



## **Comments on Employer's January 27, 2022 "E9A" Proposals**

### **Employer's proposal for 0% across-the-board (ATB) salary increase over July 1, 2020 – June 30, 2024**

AASUA rejects the Employer's 0% ATB proposal.

The Board's proposal for a 0% ATB in each year of the proposed 4-year renewal collective agreement from July 1, 2020 – June 30, 2024 is wholly inconsistent with the ATB percentage increases currently being offered at other post-secondary institutions in Alberta, and more broadly in the public-sector in Alberta (e.g., the recently negotiated AUPE and UNA settlements). The Employer's ATB proposal will significantly degrade the average faculty salary at the University of Alberta in comparison to the average faculty salary at our peer U15 institutions in Canada and thereby significantly negatively impact the recruitment and retention of the outstanding academic staff required to remain a "top 5" research and teaching intensive university in Canada, which will inevitably lead to a significant deterioration in the quality of the learning experience being offered to undergraduate and graduate students. The Employer's proposal will all but certainly result in the University of Alberta no longer being a destination of choice for outstanding academics and students and will, consequently, degrade Edmonton's ambition to become a hub of world-class scholarly and creative excellence and technological innovation.

In addition to the above remarks, given inflation that is currently running at about 4.8% annually, which is likely to increase over the next year or two at least, and given the significant decrease in the purchasing power academic salaries at the University of Alberta have experienced since about 2016, the Employer's 0% ATB proposal is unacceptable.

### **Employer's proposal to change the Terms of Reference of the Academic Benefits Management Committee (ABMC)**

AASUA makes no comment at this time on the "elements" the Employer wishes to base a "discussion" on with respect to revising the Terms of Reference of the Academic Benefits Management Committee (ABMC) listed in the "E9A" compensation proposal. AASUA proposes that the parties enter into an LOU to strike an Agreement Review Committee (ARC) in accordance with Article 2.06 – 2.11 in the collective agreement to consider the Terms of Reference of ABMC. Should the parties not reach agreement during the ARC process, the current collective agreement language remains as status quo.

### **Employer's proposal to remove the existing right of refusal held by Academic Faculty to be assigned Intercession Teaching**

AASUA will not agree within this round of collective bargaining to the Employer's Intercession Teaching proposal, which at its core would remove the existing right of Academic Faculty to refuse to do intercession (spring/summer) teaching (see article "a" in Appendix A.5: Intercession Teaching in Schedule A in the collective agreement).

This is a complicated issue that involves issues of workload and work-life balance that are presently minimally addressed in the collective agreement. In addition, most Academic Faculty reserve this period of the year to focus very deeply on their scholarship, research and creative activities that typically requires them to work in an uninterrupted way either by themselves or with their graduate students and research teams in Libraries, laboratories or studios, etc. Moreover, many Academic Faculty use the intercession period to do off-campus field research, attend conferences, or to collaborate with colleagues at other research institutions around the world for which it may not be possible to arrange at another time of the year. Scholarship, research and creative work is absolutely central to the professional obligations/university responsibilities of Academic Faculty. Also, Academic Faculty typically take their vacation in the spring or summer. The Employer does not track this vacation time, recognizing that Academic Faculty require flexibility to choose when to take their vacation around their research and other scholarly activities.

AASUA proposes that the Employer withdraws their proposed language for Appendix A.5: Intercession Teaching and that the parties enter into an LOU to strike an ARC in accordance with Article 2.06 – 2.11 to consider intercession teaching. Should the parties not reach agreement during the ARC process, the current collective agreement language would remain as status quo.

### **Employer's proposal to eliminate the Academic Supplementary Retirement Plan (ASRP)**

AASUA rejects the Employer's proposal to reduce existing pension entitlements for Academic Staff by "Effective the date of ratification, the ASRP shall be closed to new participants. Effective the first January 1 following the date of ratification, no further contributions shall be made for existing plan participants."

AASUA's proposes a zero-cost increase proposal for the ASRP Salary Cap in that the year-over-year percentage increase in the ASRP Salary Cap be identical to the year-over-year percentage increase in the Maximum Pensionable Salary associated with the Universities Academic Pension Plan (UAPP). AASUA's proposal will neither increase nor decrease the existing ASRP pension entitlement.

## **Employer's proposals on Sabbatical/Professional Leaves, Updated Dental Fee Guide, Psychological Services**

AASUA rejects the Employer's attempt to link these issues to the Employer's proposal to eliminate the ASRP. The estimated cost of AASUA's proposal to increase Sabbatical/Professional Leave salary entitlements is about \$2.5M per year. There are negligible additional costs associated with using the most up-to-date Alberta Dental Fee Guide in the Benefits Plan. AASUA also rejects the Employer's proposal to place psychological services under the umbrella with paramedical services within the Benefits Plan with the Employer's proposed caps. The Employer's 2021 contributions to the ASRP will be about \$4.2M. Regardless of the merits of one benefit over another, the Employer's *quid pro quo* is inequitable.

