AASUA Proposals: Background, Rationale and Costing

Recognizing the parties' agreed-upon principle that "nothing is agreed to until everything is agreed to," AASUA offers the following Proposals "conditionally" meaning that these Proposals are deemed rescinded immediately following the commencement of a work stoppage by AASUA or a lockout by the Employer.

The AASUA is the largest academic staff union in Canada with currently about 3780 members. AASUA's membership is comprised of seven "Constituencies:"

- Academic Faculty (FAC), 1939 members, with the ranks of Assistant, Associate and Full Professor, a continuing tenure-track or tenured appointment under Schedule A of someone, normally, with a PhD who is a "scholar, active in research, teaching and in administrative service."
- Faculty Service Officers (FSO), 93 members, with the ranks of FSO I, 2, 3 and 4, a continuing tenure-track or tenured appointment under Schedule B of someone, normally, with an advanced graduate degree who primarily "collaborates with Academic Faculty in teaching and research."
- Librarians (LIB), 58 members, with the ranks of Librarian 1, 2 and 3, a continuing tenure-track or tenured appointment under Schedule C of someone, normally, with an advanced graduate degree in library and/or information studies.
- Academic Teaching Staff (ATS), 840 members, with the ranks of Assistant, Associate and Full Lecturers, a full or part-time fixed or rolling term appointment under Schedule D of someone, normally, with an advanced graduate degree who is "a scholar who has teaching and teaching-related responsibilities as their primary academic responsibility,"
- Trust/Research Academic Staff (TRAS), 417 members, a fixed or rolling term appointment of someone with advanced training under Schedule E. The position is dependent on a "Trustholder" holding external research grants or contracts.
- Administrative Professional Officers (APO), 322 members, a continuing appointment under Schedule F of someone, normally, with an academic degree or professional designation "who provides leadership, strategic advice and direction in the organization; and is accountable for planning, negotiating, problem-solving, risk management and prevention, and/or operational oversight of resources,"
- Temporary Librarian, Administrative and Professional Officer (TLAPO), 111 members, someone with advanced training on a fixed or rolling term appointment under Schedule G.

AASUA's proposal for the term of the Renewal Collective Agreement

AASUA is "conditionally" agreeing, within the context of our overall proposals, to the Employer's proposal for a 4-year collective agreement:

1. Four-year Collective Agreement: July 1, 2020 – June 30, 2024.

AASUA's proposal for Across-The-Board (ATB) Salary Increases

Let me begin by putting AASUA's ATB proposal into its proper context.

For many years, and by explicit mutual understanding if not formal agreement between the Board and AASUA, academic salary compensation has been bargained at the University of Alberta with the objective or goal of having average faculty salaries at the University of Alberta in the top 25th percentile of the U15 medical/doctoral universities in Canada. The Employer rightly and proudly proclaims that the University of Alberta is a "top-5 and a top-150" research and teaching intensive university in Canada and in the world, respectively. Certainly, having average faculty salaries University of Alberta in the top 25th percentile of the U15 medical/doctoral universities in Canada is wholly consistent, dare I say earned, in light of the already well established "top-5" academic standing and ongoing exceptional achievements of the academic staff.

I would like to respectfully remind everybody that this method of determining what an appropriate ATB might be is not based on a bias with faculty, notwithstanding that it is the largest constituency within AASUA, but because, by long standing explicit mutual agreement, the only reliable, objective, multi-institutional and continuing multi-year or longitudinal salary dataset there is in Canada (with the possible exception of Librarian salaries) is the Statistics Canada faculty salary dataset. This is the only dataset upon which both sides, by historical mutual agreement, can be reasonably assured that one is comparing apples with apples and thereby having a fact-based rational conversation.

In figure 1, I present graphs of the 25th percentile salary mark for the U15 universities (**the red line**) and the average faculty salary at the University of Alberta (UA, **the black line**) over the ten-year period 2010-11 to 2020-21. I have the data all the way back to 2001 but the last ten years is sufficient to make the point. As we have mutually agreed to do over the last 21 years, at least, of collective bargaining, these graphs are produced directly from the Statistics Canada's University and College Academic Staff System – Full Time Staff (UCASS) salary dataset for all Full, Associate and Assistant Professors with and without senior administrative responsibilities, but excluding Medical/Dental salaries, and, importantly, includes the most recent 2020-21 dataset.

It is important to note that the University of Toronto (UT) is the only U15 university yet to be included in the Statistics Canada 2020-21 salary dataset. However, since average faculty salaries at the University of Toronto are consistently and markedly the highest average faculty salaries in Canada, they are irrelevant to the determination of the 25th percentile mark. Finally, I remark that the Statistics Canada dataset is data the universities supply directly themselves. There is no third-party manipulation of the data.

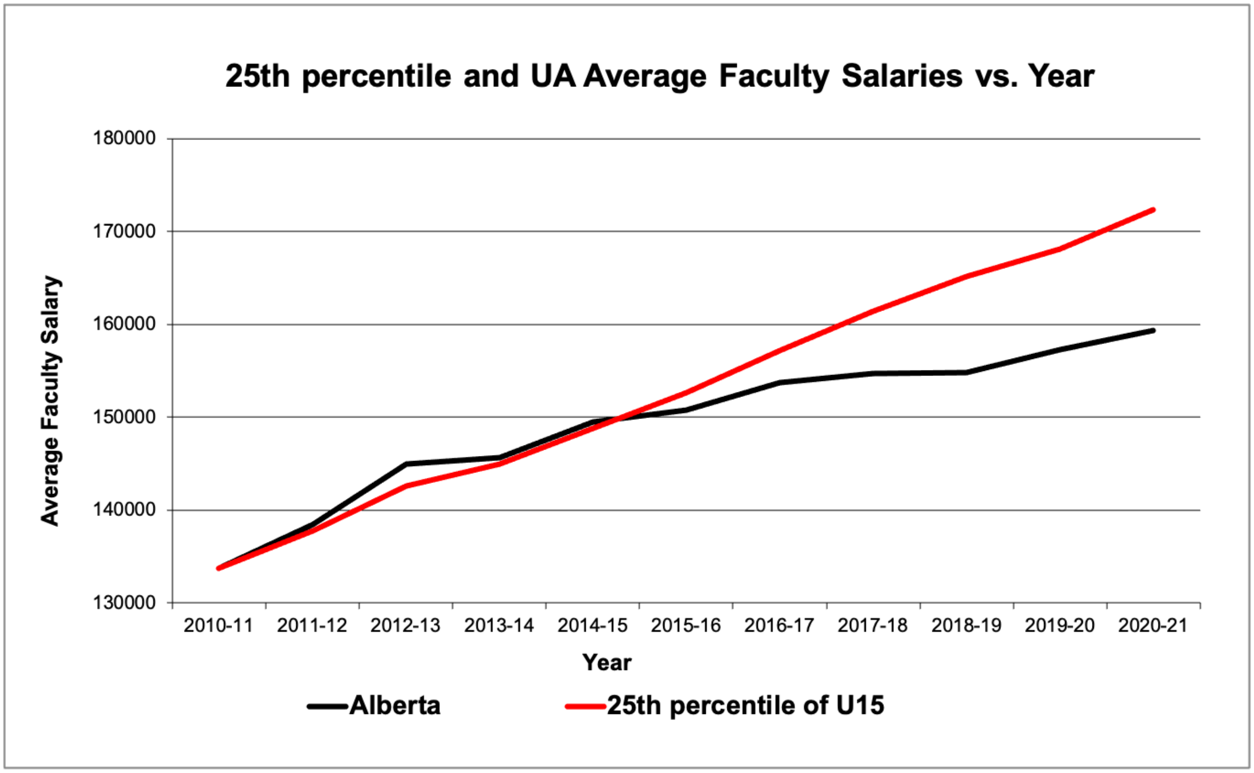

Figure 1

Examining figure 1, we see that from 2010-11 until 2015-16 average faculty salaries at the University of Alberta were in the top 25th percentile. Since 2016-17, average faculty salaries at the University of Alberta are below the top 25th percentile and the gap is increasing steadily over time. This is true for all professorial ranks without exception.

For the average faculty salary at the University of Alberta to be in the top 25th percentile in 2020-21 would have required an approximately 8.1% increase in the average faculty salary at the University of Alberta in 2020-21. Based on the average historical trend, each year that faculty at the University of Alberta receive a 0% ATB this gap increases by about 2%. Thus, assuming a 0% ATB in 2020-21 and again in 2021-22, it would take an approximately 12.1% ATB effective July 1, 2022 for average faculty salaries at the University of Alberta to be in the top 25th percentile of U15 average faculty salaries in 2022-23.

Let's consider another measure of average faculty salary comparability.

The Alberta-government-ordered so-called McKinnon Report (the same Dr. McKinnon that sits on the Board of Governors at the UofA) suggested that, broadly speaking, public sector wages in Alberta should align with public sector salaries in, for example, Ontario and BC. It is, therefore, of obvious interest to ask how do average faculty salaries at the University of Alberta compare broadly against average faculty salaries averaged over all the U15 universities in Ontario and BC.

