Administration's proposal.

THE UNIVERSITY ADMINISTRATION'S PROPOSAL TRACKS THE RELEVANT CPI INCREASES

26. In several prior Article 6 awards, interest arbitrators have noted that although ATB increases do not proceed in lock-step with increases in the Consumer Price Index (the "CPI"), a consideration of the increase to the CPI that occurred in the year prior to the time period at issue remains a very relevant consideration.[8]

27. Data considered by Arbitrator Gedalof in the 2023 Interest Award[9] showed an established pattern between the annual ATB increases agreed to or awarded and increases in the CPI for Canada and Ontario, such that the average annual ATB increase was roughly at the midpoint between the increases in the CPI for Canada and Ontario.[10]

28. The University Administration's proposed ATB increase for July 1, 2025 to June 30, 2026 continues this trend. Using the "prior year approach" of comparing CPI increases to ATB increases first addressed by Arbitrator Teplitsky in 2010 and followed in the 2023 Interest Award, the increases to CPI for Canada and Ontario are set out in the table below.

CPI Increases in Canada and Ontario – July 2024 to July 2025 (2002 = 100)														
	July 2024	Aug. 2024	Sep. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025	Feb. 2025	Mar. 2025	Apr. 2025	May 2025	Jun. 2025	Jul. 2025	
C	162.1	161.8	161.1	161.8	161.8	161.2	161.3	163.0	163.5	163.4	164.3	164.4	164.9	**1.73%**
O	163.9	163.3	162.8	163.5	163.5	162.7	162.6	164.6	165.1	164.8	165.9	166.0	166.5	**1.46%**

https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1810000401

[7] 2025 Interest Award, *supra* at para. 78.

[8] *Governing Council of the University of Toronto and UTFA*, 2023 CanLII 85410 at para. 105 (Gedalof). **Tab 6**

[9] *Ibid*., at paras. 103-106.

[10] *Ibid*., at para. 105

29. In this time period, Canada's CPI increased by 1.73%. Ontario's CPI increased by 1.46%. The University Administration's proposed ATB salary percentage salary increase is within these two figures.

THE UNIVERSITY ADMINISTRATION'S ATB PROPOSAL IS CONSISTENT WITH INTERNAL COMPARATORS

30. The 2025 Interest Award recognized that other collective bargaining outcomes at the University provide important guidance on the appropriate range for the ATB increase to be provided to faculty members and librarians.[11] Since that time, the University Administration has negotiated three additional collective agreements with CUPE Local 3902, Units 3, 6 and 7. The annual compensation increases in these collective agreements are set out in the chart below.

[11] 2025 Interest Award, *supra* at para. 72.