## **Employer's proposal on Academic Faculty salary scales and merit increment values**

AASUA rejects the Employer's proposed Academic Faculty salary scales and associated merit increment values and their proposed application to base salary.

While the Employer's proposal to increase the value of the merit increments for Assistant and Associate Professors may look very appealing at first glance, when coupled to the Employer's proposal to have only 50% of the value of the Professor III merit increment apply to base salary, the life time earnings, including both UofA salary and the UAPP pension paid out, will be significantly reduced. This reduction in life time earnings are potentially in excess of \$900K (see below). Perhaps paradoxically, the Employer's proposal for Assistant and Associate Professor merit increments will likely shorten the time for many current and future Assistant and Associate Professors to reach the point where the Employer's Professor III merit increment proposal starts to take effect and, as a consequence, increase the period of time in one's career the negative impact of the Employer's Professor III merit increment proposals will accumulate.

Moreover, given that about 50% of all faculty are Full Professors, and the obvious purpose of this proposal is to reduce the increase in the salary of Full Professors over time, as compared to what it would be if the status quo prevailed where 100% of the Professor III merit increment was applied to base salary, the Employer's proposal will obviously exacerbate the already existing situation where the overall average faculty salary at the University of Alberta is uncompetitive with our peer U15 group of research and teaching intensive universities in Canada, with the consequent negative implications for recruitment and retention of outstanding highly-accomplished internationally-recognized faculty, and the subsequent negative implications for the quality of the learning experience the University of Alberta can offer undergraduate and graduate students.

Below is a summary Table of the impact of the Employer's proposal to apply only 50% of the Professor III merit increment to base salary will have. A detailed step-by-step description of the

calculations made to determine the impact of the Employer's proposal is given at the end of this document.

Summary Table of impact of the Employer's proposal to have only 50% of Professor III merit increment apply to base salary		
	0% ATB, no UAPP indexing	2.64% annual ATB, 2% UAPP annual indexing
Reduction in annual base salary after 20 years of service	\$25,520	\$41,869.42
Cumulative reduction in UofA salary earnings after 20 years of service	\$242,440	\$342,567
UAPP pension reduction in first year of retirement assuming 35 years of service	\$15,184.40	\$23,735.80
Cumulative UAPP pension reduction after 20 years of retirement	\$303,688	\$576,718
Cumulative lifetime income reduction (salary + UAPP pension)	\$546,128	\$919,285

In addition, the salary scales and merit increments for Academic Faculty, FSO and ATS have been deliberately linked together through past collective bargaining. For example, the current FSO 2, 3 and 4 (I and II) merit increments have exactly the same value as the current Assistant, Associate, and Full Professor (I and II) merit increments, respectively. The current ATS Assistant Lecturer, Associate Lecturer, and Full Lecturer merit increments have exactly the same value as the current Assistant, Associate, and the average of the Full Professor I and II (or, equivalently, FSO 4 I and II) merit increments, respectively. Also, the current Professor II and III merit increments have exactly the same value as the Associate and Assistant Professor merit increments, respectively. While the Employer has proposed to increase the merit increments for Assistant and Associate Professors, no such offer is being made for FSO 2 and 3 (and FSO 4 II), ATS Assistant Lecturer and Associate Lecturer, or Professor III and II merit increments, respectively.

AASUA rejects the Employer's proposal to abandon the deliberately bargained historical linkages between the Academic Faculty, FSO and ATS salary scales and merit increment values.

#### **Employer's proposal on ATS salary scales**

AASUA rejects the Employer's proposal to "Effective July 1, 2023, and with effect for only

those hired for the first time on or after that date, the salary rate at the Associate Lecturer and Full Lecturer ranks shall be capped at \$100,100.” The Employer has not offered one single rational reason for this proposal other than the Employer seems to arbitrarily feel that ATS Associate Lecturers and Full Lecturers might possibly make too much money. AASUA completely rejects the imposition of two-tier salary scales for any constituency let alone for some of the most precariously employed among us.

AASUA also rejects the Employer’s proposal to waive the minimum salaries associated with the ATS salary grid for ATS Staff hired as a “Head Coach or Athletics Clinical Staff in the Office of the Dean of Students (formerly in KSR) who are hired after the date of ratification.”