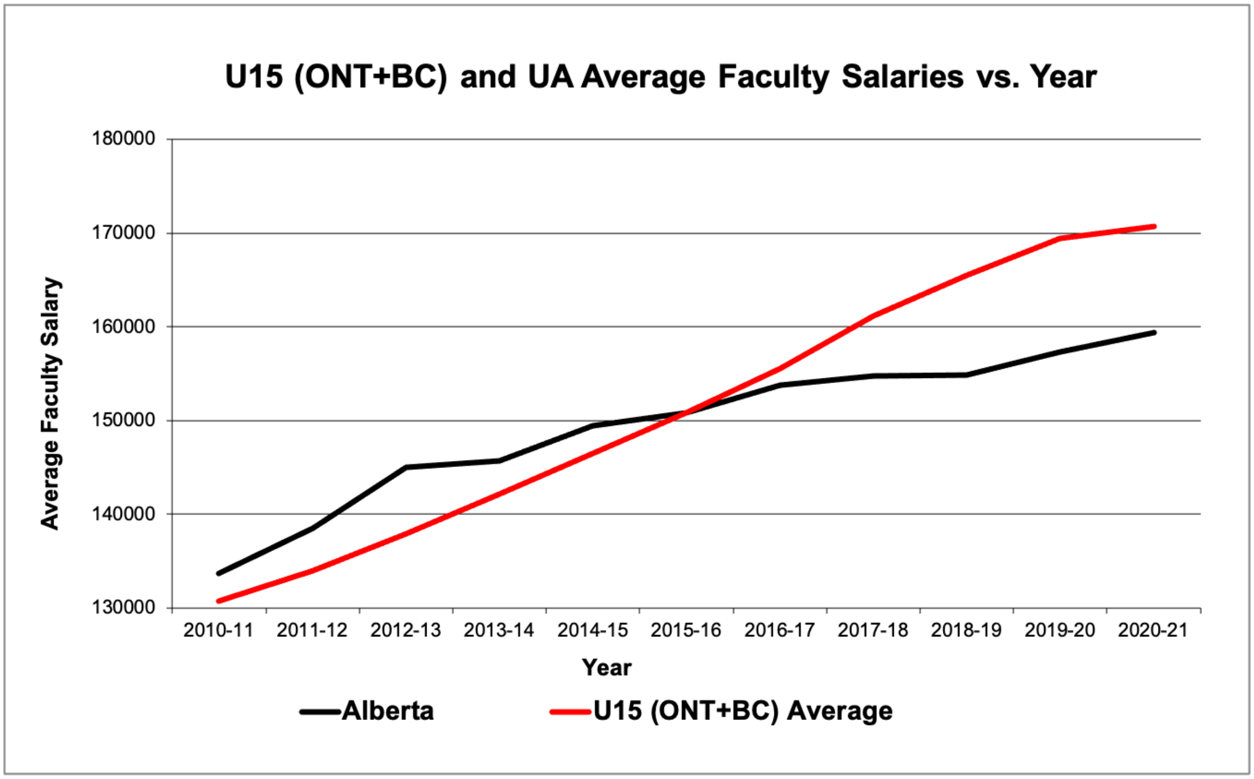

Figure 2

In figure 2, I present graphs of the average faculty salary across all the U15 universities in Ontario and BC (**the red line**) and the average faculty salary at the University of Alberta (UA, **the black line**) over the ten-year period 2010-11 to 2020-21.

Again, it needs to be emphasized that the University of Toronto (UT) has yet to be included in the Statistics Canada 2020-21 dataset. Unlike the 25th percentile graph, when the UT average faculty salary data for 2020-21 becomes part of the Statistics Canada 2020-21 dataset, the red line for 2020-21 will be decidedly "shifted upward" since average faculty salaries at the UT are consistently and markedly the highest in Canada.

Examining figure 2, we see that from 2010-11 until 2015-16 average faculty salaries at the University of Alberta were at or above the U15 average faculty salary across Ontario and BC (they were, in fact, in the top 25th percentile of the U15 – the historically agreed upon target – see the first figure). Since 2016-17, however, average faculty salaries at the University of Alberta are below the U15 average faculty salary and the gap is increasing steadily over time.

As of 2020-21, the average faculty salary at the University of Alberta is below all other average faculty salaries associated with all other individual U15 universities in Ontario and BC. Specifically, in 2020-21, average faculty salaries for Assistant and Associate professors at the

University of Alberta are dead last compared to all other U15 universities in Ontario and BC and the average faculty salary for Full professors at the University of Alberta is second from last in this group.

For the average faculty salary at the University of Alberta to equal the U15 average faculty salary across Ontario and BC in 2020-21 would require an approximately 7.1% increase in the average faculty salary at the University of Alberta in 2020-21. It is important to note that this 7.1% number will be higher when the University of Toronto faculty salary data is included in the Statistics Canada 2020-21 dataset.

As before, each year that faculty at the University of Alberta receive a 0% ATB this gap increases by about 2%. Thus, assuming a 0% ATB in 2020-21 and again in 2021-22, it would take approximately a 11.1% ATB effective July 1, 2022 for average faculty salaries at the University of Alberta to be approximately equal to the U15 average faculty salary across Ontario and BC in 2022-23. It is important to note that this 7.1% number is an underestimate since the 2020-21 U15 average faculty salary does not include University of Toronto average faculty salary data and the average faculty salaries at the University of Toronto are consistently and markedly the highest in Canada. Once the UT salary data is included this percentage number will be materially higher.

The bottom line is that irrespective of the measure used, average faculty salaries at the University of Alberta are not competitive with our U15 peer group in Canada and most certainly do not reflect the "top-5" Canada-wide institutional standing the academic staff have earned.

Why has this happened?

Let's compare the above average faculty salary figs. 1 and 2 with the corresponding data showing the percentage allocation within the Operating Budget to "Academic Salaries" as described in the Canadian Association of University Business Officers' (CAUBO) report entitled *Financial Information of Universities and College*s over the period from 2010-11 to 2019-20. I note that CAUBO has not yet released its 2020-21 report. Again, I remark that the CAUBO data is data the universities supply directly themselves. There is no third-party manipulation of the data.

In figure 3 there are four graphs shown. **The black line** is the graph showing the percent of total operating budget expenditures corresponding to "academic salaries," as defined by CAUBO, at the University of Alberta. **The red line** is the graph showing the percent of total operating budget expenditures corresponding to "academic salaries," as defined by CAUBO, averaged over all Alberta post-secondaries that report data to CAUBO. **The purple line** is the graph showing the percent of total operating budget expenditures corresponding to "academic salaries," as defined by CAUBO, averaged over all U15 universities in Ontario and BC. Finally, **the green line** is the graph showing the percent of total operating budget expenditures corresponding to "academic salaries," as defined by CAUBO, averaged over all Canadian post-secondaries that report data to CAUBO.

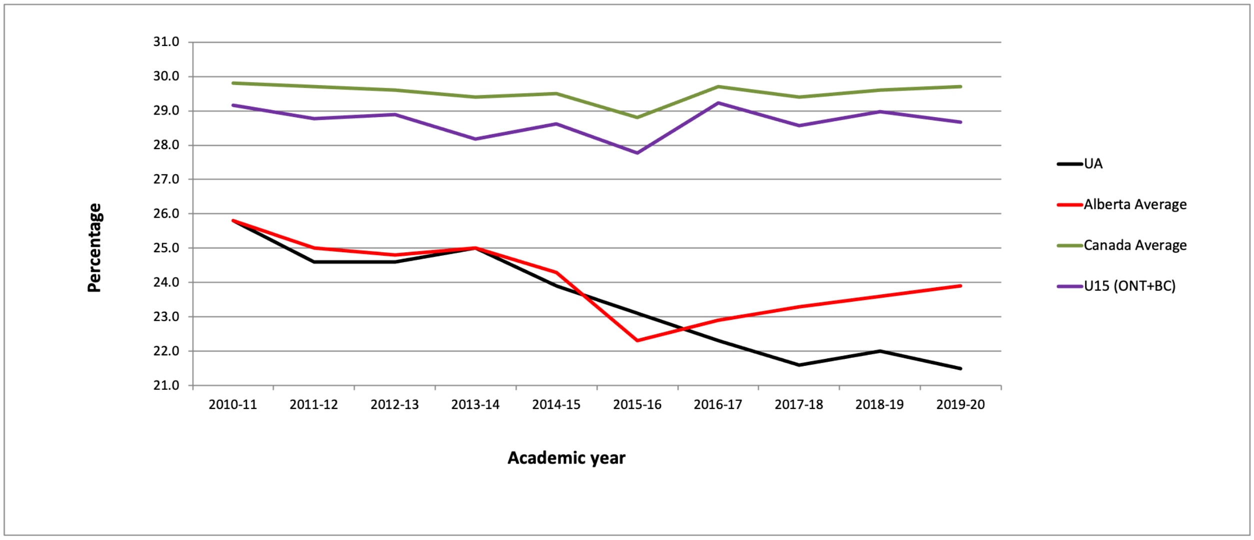

Figure 3

The graphs shown in fig. 3 are consistent with the analysis described in an Op-Ed column in the Saturday, January 7, 2022 Edmonton Journal by Trevor Harrison and Richard Mueller, both of the University of Lethbridge. The Harrison-Mueller analysis shows that "Alberta spends less per student on instruction and more on support and other services, at least at the university level, than comparator provinces and this has implications for both the recruitment and retention of students and professors in Alberta. The MacKinnon report pointed out something similar, blaming high administration costs for what it reported as higher overall costs per student at post-secondary institutions in Alberta."

