April 7, 2006

Colleagues,

We are writing to you to provide further background about the recent Dispute Resolution Panel Award [http://www.utoronto.ca/hrhome or http://www.utfa.org] regarding Salary and Benefits for faculty and librarians. This Binding Award covers the 2005 and 2006 years. The process under which the Award has been issued is governed by the Memorandum of Agreement [http://www.utoronto.ca/govcncl/pap/policies/memoaqr.html] between the University of Toronto Faculty Association and the Governing Council. This letter summarizes the terms of the Award, highlights some of the implementation plans, and discusses some of the implications of this Award for you.

We look forward to implementing this new arrangement in a way that continues to support the outstanding work done by faculty and librarians.

Nonetheless, one aspect of this award does raise some concerns. As we describe in detail below, this award will augment pensions being paid to retired faculty and librarians in the next two years. No current faculty or librarian will benefit from this provision. Only those already in receipt of a pension will benefit. Our pension plan is already in a deficit position, which increases as a result of this award. Current faculty and librarians will bear the cost of repaying the deficit caused by this award to retirees whose pension provision entitlements are already the strongest among employee groups at the University.

We accepted this provision of the arbitration award out of respect for the due process of dispute resolution and in order to secure a stable employment climate for our teaching and research in the years ahead. But we did so with great hesitation, knowing that this aspect of the award takes scarce financial resources away from our core mission: To teach students, to advance discovery, and to support faculty, librarians and staff engaged in that work.

**Highlights of the Award**

**Salary**

The Award provides for a 3.00% Across-the-Board (ATB) salary increase effective July 1, 2005 and 3.25% increase effective July 1, 2006. In each case, the increase applies to those individuals who were employed on the prior June 30. The retroactive increase for 2005 should be included for most faculty and librarians in the May pay deposit.

The Award also provides for a $500 addition to the Progress-Through-the-Ranks (PTR) pools in each of 2005 and 2006 for tenure-stream faculty (and pro-rated amounts for Lecturers and Librarians). The retroactive amounts for 2005 for those not in the Senior Salary Group will be distributed as part of the May payroll in proportion to the PTR award that was received by each faculty member. For members of the Senior Salary Group the retroactive PTR amount will be added to the pool of funds available for allocation, since no awards could be made prior to the ATB amount being available.

As of July 1, 2006 the Senior Salary threshold has been eliminated. Thus for this year’s review process all members of the Senior Salary Group, other than Principals and Deans, will join their respective above-the-breakpoint PTR pool. While the University supported the elimination of this threshold, we had proposed the creation of a larger pool of funds to be distributed, by Provostial/Decanal Committees, based on merit. Unfortunately, the Faculty Association opposed this tool that would have allowed for
outstanding teaching, scholarly and service contributions to be recognized on an institution-wide basis.

Benefits

The Award allows for the services of a licensed optometrist, up to $250 every two years. This is, of course, in addition to the existing benefits package.

Pension

The Award provides for pension augmentation for retired faculty and librarians in 2005 and 2006. Under the terms of the pension plan, pensions are indexed at 75% of the Consumer Price Index (CPI). Augmentation brings the indexation fully to CPI. No current faculty or librarians will benefit from this provision. Only those who have already retired will benefit from the second year of augmentation. Our pension plan is currently in a deficit, with the deficit being repaid through payments amortized over 15 years. The augmentation award will add an additional $475,000 per year for the next 15 years for the 2005 augmentation, and the same amount again for the 2006 augmentation. Thus the special payments to amortize the pension deficit will increase by almost a million dollars per year over the next 15 years.

The University strongly opposed this provision. The University’s position was that augmentation had been used as a form of sharing surplus in the pension plan, when there was one, with retirees. It is not appropriate to do so when the result is an increase in the deficit. The increased payments will not benefit current faculty and librarians. These payments will not contribute to our mission of teaching students now or in the future. The individuals that receive this benefit did not make contributions to the pension plan commensurate with this level of benefit. However, augmentation remained a top priority for the Faculty Association.

In a Partial Dissent, the University’s nominee on the panel, Mr. Larry Bertuzzi further noted that in addition to the fact that active employees receive no benefit from augmentation during this agreement, “the increased costs would add to the growing deficit and diminish the prospect of future surpluses, with attendant pension increases and/or faculty contribution holidays for active members”.

The majority of the Dispute Resolution Panel awarded the augmentation nonetheless, taking the view that the Faculty Association is in the best position to determine appropriate trade-offs between the compensation of active faculty and librarians, and those who are retired.

In an Addendum, UTFA’s nominee to the Panel, Mr. Jeffrey Sacks, compares this augmentation for retired faculty and librarians to a very separate pension improvement negotiated with another employee group. While it is true that University agreed to improve pensions for another employee group, those improvements were fundamentally different. In the case of the other employee group, pension changes were designed to benefit active staff, not just current retirees. Moreover, members of that other employee group were in fact lagging behind improvements that had already been made for Faculty and Librarians; a pension improvement was appropriate in that case to maintain equity among staff groups. Finally, the other employee group also agreed to raise their own members’ contribution rate to the pension plan to help cover the costs of the improvement. None of that is the case with the augmentation to retired faculty and librarians that is part of this award.
Professional Expense Reimbursement Account (PERA)

The PERA accounts will be increased from $775 per year to $900 for July 1, 2005 and to $1000, for July 1, 2006. The additional retroactive amount will be deposited into accounts at the time the 2006 accounts are established.

Librarian Study Leave

The number of Research and Study days for Librarians is increased from 5 to 8 starting July 1, 2006.

Items previously agreed

The parties had previously agreed to the following items

- Minimum per course stipend rate to be increased to $12,500 for those individuals who are represented by UTFA, effective July 1, 2005.
- Effective July 1, 2005, an increase to the minimum salary for Librarian III (to $62,500) and IV (to $75,700); elimination of the salary ceiling for Librarian II
- Effective July 1, 2005, an increase to the minimum salary for Lecturers (to $62,500)

Finally, we note that in March 2005, the University and the Association agreed to end mandatory retirement for faculty and librarians. This provision has already been implemented.

Conclusion

We thank the Honourable Justice Warren Winkler and the members of the Dispute Resolution Panel for their dedication to the University and their work on this Award. We also thank Mr. Kevin Burkett who served as the mediator, and under whose guidance we reached resolution on a number of issues, including the historic agreement with respect to retirement matters. Finally, we thank negotiating teams from both sides for their commitment to the process outlined in the Memorandum.

As we have noted above, although this award provides reasonable improvements in many areas, it also threatens to distract resources away from the faculty and librarians who are actively advancing the University’s work, to create a benefit for those who have retired from our campuses. We hope that future discussions with faculty will result in a better balancing of these needs, so that the increased costs of additional benefits for retirees are not inappropriately borne by current faculty, current librarians and, ultimately, current and future students.

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