### **Detailed step-by-step description of the calculations to determine the impact of the Employer’s proposal to apply only 50% of the Professor III merit increments to base salary.**

Some initial remarks: We note that the current Professor III merit increment is \$2,552 and it starts to apply when the annual salary is at or greater than step nine of the Full Professor salary scale, which is currently \$149,665. (The current Professor I and II merit increments are \$3,847 and \$3,271, respectively). The 2020-21 average salary for Full Professor at the UofA is \$187,175 and it is second from last when compared to all other Full Professor average salaries across all other U15 universities in Ontario and BC.

Here are my assumptions for what follows. I hope my formulas are self-explanatory so one can tweak these assumptions and do one’s own calculations.

1. We assume that it is in year 15 in a 35-year career that a hypothetical Prof hits the point where Professor III merit increments begin to be applied, that is, it is in year 15 is when their salary hits the \$149,665 mark. We assume that our hypothetical Prof receives exactly 1.0 Professor III merit increments going forward annually - never more, never less.
2. The 20-year averaged annual ATB increase at the UofA, from 2000 until 2019, is about 2.64%. The practice at the UofA has always been that ATB increases are applied to the merit increment value, so I will assume that here too (in the second example below).
3. Since the average annual percentage increase in the Maximum Pensionable Salary (MPS) associated with the Universities Academic Pension Plan (UAPP) is higher than the average annual percentage increase in the annual base salary our hypothetical Prof experiences (with or without ATB), their base salary (the average annual percentage increase in the MPS from 2003 to 2022 is about 3.55%) **will never exceed** the MPS. The MPS for 2022 is \$190,470 and this will likely increase, on average, by about 3.55% per year going forward.

### First example: Zero ATB assumption and no annual indexing of the UAPP Pension

Our first example calculation assumes that there is zero percent ATB in each year going forward and that the UAPP Pension earned will never receive an annual cost of living adjustment. **This is in a very real sense the “best case” scenario!** Once one assumes a non-zero ATB increase and/or non-zero UAPP indexing, lifetime earnings losses increase compared to the reductions associated with this example.

Each year our hypothetical Prof will experience a reduction to their annual base salary of

$$\$2552/2 = \$1,276,$$

compared to what it would have been had the full 1.0 Prof III merit increment been applied to our hypothetical Prof's base salary.

Thus, after 20 years, the annual UofA base salary for our hypothetical Prof will be have been **reduced** by

$$(\$2552/2)*20 = \$25,520,$$

compared to what it would have been had the full Prof III increment been applied to our hypothetical Prof's base salary.

The associated **reduction** in lifetime UofA earnings our hypothetical Prof experiences in this scenario is given by

$$(1 + 2 + \dots + 20) (\$2552/2) - 20* (\$2552/2) = \$242,440,$$

compared to what it would have been had the full Prof III merit increment been applied to our hypothetical Prof's base salary.

The associated annual UAPP pension **reduction** our hypothetical Prof experiences is computed by multiplying the last five year average annual *net* salary reduction (compared to what it would have been had the full 1.0 Prof III merit increment been applied to our hypothetical Prof's base salary) times 0.02 times 35. That is,

$$(\$2552/2)* (16 + 17 + 18 + 19 + 20) * 0.02 * 35/5 - (\$2552/2)* (1 + 1 + 1 + 1 + 1) * 0.02 * 35/5 \\ = \$15,184.40,$$

compared to what it would have been had the full Prof III merit increment been applied to our hypothetical Prof's base salary.

Assuming our hypothetical Prof collects the UAPP for 20 years, the lifetime UAPP pension **reduction**, assuming no annual cost of living adjustment in the UAPP pension, for our hypothetical Prof is

$$20 * \$15,184.40 = \$303,688.00,$$

compared to what it would have been had the full Prof III merit increment been applied to our hypothetical Prof's base salary. It is important to note that annual cost of living adjustment to the UAPP pension will *increase* the net reduction in lifetime pension income. (The UAPP is annually indexed by 60% of the Alberta CPI, which currently sits at 4.8%.) It is also important to note that the above reduction in pension income does not take into the account the continued negative impact on our hypothetical Prof's survivor (or beneficiaries as applicable) after their passing.

Taken together, this implies a net total life time income reduction for our hypothetical Prof is about

$$\$242,440 + \$303,688 = \$546,128,$$

compared to what it would have been had the full Prof III merit increment been applied to our hypothetical Prof's base salary. Again, it is emphasized that this is the "best case" scenario.

**Second Example: Let's take ATB into account with a 2% annual indexing of the UAPP pension - this is a much more realistic scenario than the first example**

The 20-year average annual ATB percentage increase (from 2000-2019) is 2.64% for the UofA.