Let's focus on the provincial Alberta comparison first. The first thing to observe in fig. 3 is that over the period 2010-11 until about 2015-16, the University of Alberta (**the black line**) allocated approximately the same fraction of its operating budget to "academic salaries," as defined by CAUBO, as the average percentage allocation associated with the other CAUBO reporting post-secondaries in Alberta (**the red line**). But since about 2016-17, the University of Alberta allocates a smaller fraction of its operating budget to "academic salaries," as defined by CAUBO, as compared the average percentage allocation in Alberta, and this gap is widening over time.

If the University of Alberta had allocated the same fraction of its operating budget to "academic salaries," as defined by CAUBO, as the average Alberta percentage allocation, then in 2019-20 the University of Alberta would have allocated an approximately additional $29.2M in operating budget dollars toward "academic salaries," as defined by CAUBO.

I estimate that this additional allocation would have resulted, approximately, in about a 9% increase in average faculty salaries in 2019-20. This modest increased operating budget allocation would have resulted in average faculty salaries at the University of Alberta being competitive with average faculty salaries in the U15 universities in Ontario and BC. To be clear, the additional $29.2M in Operating Budget dollar expenditures is in the context of about $1.2B in total expenditures in the 2019-20 Operating Budget.

Indeed, comparing fig. 3 with figs. 1 and 2 suggests that when the University of Alberta allocates approximately the same percentage of its operating budget to "academic salaries," as defined by CAUBO, as the average Alberta operating budget percentage allocation, average faculty salaries at the University of Alberta are in the top 25th percentile of average faculty salaries in the U15, and are competitive with average faculty salaries across all U15 universities in Ontario and BC.

Specifically, over the 4-year period 2016-17 until 2019-20, cumulatively, there would have been an approximately additional $76.1M allocated from the operating budget to "academic salaries," as defined by CAUBO, at the University of Alberta if its operating budget percentage allocation equalled the average Alberta percentage allocation.

It has been suggested that the smaller fractional allocation in the operating budget to "academic salaries," as defined by CAUBO, at the UofA as compared to the average Alberta percentage allocation is a consequence of the of the comparatively larger square-feet of building space that the Board maintains. Respectfully, we suggest that this view is another example of mis-aligned priorities. Perhaps when planning new building construction, an equally important consideration might be the ongoing budgetary impact of hiring the staff who work in these new buildings.

Comparing the operating budget allocation to "academic salaries," as defined by CAUBO, at the University of Alberta (**the black line**) with the average allocation associated with all the other U15 universities in Ontario and BC (**the purple line**), the numbers become even starker. Roughly, over the ten-year period 2010-11 until 2019-20, the U15 universities in Ontario and BC allocate on average about 28.5% of their operating budgets to "academic salaries," as defined by CAUBO, which is 6.5 percentage points higher than the approximate average 22% allocation at the University of Alberta over the same period.

Indeed, if in 2019-20 alone the University of Alberta had allocated the same fraction of its operating budget to "academic salaries," as defined by CAUBO, as the BC-Ontario U15 average percentage allocation, an approximately additional $87.3M would have been allocated in operating budget dollars on "academic salaries," as defined by CAUBO. Cumulatively, since 2010-11, that sums to approximately $575.5M if the University of Alberta allocated the same fraction of its operating budget toward "academic salaries," as defined CAUBO, as the average percentage allocation associated with the U15 universities in Ontario and BC over the same period of time.

As for comparing against the overall Canadian average (**the green line**), suffice it to say simply that if the University of Alberta had allocated in 2019-20 alone the same fraction of its operating budget as the overall Canadian average percentage allocation, an additional $99.9M would have been expended from its operating budget toward "academic salaries," as defined by CAUBO, in 2019-20 alone. Cumulatively, since 2010-11, that sums to approximately $664.9M if the University of Alberta allocated the same fraction of its operating budget toward "academic salaries," as defined by CAUBO, as the average percentage allocation overall in Canada over the same period of time.

Based on the above average faculty salary comparisons, analysis of the operating budget, and the mutually held commitment to offer genuinely competitive academic salaries commensurate with our "top-5" U15 academic standing, AASUA would be more than justified in making an ATB proposal of something on the order of 8% retroactive to July 1, 2020 with subsequent annual ATB increases of no less than 2% or, cumulatively, about 14% over the four years July 1, 2020 – June 30, 2024.

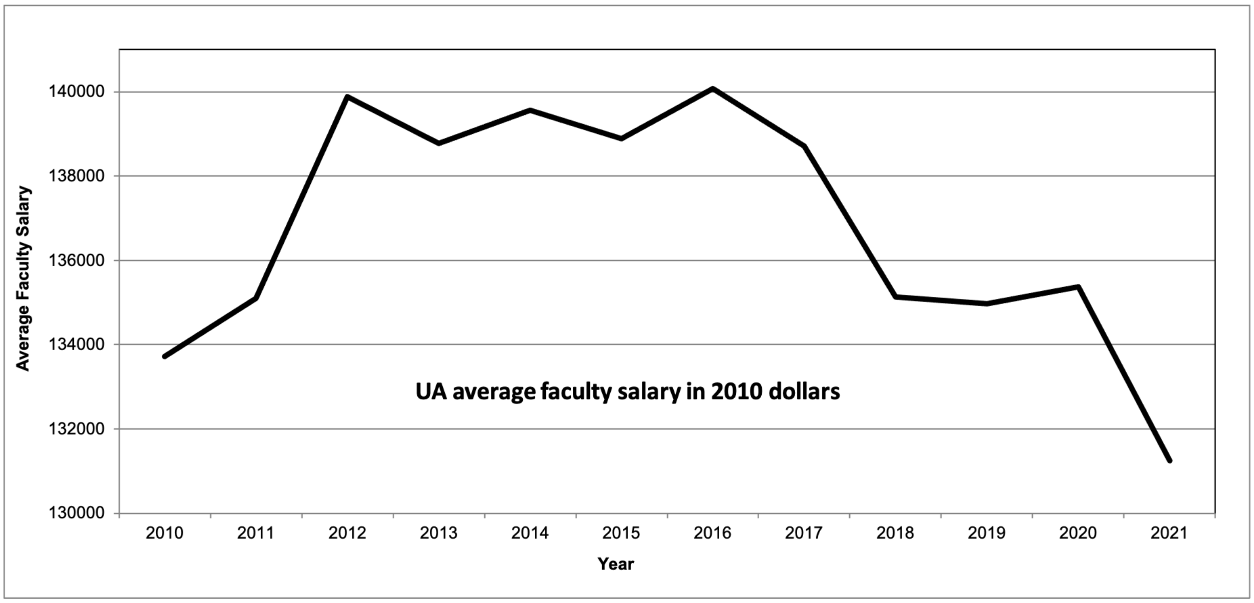

Figure 4

Let us consider the effects of inflation on the average faculty salary at the University of Alberta. In figure 4, I present a graph of the average faculty salary at the University of Alberta for the period 2010 to 2021 annually adjusted for inflation based on the annual CPI index for Alberta, as determined by Statistics Canada, with 2010 as the reference year, i.e., in terms of 2010 dollars. Figure 4 shows that the "purchasing power" of the average faculty salary initially increased over the period 2010 – 2012, and then was realtively stable over the period 2012 – 2016, which is the same period of time that annual ATB increases were sufficient to ensure that average faculty salaries at the UofA were in the top 25th percentile of the U15 (see fig. 1), were competitive with average faculty salaries across the U15 universities in Ontario and BC (the McKinnon comparison group; see fig. 2), and, it must be noted, that the fractional allocation within the UofA Operating Budget to "Academic Salaries," as defined by CAUBO, was more or less the same as the average allocation across the Alberta post-secondaries (see fig. 3).

However, since 2016 average faculty salaries at the UofA have declined in real terms by about 9.4%. This is a material decrease in the "purchasing power" associated with the average faculty salary at the University of Alberta. For the average faculty salary at the UofA to have regained, in 2021, the same "purchasing power" it had during 2012 – 2016 would have required at least a

9.4% ATB increase effective July 1, 2021. Again, it needs to be emphasized that the decline of average faculty salaries in real terms since 2016 coincides with the same period of time that the fractional allocation within the UofA Operating Budget to “Academic Salaries,” as defined by CAUBO, is significantly less than the average Alberta allocation (see fig. 3).

With respect to considering current and future inflation, the prognosis going forward is not good. The latest Statistics Canada year-over-year CPI increases for Alberta is about 4.8%. Notwithstanding that the average faculty salary analysis given above suggests that an ATB increase of approximately 14% over the four years July 1, 2020 – June 30, 2024 is required for average faculty salaries at the UofA to be genuinely competitive with our “top-5” academic peer group within the U15, simply maintaining the <u>current</u> purchasing power of the existing uncompetitive academic salaries would imply an ATB increase effective July 1, 2022 of 4.8% and almost certainly another approximately 4.8% increase on July 1, 2023, for a total of approximately 9.6% over the two year period July 1, 2022 – June 30, 2024.

Budgets are about priorities. What the underlying narrative here is suggesting, in my opinion, is that notwithstanding the hubris and the rhetoric, the Employer is not committed to making the required, modest and comparable budgetary choices that would easily enable it to pay competitive academic salaries commensurate with our “top-5” academic standing. It is not about “inability to pay,” it is about “unwillingness to pay” academic salaries commensurate with our “top 5” academic excellence and standing within the U15, and our mutually agreed upon compensation goals.