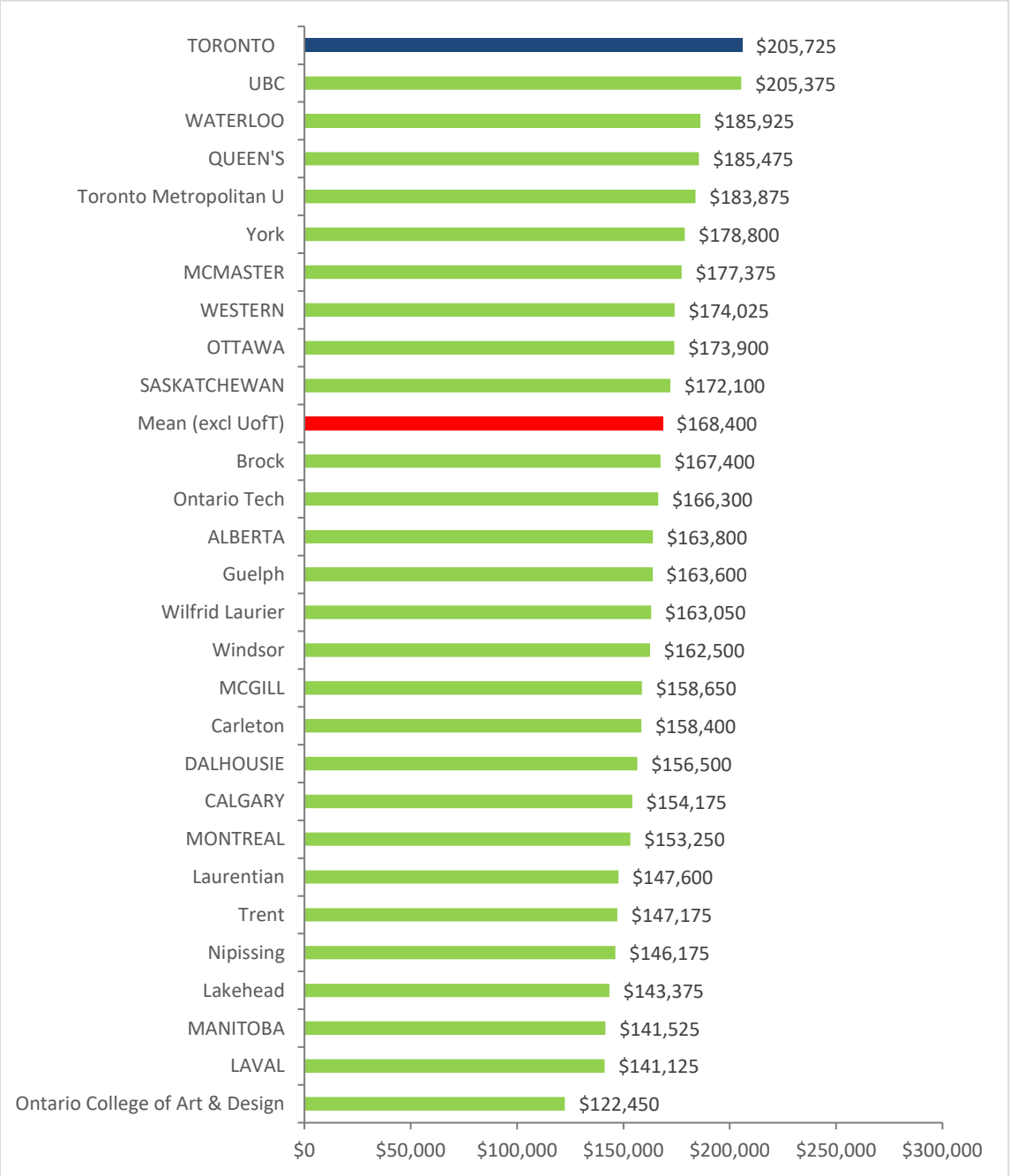
University of Toronto – Collective Agreements During and Post Bill 124													
	USW 1998 Staff Appt.	**CUPE 3261**	**OPSEU 519**	**CUPE 1230**	**CUPE 2484**	**CUPE 3902 Unit 1**	**CUPE 3902 Unit 5**	**OPSEU 578**	**Unifor 2003**	**CUPE 3902 Unit 3**	**CUPE 3902 Unit 6**	**CUPE 3902 Unit 7**	**UTFA**
Employees	**6,300**	**700**	**60**	**130**	**40**	**6,500**	**800**	**5**	**100**	**1,300**	**23**	**250**	**3,340**
2020	1%	1%	1%	1%	1%		1%	1%					1%
2021	1%	1%	1%	2.6%	2.6%	1%	1%	2.6%	1%	4%	1%	1%	1%
2022	1%	1%	1%	2.7% + $400 OTO	2.7% + $400 OTO	1%	1%	2.7% + $400 OTO	2.6%	4%	1%	1%	1% + 7%
2023	9%	9%	9%	5.7%	5.7%	1%	9%	5.7%	2.7% + $400 OTO	3%	1%	1%	3.5%
2024	2%	2%	2%	2%	2%	9%	2%	2%	5.7%	2%	9%	9%	2.5%
2025	1.8%	1.8%	1.8%	1.8%	1.8%	2%	1.8%	1.8%	2%	1.8%	2%	2%	
2026						1.8%			1.8%	1.8%	1.8%	1.8%	
Total Non-Compounded Increases 2020-2025	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	16.6%	15.8%	15.8%	16%

31. These collective bargaining outcomes are consistent with those negotiated between the University Administration and other collective bargaining agents prior to March 7, 2025. The compensation increases provided in 2025-2026 are very much aligned with the University's proposed ATB percentage salary increase in this proceeding.

SALARIES AT THE UNIVERSITY OF TORONTO COMPARE FAVOURABLY WITH SALARIES AT OTHER UNIVERSITIES

32. When one considers the total salaries paid to all academic ranks combined (Professor, Associate Professor, Assistant Professor), the table below shows how the salaries paid to faculty members at the University of Toronto compare with the salaries paid to faculty members at other universities across Ontario and Canada, based on the most recent available data from Statistics Canada for Fall 2023.

Faculty Full-Time Salaries All Ranks Combined (Professor, Associate Professor, Assistant Professor)



33. The “top of market” statements made by earlier interest arbitrator does not require that the University’s faculty members maintain a relative position at the top of the market, particularly where other faculty members and librarians are likely seeking catch-up increases of their own. As Arbitrator Teplitsky accurately observed, any requirement to maintain the University’s relative position at the top of the market would lead to “whipsawing” – an outcome that is to be avoided.[12]

CONCLUSION AND RELIEF SOUGHT

34. The University requests that its proposed ATB percentage salary increase be awarded.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

[12] Governing Council of the University of Toronto and UTFA, unreported, October 5, 2010, pp. 10-11.
Tab 7