Let us assume that each year over the 20 years going forward our hypothetical Prof receives exactly 1.0 Prof III merit increment and the annual ATB percentage increase going forward is assumed to be the 20-year average annual ATB percentage increase of 2.64%.

Let us assume that the value of the Prof III merit increment in the first year of applicability is the current value \$2,552.

The first year **reduction** to base salary that our hypothetical Prof experiences is

$$\$2552/2 = \$1,276,$$

compared to what it would have been had the full 1.0 Prof III merit increment been applied to our hypothetical Prof's base salary.

In the second year, the reduction to *base* salary that our hypothetical Prof experiences will be the first year's reduction of (2552/2) indexed by the ATB, that is (2552/2)\*1.0264, **plus** the loss

of half the Prof III merit increment awarded in the second year (which has been indexed by the ATB), i.e.,  $(2552/2)*1.0264$  for a **total** reduction to base salary in the second year of

$$(\$2552/2)*1.0264 + (\$2552/2)*1.0264 = 2 \text{ times } (\$2552/2)*1.0264,$$

compared to what it would have been had the full Prof III 1.0 merit increment been applied to our hypothetical Prof's base salary.

Consequently, by induction, the total **reduction** to annual base salary after 20 years for our hypothetical Prof assuming the annual award of 1.0 Prof III merit increment and an average annual ATB increase of 2.64%, would be

$$20* (\$2552/2)*1.0264^{19} = \$41,869.42,$$

compared to what it would have been had the full 1.0 Prof III merit increment been applied to our hypothetical Prof's base salary. **This is about 64.1% higher than the reduction associated with the "zero percent" ATB estimate in the first example.**

The associated life time **reduction** in UofA earnings for our hypothetical Prof would be

$$(1 + 2*1.0264 + \dots + 20*1.0264^{19}) (\$2552/2) - (1 + 1.0264 + \dots + 1.0264^{19}) * (\$2552/2) \\ = \$342,567,$$

compared to what it would have been had the full 1.0 Prof III merit increment been applied to our hypothetical Prof's base salary. **This is about 41.3% higher than the reduction associated with the "zero percent" ATB estimate in the first example.**

The associated annual *initial* UAPP pension **reduction** that our hypothetical Prof would experience is computed by multiplying the last five year average annual *net* salary reduction (compared to what it would have been had the full 1.0 Prof III merit increment been applied to our hypothetical Prof's base salary) times 0.02 times 35. That is,

$$(\$2552/2)*(16*1.0264^{15} + 17*1.0264^{16} + 18*1.0264^{17} + 19*1.0264^{18} + \\ 20*1.0264^{19})*0.02*35/5 \\ - (\$2552/2)*(1.0264^{15} + 1.0264^{16} + 1.0264^{17} + 1.0264^{18} + 1.0264^{19})*0.02*35/5 \\ = \$23,735.80,$$

compared to what it would have been had the full 1.0 Prof III merit increment been applied to our hypothetical Prof's base salary. **This is about 56.3% higher than the reduction associated with the "zero percent ATB" estimate in the first example.**

Assuming the *initial* UAPP pension is indexed by 2% annually, the annual UAPP pension **reduction** in year  $n$  in retirement is



$$\$23,735.80 \times (1.02)^{(n-1)},$$

compared to what it would have been had the full Prof III 1.0 merit increment been applied to our hypothetical Prof's base salary each year.

Assuming our hypothetical Prof collects the UAPP pension for 20 years, the lifetime UAPP pension income **reduction** is given by

$$\$23,735.80 \times (1 + 1.02 + 1.02^2 + \dots + 1.02^{19}) = \mathbf{\$576,718},$$

compared to what it would have been had the full Prof III 1.0 increment been applied to our hypothetical Prof's base salary. **This is about 89.9% higher than the reduction associated with the "zero percent ATB" and "no indexed UAPP" estimate in the first example.** It is again also important to note that the above reduction in pension income does not take into the account the continued negative impact on our hypothetical Prof's survivor (or beneficiaries as applicable) after their passing.

Taken together, this implies the net total life time income **reduction** experienced by our hypothetical Prof under the Employer's proposal to apply only 50% of the Prof III merit increment to base salary is about

$$\$342,567 + \$576,718 = \mathbf{\$919,285},$$

compared to what it would have been had the full Prof III 1.0 merit increment been applied to our hypothetical Prof's base salary each year. This is in excess of \$900K. **This is about a 68.3% higher reduction than the "zero percent ATB" and "no indexed UAPP" estimate in the first example.**

Respectfully submitted,

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