Irrespective of these facts, **and with due consideration to other recent ATB settlements in Alberta**, and in the sincere desire to come to a negotiated agreement without resorting to job action, AASUA is proposing the following ATB schedule over the four years July 1, 2020 – June 30, 2024 of the proposed renewal collective agreement:

2. Across-the-board (ATB) salary increases as follows, which will be applied equally to all Constituency Groups (FAC, FSO, ATS, LIB, APO, TRAS and TLAPS), and applied to all salary scales, salary maxima and minima, and Increment values:

    - July 1, 2020: 0%,
    - July 1, 2021: 0%
    - July 1, 2022: 2.25%
    - July 1, 2023: 2.5%.
    - An additional 0.5% ATB increase retroactive to July 1, 2023, payable in the February 2024 “paycheck,” subject to the following “Gain Sharing Formula.”
        - Gain Sharing Formula: Alberta’s 20-year (2000-2019) annual increase in Real Gross Domestic Product (GDP) is 2.7%. Provided that the “Average of all Private Forecasts for Alberta’s Real GDP increase” for the 2023 Calendar year is at or above a 2.7% increase over Alberta’s Real GDP for the 2022 Calendar year as of February 1, 2024, then an additional 0.5% ATB increase shall be applied

retroactive to July 1, 2023, or retroactive to an employee's start date if hired after July 1, 2023.

- "Average of all Private Forecasts for Alberta's Real GDP increase" for 2023 Calendar year shall be a simple average of the increase in Alberta's Real GDP for 2023 over 2022 across the following independent forecasting institutions:
    - Conference Board of Canada,
    - Stokes Economics
    - BMO Capital Markets
    - CIBC World Markets
    - Laurentian Bank
    - National Bank
    - RBC Royal Bank
    - Scotiabank
    - TD Bank
- The most recent publicly available forecast of the increase in Alberta's Real GDP for 2023 over 2022 shall be sourced from each independent forecasting institution listed above no later than the date the pay-out determination would be made for the February 2024 "paycheck."

This ATB proposal should be seen as a significant concession on the part of AASUA motivated by the genuine desire to achieve agreement at the bargaining table without resorting to job action. This proposal will not result in average faculty salaries at the University of Alberta being in the top 25th percentile of the U15, or result in our average faculty salary being competitive with the average faculty salary across the U15 universities in Ontario and BC, or remotely consistent with being a "top-5" research and teaching intensive university in Canada. Equally alarming, this ATB proposal will not even maintain the current, already declining, "purchasing power" of the average faculty salary at the University of Alberta.

These trends should greatly concern senior academic Leadership at the University of Alberta. If not arrested and turned around in short order, these trends will inevitably and rapidly end with the University of Alberta being unable to recruit and retain the outstanding faculty required to remain a "top 5" research and teaching intensive university in Canada, and will significantly impair the learning experience we can offer our undergraduate and graduate students.

Estimated impact of AASUA's ATB proposal on Operating Budget expenditures over July 1, 2022 – June 30, 2024

Based on the Fall 2021 UofA Remuneration Report for all non-contingent academic staff, which is prepared by the Central Administration, I estimate that 1% of non-contingent base academic salaries in the Operating Budget corresponds to approximately $4M. Thus, AASUA's proposal for 2.25% ATB effective July 1, 2022 will lead to increased Operating Budget expenditures for 2022-23 of approximately $9M. Similarly, AASUA's proposal for a potentially 3% ATB effective July 1, 2023 will lead to increased Operating Budget expenditures for 2023-24 of approximately an additional $12M.

Cumulatively, over the two years July 1, 2022 – June 30, 2024, AASUA's ATB proposals will increase Operating Budget expenditures by approximately $21M. This additional $21M salary expenditure must be understood in the context of total Operating Budget expenditures over the two years 2022-24 that will be about $3.4B, corresponding to a budget variance corresponding to about 0.6%. We note that the 2021 Financial Statement by the Board listed an annual surplus of about $53.6M and an accumulated surplus of about $1.9B in its "Consolidated Statement of Operations."

All else held equal, I estimate that a cumulative 5.25% ATB will increase the fraction of the operating budget allocated to "academic salaries," as defined by CAUBO, by approximately 1.13%. Thus, over the two-year period July 1, 2022 to June 30, 2024, based on a cumulative 5.25% ATB, following two years of 0% ATB for July 1, 2020 – June 30, 2022, I estimate an increased fractional percentage allocation within the operating budget to "academic salaries," as defined by CAUBO, of about 1.13%. In 2019-20, the average operating budget fractional allocation to "academic salaries," as defined by CAUBO, over all Alberta post-secondaries that report to CAUBO was about 23.9% and it was 21.5% for the University of Alberta, meaning that the UofA allocated about 2.4% consistently less than the Alberta average annually throughout the years 2012-20.

Thus, I roughly estimate that a cumulative 5.25% ATB over the two years 2022-24, following the two years of 0% ATB in 2020 and 2021, respectively, will result in the Operating Budget fractional allocation to "academic salaries," as defined by CAUBO, to be about 22.63%, still well below the Alberta average allocation of 23.9% by about 1.27%.

AASUA's ATB proposal is fiscally responsible and does not result in disruptive budgetary dislocation. What it does do, effectively, is slightly nudge the fractional allocation within the operating budget toward "academic salaries," as defined by CAUBO, but still well below, the average operating budget fractional allocation across all Alberta post-secondaries that report data to CAUBO.

AASUA's proposals for Merit Increments

The annual award of merit increments is the vehicle by which members move upward through the salary grid. However, it is vitally important to appreciate that the annual award of "merit increments" at the University of Alberta is **very different** than what occurs under a more or less automatic "progress through the ranks" system in almost all other unionized workplaces with clearly defined salary scales and grids. **At the University of Alberta there is no automatic annual stepping through the salary grid.** At the University of Alberta "merit increments" are awarded based on **meritorious** professional performance that is adjudicated by a rigorous committee-based peer-reviewed annual evaluation process in which members are competitively awarded increments in a zero-sum process in which the "pool" of increments is fixed. Roughly, if a member gets more than one increment, than another member must get less than one increment in order for the total number of increments awarded each year to stay within the allowed fixed merit increment "pool." The Evaluation Committees (ECs), which are separate for each Constituency, i.e.,

- Faculty Evaluation Committee (FEC), one for each Faculty (i.e., the academic unit), evaluates professors and FSOs,
- Library Evaluation Committee (LEC) evaluates all Librarians,
- Academic Teaching Staff Evaluation Committee (ATSEC), one for each Faculty, evaluates some ATS (and some ATS are evaluated by their department Chair),
- TRAS, APO, and TLAPO are evaluated by their immediate supervisor.

take this annual assessment responsibility very seriously, and the data clearly shows that it is most definitely the case that the full range of allowed increment awards (including zero increments) are used. In addition, the Evaluation Committees evaluate all applications for tenure and promotion from one rank to the next and either approve or deny the application. In case of FAC and FSO, eligibility to apply for promotion to the next rank occurs when the member is within one increment of the salary floor of the next rank.

It is within this context that AASUA proposes the following in respect of merit increments.

AASUA recognizes that 3, 4, 5 and 6 listed below will not go explicitly into the Economic Appendix in any renewal collective agreement, and additionally recognizes that the applicable Articles in the individual Schedules stand for themselves. **They are stated here in order to underscore their importance in relation to this overall Compensation Proposal**.

AASUA believes that the Employer agrees, "conditionally," with 3, 4, 5 and 6:

3. Maintain existing language for determining the Merit Increments pools available to FEC (1.2 per eligible FAC and FSO, respectively), LEC (1.2 per eligible LIB), ATSEC (1.2 per eligible ATS), and APOs (1.1 per eligible APO).
4. Maintain existing language on the allowable discrete Merit Increment awards that are permissible.
5. Maintain existing language on the "full" payout of the Merit Increment Pools.
6. Maintain existing language on the appealability and non-appealability of Increment Awards.

AASUA's proposal to increase Salary Maximums for capped salary grids by two steps in 2022 and in 2023

AASUA is of the view that meritorious professional performance should be recognized with the competitive award of Merit Increments. Many of our Members are at the maximum of their salary grids. From time to time over the long history of collective bargaining between AASUA and the Employer, the salary grid maximums have been modestly increased in order to allow for the appropriate monetary recognition of continued outstanding professional performance. The last time the salary maximums were increased was July 1, 2008. Such recognition will help to realize the institutionally important objective of encouraging and sustaining gains in workplace productivity. Accordingly, AASUA proposes:

7. Effective July 1, 2022, increase the salary maximums by two salary steps for all "capped" salary scales for FSO, ATS, LIB, APO, TRAS, TLAPO, and Assistant and Associate Professors.
8. Effective July 1, 2023, increase the salary maximums by an additional two salary steps for all "capped" salary scales for FSO, ATS, LIB, APO, TRAS, TLAPO, and Assistant and Associate Professors.

Estimated impact of AASUA's merit increment proposals on Operating Budget expenditures over July 1, 2022 – June 30, 2024

Based on the data provided to AASUA by the Board at the beginning of this round of collective bargaining, it is possible to estimate the budgetary impact of AASUA's merit increment proposals.

