

## **Report of the Vice President for Salaries, Benefits and Pensions**

by  
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UTFA and the Administration were unable to reach an agreement about salary, benefits and pension issues for 2005-06 academic year. Thus, in accordance with the Memorandum of Agreement, the unresolved issues were sent to a three-person Dispute Resolution Panel. The Chair of the Panel was Regional Senior Justice Warren K. Winkler. Mr. Jeffrey Sack, QC, represented UTFA on the Panel; and Mr. Larry Bertuzzi represented the Administration. During the course of its deliberations, the Panel concluded that it would be desirable to issue an award covering both the 2005-06 and 2006-07 academic years. Although the Memorandum of Agreement states that arbitrated settlements are to be for one year only, both the UTFA Council and the Administration agreed to allow the Panel to make a two-year award.

The Panel issued its report on March 27, 2006; and UTFA and the Administration agreed to make the report public on April 5. The complete text of the Panel's report is available on the UTFA web site ([www.utfa.org](http://www.utfa.org)). The accompanying table and lists provide a summary.

In his report, Mr. Justice Winkler stated that he had attempted to base the award on two principles:

- The Replication Principle which mandates that the award should reflect the agreement that the parties would have reached if they had been able to reach an agreement during collective bargaining.
- The Principle of mutual commitment on the part of both UTFA and the Administration to the idea that the University of Toronto should be a leader among the world's best teaching and research universities. Consequently, compensation for faculty and librarians at the University of Toronto should be correspondingly "at the top of the market"; and salary increases should not be reduced by self-imposed limitations such as government funding or university budget allocations.

However, the most important characteristic of the award is the reasoning which Mr. Justice Winkler enunciated as its basis. His statements provide a strong foundation upon which future agreements or future arbitration awards will be based.

With regard to the commitment to excellence, Mr. Justice Winkler wrote:

"... the University has staked out a position at the top of the relevant market or "industry segment". It implicitly admits that maintaining that position depends to a large degree on maintaining the quality of its faculty and librarians. That in turn requires, leaving aside the intangibles, ensuring that the total compensation package available to faculty members and librarians is sufficient to place them at the top of the market as well."

During negotiations and mediation, an intractable issue that divided UTFA and the Administration was UTFA's proposal that pensions be augmented to reflect the full increase in the cost of living. Several of our recent agreements have included this provision. However, this time the Administration maintained that, because the pension plan is currently in a deficit

position, it would not agree to pension augmentation beyond the partial cost-of-living increase incorporated in the pension plan (75% of inflation). UTFA's position was that the current apparent actuarial deficit in the pension plan is a product of the Administration's decision to change assumptions regarding the rate of return on investments and future obligations in ways that created or at least increased the apparent deficit.

In awarding the pension augmentation, Mr. Justice Winkler stated:

“In truth, the only real surplus or deficit in a pension plan is that which remains after a plan has been wound up and all accrued liabilities have been accounted for. Actuarial surpluses or deficits in the interim exist only as mathematical constructs produced by applying certain assumptions to the assets and obligations of the plan. As such they are no more than snapshots in time and subject to the periodic fluctuations driven by the dynamics of the investment market and the changing makeup of the plan's beneficiary class. While prudent management practice and regulatory oversight require the taking of such snapshots in respect of pension plans, the resulting picture does not necessarily drive a particular result in bargaining.”

Now that we know what the arbitrator has awarded for the 2005-06 and 2006-07 academic years, we need to begin thinking about the next round of negotiations for 2007-2008, which will probably begin in January, 2007. Before entering those negotiations, UTFA is committed to hearing what our members have to say during a period of rapid change and emerging challenges. Especially important are your, our members', opinions about issues related to salaries, benefits, workloads and working conditions. We need to begin a conversation about what you think the important issues are, and what you think we should try to achieve not only in the next round of bargaining, but in our day-to-day interactions with the University Administration.

This consultation should not be a one-shot deal. Instead, with your advice, we are planning a series of initiatives including discussions between Council members and their constituents, town hall meetings and surveys of members. We look forward to beginning this process in the fall with our first survey of members on their bargaining priorities. We think that a strong response will not only give UTFA a better sense of your views and interests. It will also provide better leverage in negotiating on your behalf.

## Summary of Arbitrated Salary, Benefits and Pensions Settlement

<b>Issues:</b>	<b>What we asked for:</b>	<b>What Administration offered:</b>	<b>What Dispute Resolution Panel awarded:</b>
Across the board (ATB) salary increase	4%	2.5%	3% in 2005-06 3.25% in 2006-07
PTR (merit) salary increase	Permanent increase in the PTR pool from 2% to 3% of total salaries.	Additional \$500 per professor added in pool on one-time-only basis with prorated amounts for librarians and lecturers. Ten percent of new funds set aside for decanal and provostial pools.	\$500 per person increase in pool in both 2005-06 and 2006-07. Five percent of new funds for decanal and provostial pools.
Senior salary category	Abolition of this category of highly paid faculty and librarians who receive no ATB salary increase.	No change	Senior salary category abolished. All those represented by UTFA to receive the ATB increase.
Pension augmentation	Augmentation of pensions to fully match cost of living increase during the term of agreement	No augmentation beyond that provided in the plan.	Full augmentation in both 2005-06 and 2006-07.
Benefit for paramedical services	Current benefit for massage therapy, chiropractic care and physiotherapy be extended to include optometrists and amount of benefit to be increased from \$500 to \$1000 per year.	No change in the benefit	Current benefit maintained. In addition, \$250 every two years for optometric care starting July 1, 2006.
Professional Expense Reimbursement Allowance (PERA)	Fund to be increased from \$775 per year to \$1000 per year.	No change in amount. Introduce option to spend allowance on professional expenses or otherwise uncovered medical expenses. Election of whether money to be spent on professional or medical expenses to be decided in advance annually.	PERA increased to \$900 in 2005-06 and to \$1000 in 2006-07. Money to be spent for professional expenses only.
Librarian research days	Increase from 5 to 20 days per year.	No change	Increase from 5 to 8 days.

**List 1: Items Agreed Upon During Negotiation and Mediation**

- Mandatory Retirement Ended. On March 14, 2005, UTFA and the Administration agreed to end mandatory retirement for faculty and librarians on July 1, 2005. The terms of this agreement are available on the UTFA web site.
- Effective July 1, 2005, the minimum salary for Librarian III and IV to be increased to \$62,500 and \$75,700 respectively.
- Effective July 1, 2005, the salary ceiling for Librarian II to be eliminated.
- Effective July 1, 2005, the minimum salary for Lecturers to be raised to \$62,500.
- Effective July 1, 2005, the minimum per course stipend for part-time faculty on non-sessional appointments and who are represented by UTFA and for faculty members teaching overload to be raised to \$12,500.

**List 2: Things UTFA Proposed But Did Not Get**

- At the time of retirement, faculty members and librarians to have the option of receiving a monthly pension or a lump-sum payment equal to the commuted value of the person's pension. Those opting for the lump-sum payment to be eligible for the same benefits as those receiving a pension.
- The Employer to pay 50% of cost for orthodontic benefits up to \$3500 per person per lifetime for all active and retired faculty and librarians and their dependent children.
- The long-term disability plan to be modified to enable disability pension recipients to return to work on a part-time basis for indefinite periods of time without financial penalty.
- Faculty and librarians who retired before 1981 to receive the same benefits as those who retired during or after 1981.
- All part-time faculty represented by UTFA to receive expense reimbursement prorated to 33% of the PERA for each full-course equivalent taught.