The salary and incrementation data given to AASUA by the Board at the beginning of bargaining suggests that the expected operating budget expenditure associated with merit increments for July 1, 2022 could be as high as $8.4M. This estimate is likely an overestimate since the total value of increments awarded in 2020 and 2021 was actually about $7.7M and $7.3M, respectively.

However, as originally constructed, the merit increment program is designed to be more or less cost neutral in the sense that the increment pools are "funded" by the "turnover savings" associated with the net savings associated with the difference between the salary mass associated with those that retire or otherwise leave the UofA, and the presumably comparatively smaller salary mass associated with new hires. This can be clearly seen in the salary data provided to AASUA by the Board in which, on average, the recent yearly differences between the annual salary of those retiring or leaving the UofA and the annual salary of new hires is about $70K for FAC, $19K for APO, $14K for FSO, and $71K for Librarians. In aggregate, based on the salary data provided to AASUA by the Board, these imply an average annual "turnover savings" of about $7.4M in 2021-22, which implies that the net real cost of incrementation for July 1, 2022 will be on the order of $1M.

However, AASUA's proposal to increase the salary maximums by two steps effective July 1, 2022 and again July 1, 2023 is expected to increase the cost of annual incrementation. Fortunately, the salary and incrementation data provided to AASUA by the Employer allows one to estimate the budgetary impact. The data provided to AASUA by the Board suggests that, on average, 50% of APO, 21% of TLAPO, 19% of Librarians, 25% of FSO, and 23% of Associate Professors and ATS (this is an assumption for ATS as ATS data was not provided to AASUA) are at the salary maximums associated with their salary grids. Assistant and Full Professors have no maximum salary and thus no one in these two specific ranks is at maximum salary. Based on these percentages and assuming the 1.1 and 1.2 pool factors are fully paid out to these cohorts, as appropriate, and assuming the current merit increment values as appropriate to the constituency, the additional operating budget expenditures in each of the years July 1, 2023 – June 30, 2024 and July 1, 2024- June 30, 2025 would be about $2M for each year.

AASUA's proposal to eliminate Promotion Transition Zones for faculty and FSO salary grids

The Promotion Transition Zones in the FSO 2, 3, and 4, and Associate Professor and Professor salary scales were created in the MoA entitled "Transitional and Consequent Matters Arising from the May 26, 2008 MoA on Compensation." These zones were created as a temporary work around solution to solve promotion eligibility issues for FSOs and faculty that arose when, in that round of collective bargaining, it was agreed to add two additional steps and simultaneously remove the bottom two steps from all salary grids.

This ad hoc work-around solution was always meant to be <u>temporary</u> as those employees whose normal promotion eligibility in the <u>immediate aftermath</u> of the 2008 MoA was temporarily disrupted, subsequently flowed through the system. In addition, there have been problems with the Employer's implementation of these Transition Zones. These zones have long since served the temporary purpose for which they created. Accordingly, AASUA proposes to eliminate these Transition Zones in an orderly manner within the term of this collective agreement as follows, which we believe that the Employer has substantially agreed with:

9. Eliminate the *Promotion Transition Zones* in the FSO 2, 3, and 4, and Associate Professor and Professor salary scales that was created in the so-called "transitional" MoA entitled "Transitional and Consequent Matters Arising from the May 26, 2008 MoA on Compensation" as follows:

    - Effective July 1, 2022 the Promotion Transition Zone in the Associate Professor salary scale will be eliminated
    - The four one-half-steps in the Promotion Transition Zone in the Professor salary scale will be eliminated over a two-year period as follows:
        - On July 1, 2022, the existing lowest two one-half-steps in the Promotion Transition Zone in the Professor salary scale will be eliminated.
        - On July 1, 2023 the remaining two one-half-steps in the Promotion Transition Zone in the Professor salary scale will be eliminated.
        - Thus, effective July 1, 2023, there will no longer be any Promotion Transition Zone in the Professor salary scale.
    - The four one-half-steps in the Promotion Transition Zones in the FSO 2, 3 and 4 salary scales will be eliminated over a two-year period as follows:
        - On July 1, 2022, the existing lowest two one-half-steps in the Promotion Transition Zones in the FSO 2, 3 and 4 salary scales will be eliminated.
        - On July 1, 2023 the remaining two lowest one-half-steps in the Promotion Transition Zones in the FSO 2, 3 and 4 salary scales will be eliminated.
        - Thus, effective July 1, 2023, there will no longer be any Promotion Transition Zones in the FSO 2, 3 and 4 salary scales, respectively.

- Effective July 1, 2022 and continuing thereafter, faculty that are Associate Professor or Professor whose *base* salary (salary not including any sort of supplement) is less than Step 1.0 in the Associate Professor or Professor salary scale, respectively, will have their base salary raised to Step 1.0 in the Associate Professor or Professor salary scale, respectively,
- Effective July 1, 2022 and continuing thereafter, FSO that are FSO 2, 3 or 4 whose *base* salary (salary not including any sort of supplement) is less than Step 1.0 in the FSO 2, 3 or 4 salary scales, respectively, will have their base salary raised to Step 1.0 in the FSO 2, 3 or 4 salary scale, respectively.

The impact of AASUA's proposal to eliminate the promotion transitions on operating budget expenditures is negligible.

AASUA's proposals in respect of the Academic Benefits Plan

The Academic Benefits Plan at the University of Alberta is a not a typical benefits plan one might find in the private and public sectors elsewhere. To begin with, it is a completely self-funded plan and not a plan in which benefits coverage has been "purchased" from a third-party insurer such, for example, Blue Cross. The claims management of the plan is contracted out to, at present, SunLife but the financial obligations of the plan are fully assumed by the University of Alberta.

The Academic Benefits Management Committee (ABMC) was established, among other things, to "manage the day-to-day provision of benefits." Specifically, "ABMC is charged with providing the best possible portfolio of benefits within the funding allocated to it annually from the negotiated compensation agreements." AASUA and the Employer are equal co-partners on ABMC and as such "there is a shared responsibility between the AASUA, the University, and plan members to achieve an effective balance between providing comprehensive coverage, ensuring financial sustainability of the plans, and ensuring judicious use of benefits." AASUA takes these responsibilities very seriously and has a well-established track record of making tough decisions to ensure the financial sustainability of the benefits plan.

The Terms of Reference of the ABMC, which is contained Appendix D of the Common Agreement in the Collective Agreement states:

> "Each negotiation of academic staff compensation must include an agreed rate of per capita funding to the academic benefits plan independent of any significant changes to benefits agreed to during negotiations. The negotiating teams are free to negotiate a per capita rate that is more or less than sufficient to cover the continuation of the existing benefits and leave the application of the provided funding up to the judgment of the ABMC."

Over the last three years, the per capita spend associated with total (ABMC mandate) benefit expenditures has remained remarkably stable:

- In 2019-20 (the last year of the expired collective agreement), total (ABMC mandate) benefit expenditures were about \$43.073M, corresponding to a per capita spend of about \$12,314,
- In 2020-21 (the first year of bridging), total (ABMC mandate) benefit expenditures were about \$40.406M, corresponding to a per capita spend of about \$12,167, corresponding to a *decrease* of about \$147 from 2019-20,
- In 2021-22 (the second year of bridging), the total (ABMC mandate) benefit expenditures are *forecasted* to be about \$42.389M, corresponding to about a per capita spend of about \$12,199, corresponding to an *increase* of about \$32 from 2020-21.

Total (ABMC mandate) benefit expenditures in the first two years of the proposed renewal collective agreement, i.e., 2020-21 and 2021-22, are less than in 2019-20, which is the final yar of the expired collective agreement. There is no reason to suppose that over the next two years (i.e., the final two years of the proposed 4-year renewal collective agreement July 1, 2020 – June 30, 2024) of the renewal collective agreement, the per capita spend associated with total (ABMC mandate) benefit expenditures will significantly change. Retaining the statue quo language for determining the per-capita funding of the Benefits Plans can be reasonably expected to result in negligible expenditure increases/decreases in the Operating Budget.

Accordingly, AASUA is proposing to retain the **status quo language** for determining the per-capita funding formula of the Academic Benefits Plan over the term of this collective agreement:

10. Benefits will be provided over the period July 1, 2020 to June 30, 2024 as per the existing schedule of Benefit entitlements (and as may be amended by ABMC) irrespective of the per capita funding. The per capita funding will be determined as follows:

- Once the actual expenditures for the period from July 1 of one year to June 30 of the next immediate year have been determined, the per capita funding for the period from July 1 of one year to June 30 of the next immediate year shall be set so as to ensure that the revenue for that period exactly equals the actual expenditures for the same period.
    - As an example, once the actual expenditures for July 1, 2020 to June 30, 2021 have been determined, the July 1, 2020 to June 30, 2021 per capita funding shall be set so as to ensure that the revenue for the period July 1, 2020 to June 30, 2021 exactly equals the actual expenditures for the same period.
- The July 1, 2023 to June 30, 2024 per capita funding that has been set shall continue during the statutory bridging period until a renewal collective agreement has been ratified.

Psychologist Services

Too many of our Members are of the view that the provision of psychologist services within the Academic Benefits Plan is not meeting their mental health needs. The anxiety that occurs in such a situation can profoundly affect the wellness of the person so afflicted and, of course, their ability to perform professionally at the high levels required for the UofA to realize its institutional objectives. AASUA would like ABMC to look at this issue. Accordingly, AASUA proposes:

11. ABMC shall examine the mental health impacts and cost implications and shall introduce flexibility associated with the provision of psychologist services within the Benefits Plan effective July 1, 2022.

Dental Fee Guide

The wording in our existing Collective Agreement, and the historical context, before the era of an Alberta Dental Fee Guide, which was first introduced in 2018, was that dental coverage was based on "the most current year *SunLife* dental fee." AASUA proposes wording that:

12. The dental fee guide shall be maintained at the most current year Alberta Dental Fee Guide. Specifically:

    The wording in **Attachment A: Managed Benefit Plan Costs** in **Appendix D** in the **Common Agreement** in the Collective Agreement shall be:

    Dental: Coverage based upon current year ~~Sun Life~~ *Alberta* dental fee guide. Basic ~~series~~ *services* covered at 100%; Major and Orthodontic services covered at 75%.

In terms of the immediate cost impact of using the most up-to-date Alberta dental fee guide proposal, I have made the following estimates:

- The 2022 Alberta Dental Fee Guide has fees that are on average 8.4% higher than the fees listed in the four-year-old 2018 Alberta Dental Fee Guide.
- In 2019-20, the total dental benefits paid out under the Academic Benefits Plan was about $7.2M, which corresponds to about a **0.9% increase** over the 2018-19 dental actuals.
- In 2020-21, the total dental benefits paid out under the Academic Benefits Plan was about $5.8M, which corresponds to about a **19.4% decrease** over the previous year's 2019-20 dental actuals.
- Dental expenditures for 2021-22 is forecasted to be about $6.8M, which corresponds to a **17.2% increase** over the 2020-21 dentals actuals. This forecasted increase is attributed to people catching up on dental work not done in prior years.
- 8.4% of the 2021-22 dental forecast is about $538K.
- The 2021-22 forecast for the total Academic Benefits Plan (including Statutory Plans, Self-insured Benefits, Other University Benefits, Undistributed Benefits, Internal Administration Costs) is about $42.4M. On a per-capita basis this translates into about $12,999 per eligible Member.

- Thus, roughly, the use of the 2022 Alberta Dental Fee Guide can be estimated lead to an immediate approximate 1.27% one-time increase in overall Academic Benefits Plan expenditures based on the 2021-22 forecast.
- In terms of the immediate overall per-capita spending, the introduction of the 2022 Alberta Dental Fee Guide would lead to an immediate one-time increase in the annual per capita spending by about $165 per member.
- Based on the average annual increase in the Alberta Dental Fee Guide, as computed over the four-year period 2018-2022, which corresponds to an average increase of about 2.1% per year, using the most up-to-date Alberta Dental Fee Guide would lead to approximately an annual increase in per capita spending of about $42 per member per year or, equivalently, about a 0.32% increase in per capita spending.
- In terms of overall Benefits Plan expenditures, using the most up-to-date Alberta Dental Fee Guide would lead to approximately an annual increase of about $137K per year, which is to be compared to the approximately $360K+ annual <u>savings</u> that has been already achieved when AASUA agreed to the FACET "pre-authorization" plan for speciality drugs.

AASUA's proposals on compensation-in lieu for Staff not covered by the Benefits Plan

Members have told AASUA that the current 3% compensation-in-lieu of benefits for Academic Staff not covered by the Academic Benefits Plan is insufficient to allow them to purchase adequate healthcare insurance for them and their dependents. Uncertainty in the ability of employees to adequately provide healthcare for themselves and their dependents is an important source of stress that significantly impairs Members' ability to carry out their professional responsibilities. AASUA proposes to increase the current 3% compensation-in-lieu of benefits for Academic Staff not covered by the Academic Benefits Plan as follows:

13. Effective July 1, 2022, the compensation in lieu of benefits for Academic Staff not covered by the Academic Benefits Plan will be 6% of salary payable.

<u>Schedule D (ATS)</u>

D9.02.2 All other ATS Members not referenced in Article D9.02.1 shall receive pay in lieu of benefits programs equal to ~~3%~~ *6%* of salary payable.

<u>Schedule E (TRAS)</u>

E9.02.6 Notwithstanding Article E9.02.2, in lieu of participation in the benefit*s* programs, the Board shall pay to a TRAS Member an amount equal to ~~3%~~ *6%* of salary *payable*.

Schedule G (TLAPO)

G8.03.3 In lieu of the benefit*s* programs, the Board shall pay to a ~~**TLAPS**~~ **TLAPO** Member whose appointment is part-time or is for less than 8 months in duration, an amount equal to ~~3%~~ *6%* of salary *payable*.

Estimate of the budgetary impact of AASUA's proposal to increase compensation-in-lieu for Academic Staff not covered by the Benefits Plan to 6%

One can estimate the impact on the Operating Budget associated with AASUA's proposal to increase pay in lieu of benefits for academic staff not covered by the Academic Benefits Plan. About 93% of ATS Full Lecturer, about 90% of ATS Associate Lecturer, about 83% of ATS Assistant Lecturer, and about 20% of TLAPO are not covered by the Academic Benefits Plan. Consequently, based on the 2021 Remuneration Report, one can estimate that increasing compensation-in-lieu from 3% to 6% effective July 1, 2022 will lead to an increased Operating Budget expenditure of about $1.5M annually, or about $3M over the remaining 2-year term of the 4-year renewal collective agreement.

AASUA's proposals on Sabbaticals and Professional/Educational Leaves

AASUA is of the view that Sabbaticals for Faculty, and Professional Leaves for FSO, LIB, APO, and TLAPO will allow for the research and scholarship done at the UofA to remain world-class, leads to increased productivity by allowing academic staff to learn about best professional practices elsewhere, and thus uniquely supports the continued deepening of the research and learning experience we offer our undergraduate and graduate students. To that end, AASUA is proposing, which we believe that the Employer substantially agrees with:

14. Effective July 1, 2022:

- Sabbaticals for faculty will be at 95% of basic salary.
- Professional Leaves for FSO and LIB shall be at 100% of full salary except where the Professional Leave is of primary benefit to the Member in which case the Professional Leave will be at no less than 75% of full salary.
- Professional/Educational Leaves for APO will be at 100% of basic salary.
- A TLAPO Member whose appointment is more than 8 months in duration and who has served continuously as TPLAO Member for three years or more, is eligible to apply to take 5 paid days annually for professional development.

Schedule A (Faculty)

A4.03.1 ~~With respect to an Academic Faculty member's first sabbatical following receipt of the award of Tenure through the FEC processes under Articles A5 and A6, the~~

~~Academic Faculty member, as an Associate Professor or Professor, shall receive a percentage of their basic University salary, as follows:~~

~~a) 85%, where the sabbatical commences prior to July 1, 2019; and~~
~~b) 90%, where the sabbatical commences on or after July 1, 2019.~~

A4.03.2 *Effective July 1, 2022,* with respect to an Academic Faculty member's ~~second and any subsequent~~ sabbatical, the Academic Faculty member shall receive ~~82.5%~~ *95%* of their basic University salary.

Appendix A.3: Detailed Procedures for Sabbaticals

H. Sabbatical Salary (Reference: ~~Articles A4.03.1 and~~ A4.03.2)

Sabbatical salary is normally based on the level of the Academic Faculty member's regular professorial salary and any market supplement and, *effective July 1, 2022*, is at ~~82.5%~~ *95%* of that salary rate*, which shall be defined as the Academic Faculty member's basic University salary*. ~~An Academic Faculty member shall receive a salary of 85% of the Academic Faculty member's basic University salary for the Academic Faculty member's first sabbatical following receipt of the award of Tenure through the FEC processes under Articles A5 and A6, where the sabbatical commences prior to July 1, 2019.~~ An Academic Faculty member shall receive a salary of ~~90%~~ *95%* of the Academic Faculty member's basic University salary for the Academic Faculty member's ~~first~~ sabbatical following receipt of the award of Tenure through the FEC processes under Articles A5 and A6~~, where the sabbatical commences on or after July 1, 2019~~. Other University stipends, such as administrative stipends, clinical income and honoraria paid in lieu of professional fees, etc. do not enter into the calculation of the sabbatical salary. Non pensionable salary supplements and stipends may or may not be paid during a sabbatical depending on the conditions set by the funding source.

K. Sabbatical Research Grants (Reference: Article A4.03.4)

1. In accordance with policies of Revenue Canada (Taxation), a portion of the total remuneration to the Academic Faculty member on sabbatical may be classed as a sabbatical research grant. It should be emphasized that such a grant is not in addition to sabbatical salary. Rather, the sabbatical salary (normally at ~~82.5%~~ *95%* of basic salary) is reduced to the extent of the research grant. The total of the two payments (salary + research grant), of course, would stay at the ~~82.5%~~ *95%* level. For example, if an Academic Faculty member's basic salary were $50,000, then the usual sabbatical salary would be ~~82.5%~~ *95%* of that amount or ~~$40,000~~ *$47,500*. If the Academic Faculty member received a $4,000 sabbatical research grant, then the salary portion would be reduced to ~~$36,000~~ *$43,500.*

Schedule B (FSO)

B4.03.1 *Effective July 1, 2022,* ~~In~~ *in* determining the salary level, the Provost shall follow *B4.03.2 or B4.03.3.* ~~the principle that the level of salary shall reflect the proportionate benefit of the leave to the University.~~

B4.03.2 When the leave is determined to be of primary benefit to the FSO Member, *the* salary level shall be not less than ~~50%~~ *75%* of full salary.

B4.03.3 When the leave is determined to be of equal benefit to both the FSO Member and the University*, or to be of primary benefit to the University*, the salary level shall be ~~not less than 75%~~ *100%* of full salary.

~~B4.03.4 When the leave is determined to be of primary benefit to the University, the salary level shall be 100% of full salary.~~

~~B4.03.5 The Provost may vary the salary level proposed but, before doing so, shall consult with the FSO Member prior to making a decision.~~

Schedule C (Librarian)

C4.03.1 *Effective July 1, 2022,* ~~In~~ *in* determining the salary level, the LEC shall follow *C4.03.2 or C4.03.3.* ~~the principle that the level of salary shall reflect the proportionate benefit of the leave to the Library.~~

C4.03.2 When the leave is determined to be of primary benefit to the Librarian, *the* salary level shall be *not less than* ~~50%~~ *75%* of full salary.

C4.03.3 When the leave is determined to be of equal benefit to both the Librarian and the Library, *or to be of primary benefit to the Library,* the salary level shall be ~~75%~~ *100%* of full salary.

~~C4.03.4 When the leave is determined to be of primary benefit to the Library, the salary level shall be 100% of full salary.~~

~~C4.03.5 Where LEC proposes a change to the salary level requested, LEC shall consult with the Librarian prior to making its recommendation to the Chief Librarian.~~

Schedule F (APO)

F4.03.1 *Effective July 1, 2022,* ~~If~~ *if* an application for Professional/Educational Leave has been approved, an APO Member shall:

a) receive a salary of ~~80%~~ *100%* of the APO Member's basic University salary*, which shall be defined as the APO Member's regular salary and any market supplement or salary supplement*;

Schedule G (TLAPO)

Professional Leave

G8.05 A TLAPO Member whose appointment is more than 8 months in duration and who has served continuously as TPLAO Member for three years or more, is eligible to apply to take 5 paid days annually for professional development.

Estimate of the budgetary impact of AASUA's proposal to increase salary entitlement for Sabbaticals and Professional/Educational Leaves

One can estimate the impact on the operating budget associated with AASUA's proposal to increase salary entitlements associated with Sabbaticals and Professional/Educational Leaves. The multi-year sabbatical and professional leave data given to AASUA at the start of this round of collective bargaining shows a fairly stable number of APO, FSO, LIB and FAC who take these Leaves on an annual basis. The data suggests that, on average, approximately 1 APO, 2 FSO, 1 LIB and about 118 FAC takes such a Leave annually. AASUA's proposal corresponds to increasing the salary entitlement for such leaves by 20% for APO, 25% for FSO, 25% for LIB and 12.5% for FAC. Based on the 2021 Remuneration Analysis one can estimate that AASUA's proposal will lead to an increase in annual salary entitlements of about $2.5M, or about $5M over the remaining 2-year term of the 4-year renewal collective agreement.

AASUA's proposal for the Academic Supplementary Retirement Plan (ASRP) Salary Cap

Realizing that no one on the Employer's Bargaining Team was around when the Academic Supplementary Retirement Plan (ASRP) was bargained for, constructed and subsequently introduced (I participated in this process), or, based on the comments made, seems to clearly understand the motivations, objectives, funding mechanism associated with the ASRP or its payout provisions, it seems appropriate to provide a very brief background.

In addition, it is hoped that this brief review will help the Mediator understand the motivations, objectives, funding mechanism associated with the ASRP or its payout provisions and the important role the ASRP plays in overall pension entitlement for academic staff.

As described in the 2008 joint AASUA-Employer document entitled "Academic Supplementary Retirement Plan Task Force Final Plan Report and Recommendations," prior to 1992, the UAPP provided its members pension entitlement based on total salary earned without limit. After 1991, the UAPP was obliged to conform (like other registered pension plans) to ITA/CRA prescribed limits on maximum pension benefits, which led to a Maximum Pensionable Salary (MPS) associated with the UAPP in that salary earned in excess of the MPS would no longer accrue a UAPP entitlement. However, many academics (for example almost all faculty) will spend a substantial period of their career earning annual salaries that exceed the MPS. This meant that whereas prior to 1992 UAPP pension entitlement was based on total salary earned, after 1991, for many academics, UAPP pension entitlement would no longer be based on total salary earned. Consequently, whereas prior to 1992, a retired academic could expect to receive a UAPP pension up to 70% of their best 5-year average of their annual earnings without limit, post-1991 annual pension accumulation would be capitated by CRA limits and consequently the typical UAPP pension for many academics, and specifically a majority of faculty, would be well below the 70% of final annual salary. Most financial advisors suggest that 70% of pre-retirement income as an appropriate minimum post-retirement income.

In order to restore some pension accumulation for salary earned in excess of the CRA limits, at least half of all U15 universities in Canada, following 1992, introduced some kind of supplementary pension benefit over and above their institutional registered pension plan, including but not limited to our principal peer universities the University of Toronto and UBC. In addition, we note that the Government of Alberta created a similar supplementary pension plan in 1999 for its employees (i.e., the Supplementary Retirement Plan (SRP) https://www.mepp.ca/page/supplementary-retirement-plan).

From the viewpoint of recruitment and retention of outstanding academics, it was the express view of the Employer at that time that the ASRP was created, that if the UofA did not have a similar supplementary pension plan, the UofA would be at a competitive disadvantage compared to our U15 peer group and that would inevitably negatively impact the quality of the research and scholarship being done here and the learning experience being offered to undergraduate and graduate students.

In 2009, the Board, after negotiation with AASUA, and explicit approval by the Government of Alberta, introduced the ASRP, which provided an approximately 1% employer-paid “defined contribution” supplementary pension plan for salary earned in excess of the CRA limits associated with the UAPP, up to a negotiated ASRP Salary Cap. *The ASRP Salary Cap is negotiated between AASUA and the Employer during each round of collective bargaining*. As part of the negotiations to create the ASRP, the AASUA Bargaining Team at that time, which I was a member of, accepted an one-time 0.5% reduction in the ATB the Employer was otherwise prepared to offer the entire AASUA membership, thereby reducing the AASUA annual “salary mass” by 0.5% permanently going forward from what it would otherwise have been, in order to effectively “pre-pay,” indefinitely, the annual employer contributions required to support the annual ASRP contributions.

It is inaccurate to suggest that the ASRP as a “benefit that is only available to those earning more than approximately $168K per year” because the whole point of the ASRP is to provide partial pension accumulation for salary that is otherwise not pensionable under the UAPP. Of course, it is true that Members who earn less than or equal to the maximum pensionable salary associated with the UAPP do not receive an ASRP entitlement but that is precisely because 100% of those Members’ salary is already covered by the UAPP to begin with. The ASRP benefit is accrued on only that part of a member's salary that is not pensionable under the UAPP and only up to the ASRP Salary Cap. One could equally say that Members who earn more than "approximately $168K per year" receive a smaller UAPP pension benefit as compared to those who earn less, or those that earn less than "approximately $168K per year" receive a larger UAPP pension benefit as compared to those who earn more.

It is also inaccurate to suggest that the ASRP "has amassed amounts owing to participating AASUA members in excess of $25M," as if to imply that this obligation is somehow guaranteed or is somehow a liability associated with the university budget. In fact, the $25M simply represents the sum of the annual contributions made to, and annual interest accumulated in, the TD Emerald Balanced Fund, which is the institutional mutual fund where the ASRP funds sit as a hard asset until they are paid out. There is no guaranteed payout associated with the ASRP and the payout is solely determined by the performance of the TD Emerald Balanced Fund. Should the unit value in the mutual fund fall to zero the ASRP payout will be zero. It is from this mutual fund alone, not the university budget, that all the obligations associated with the ASRP are paid out from.

Further, the total ASRP accumulated entitlement, and the annual employer contributions made, have followed very closely the funding and obligation projections as described in the January 15, 2008 document entitled "Academic Supplementary Retirement Plan Task Force Final Plan Report and Recommendations." Specifically, 2020 ASRP Statistics show that the employer contribution in 2020 to the ASRP was about $2.3M, which is about $500K less than the forecasted 2020 employer contribution, as described in the 2008 Final Report, of $2.8M.

Notwithstanding that the "facts on ground" and motivations for the creation of the ASRP are as relevant today as they were when the ASRP was created in 2009, if the Board really wants to put academic pension entitlement for outstanding academics at the UofA at a competitive disadvantage compared to our U15 peer group with the consequent likely deterioration in the quality of the research and scholarship being done here and the learning experience being offered to undergraduate and graduate students, it should have led by example <u>first</u>, before making such a proposal, and cancelled effective July 1, 2020 the Executive ASRP for out-of-scope employees, which has a similar Salary Cap as the ASRP and, most particularly, the SRP for the President and the Vice-Presidents, at least, which has no Salary Cap whatsoever.

In my opinion, it is inconsistent for the Board's bargaining team to effectively suggest that out-of-scope employees should be entitled to partial pension entitlement for salary earned in excess of the maximum pensionable salary associated with the UAPP, but that the very outstanding academics whose academic work has <u>actually earned</u> UofA the "top-5" academic reputation within the U15 group of universities in Canada, should not enjoy the same pension benefit.

AASUA's proposal for the ASRP salary Cap is a <u>zero-cost increase proposal</u> in that AASUA proposes the year-over-year percentage increase in the ASRP Salary Cap to be identical to the year-over-year percentage increase in the Maximum Pensionable Salary associated with the

UAPP. That is, AASUA proposes that the ASRP Salary Cap increase at the exact same percentage increase as the Maximum Pensionable Salary under the UAPP so that the <u>Employer's ASRP maximum contribution neither materially decreases nor increases over the term of the proposed renewal collective agreement.</u>

Since the Maximum Pensionable Salary associated with the UAPP is already known for the years 2020, 2021 and 2022, respectively, AASUA's proposal for the ASRP Salary Cap is:

15. The 2020 ASRP Salary Cap be set at $225,544.
16. The 2021 ASRP Salary Cap be set at $236,724.
17. The 2022 ASRP Salary Cap be set at $249,443.
18. The 2023 and 2024 ASRP Salary Cap, respectively, shall be increased over the 2022 and 2023 ASRP Salary Cap, respectively, by the same percentage increase as the percentage increase associated with the increase of the 2023 and 2024 UAPP Maximum Pensionable Salary, respectively, over the 2022 and 2023 UAPP Maximum Pensionable Salary, respectively. The 2023 and 2024 ASRP Salary Cap, so computed, shall be rounded off to the closest dollar.

There are no additional costs associated with AASUA's status quo proposal on determined the ASRP Salary Cap in the proposed renewal collective agreement and the Employer's annual contributions have been pre-paid in any event.

AASUA's proposal to extend Gender Pay Equity to all Constituencies

AASUA proposes that a Gender Pay Equity analysis be done and, if warranted, a remedy be implemented, for all non-faculty constituencies with the proposal:

19. The same formula used to calculate the Gender Pay Equity in the MoA dated April 4, 2019 for the female Faculty, shall be a term of the collective agreement and shall be used to calculate the Gender Pay Equity for the other female academic staff in the other constituency groups, FSO, Librarian, APO, ATS, TRAS, and TLAPO effective July 1, 2022. The calculations shall be completed within two weeks of ratification of the renewal collective agreement and the remedial monies shall be paid on, or retroactively, to July 1, 2022. AASUA shall be involved in analyzing the data with the employer and delivering a joint report on that analysis. In addition, lump sums, if any, owed to those staff members in the AHMSP shall be paid to the staff member's research or special purpose account and utilized in accordance with University policies.

AASUA's view is that gender-based pay inequity shouldn't exist in the first place and, moreover, is the Employer's legal obligation, and therefore should not be a charge to this agreement.

AASUA's proposal on a Letter of Understanding: Unexpected Event (Pandemic)

AASUA proposes that a Letter of Understanding be negotiated in respect of matters that arise in relation to the Members having to work remotely as a consequence an Unexpected Event, such as a Pandemic.

20. The parties recognize that the University as a result of an unexpected event such as, but not limited to a pandemic, may require Staff Members to perform their university responsibilities remotely or other significant change to its operation. Should such an event occur, the parties shall meet to negotiate the following:

    - Material recognition to Staff Members for course preparation or transition to an alternate form of delivery of course content;
    - To modify the evaluation processes to reflect the effects of the unexpected event on staff members' productivity;
    - Provide for workload adjustments and increased compensation for Staff Members who are not specifically engaged in teaching duties, but have their professional work routines or responsibilities affected by an unexpected event.

Should the parties be unable to reach an agreement on the above provisions, the Association may forward matters in dispute to grievance.

Additional and Unexpected Employment Expenses

The Board and the Association recognize that the COVID-19 pandemic has created both additional and unique workload pressures for administrators and Staff Members, as well as challenges with respect to fulfilling certain University responsibilities.

The parties have collaborated in a positive and respectful manner to address the effects of the COVID-19 pandemic has had on Staff Members on performing their University responsibilities remotely away from their on-campus offices and the attendant on-campus technological infrastructure and supports. The parties have done so while adhering to the terms and conditions of the Agreement and/or addressing any temporary special conditions through either a Memorandum of Understanding or Letter of Understanding between the Board and the Association. Every effort has been made to establish a straightforward approach that is fair to Staff Members and allows for ease of administration for Faculties and units.

In the parties' efforts to uphold their commitment to the pursuit of truth, the advancement of learning, and the dissemination of knowledge through teaching, research and other scholarly and creative activities and service, the parties have been particularly mindful of Article 3.03 of the Collective Agreement regarding Academic Freedom: "The parties to the Agreement agree to uphold and protect the principles and practices of Academic Freedom." This LOU intends to do precisely that.

A. Creation of a temporary Remote Learning/Professional Activity Expense Reimbursement (RLPER) fund to reimburse employment expenses in order to be able to effectively work remotely.

1. The Board recognizes that a consequence of the COVID-19 pandemic was that Staff Members were required to perform their professional duties remotely from their on-campus offices and the attendant on-campus technological infrastructure provided by the University, and as such, Staff Members incurred unanticipated employment related expenses in order to work effectively. The Board acknowledges its responsibility to compensate for these unanticipated but necessary employment related expenses.
2. The Board shall establish within 30 days of this ratified agreement a (non-taxable) $3,000 Remote Learning/Professional Activity Expense Reimbursement (RLPER) fund for each Staff Member to offset the employment related expenses Staff Members have incurred in order to perform their professional duties remotely.
3. The Board shall establish within 30 days of this agreement procedures for the reimbursement of eligible <u>receipted</u> expenses from the RLPER. These procedures will be similar to those that exist for a PER reimbursement.

   - Eligible expenses that can reimbursed from the RLPER fund include internet charges, cell and/or landline phone charges, reasonable office furniture expenses such as, but not limited to, a desk or table, ergonomic office chair, desk lighting, computer purchase, rental or repair, tablet and/or printer purchase, rental or repair, computer software purchase, office stationary and supplies, and any other expenses that are eligible under the PER.
   - Expenses that were incurred prior to March 1, 2020 are not eligible to be reimbursed from the RLPER fund.
   - RLPER eligible expenses that have been previously reimbursed to the Staff Member from their PER account shall be reallocated back to the Staff Member's PER account and the eligible expenses charged to the Staff Member's RLPER account.

4. Subject to A.6 and A.7, Staff Members may make a reimbursement claim from the RLPER fund at any time but no more than one claim per calendar month may be made.

5. Once the COVID-19 pandemic is declared over by Alberta Health Services and the University has resumed normal full-time on-campus operations without interruption, Staff Members shall be entitled from the first day of normal full-time on-campus operations to make a final reimbursement claim within 90 days from the RLPER fund. After the 90-day period from the first day of the University resuming normal full-time operations without interruption has past, Staff Members may no longer make further reimbursement claims from the RLPER and all the remaining RLPER funds in the Staff Member's RLPER account are returned to the University.

6. In addition to A.6, Staff Members employed under a Term Contract on or after March 1, 2020 that are not renewed after ratification of a renewal collective agreement and prior to the University resuming normal full-time on-campus operations, shall be entitled make a reimbursement claim from the RLPER fund for eligible expenses within 90 days after termination of their Term Contract. After the 90-day period has past, Staff Members may no longer make further reimbursement claims from the RLPER and all the remaining RLPER funds in the Staff Member's RLPER account are returned to the University.

This Letter of Understanding shall be in effect during the term of this Agreement.

Estimate of the budgetary impact of AASUA's proposal to create a RLPER

The AASUA's proposal to create a $3,000 RLPER fund for each Staff Member will correspond to a one-time *potential* expenditure of about $11M.

Language in dispute

The AASUA proposes the following language to Schedule G:

Conversion

G2.03.1 A ~~TLAPS~~ **TLAPO** Member who has served 6 continuous years of full-time employment whether in a rolling term or in successive term appointments shall *have their current appointment converted* ~~be considered by their Supervisor for conversion of their current appointment~~ to a (continuing) APO appointment, performing the same duties. ~~A decision of the Supervisor may be appealed to the appropriate Vice President whose decision shall be final and binding.~~

This proposed language is cost neutral in that it does not incur any additional severance costs to the employer. Article G10.04 states that a terminated TLAPS member with an appointment for more than one year shall receive 3 months notice and shall be entitled to severance of one month's salary for each year of service, to a maximum of 9 months' salary. It should be noted that the Non-Academic Staff Association's collective agreement entitles their temporary employees to be converted to permanent employment after 4 years. Further, the proposed language does not amend nor take away the Employer's right to lay off in accordance with Article G10.02. We believe that this is a reasonable and fair proposal that provides security of position to temporary staff, without any added cost to the employer or loss of their lay off rights.

Summary of additional Operating Budget expenditures associated with AASUA's Proposals

Proposal	*Additional* expenditures over the two years July 1, 2022 – June 30, 2024 of the proposed 4-year renewal collective agreement
ATB increases on July 1, 2022 and on July 1, 2023	$21M
Merit increments	Net expenditure increase over the last two years is about $2M
Extra steps for capped salary grids	$4M
Elimination of Promotion Transition Zones	Negligible
Status Quo per capita funding formula of Benefits Plan	Negligible
Flexibility in psychologist services	To be determined by ABMC within its cost control mandate
Using the most current Alberta Dental Fee Guide	When taken in in the context of recent cost saving measures, this improvement nevertheless yields net savings in the Benefits Plan annual expenditures going forward
6% Compensation-in-lieu of benefits	$3M
Improving Sabbatical and Professional Leave Salary Entitlement	$5M
Status Quo/Zero cost increase proposal to increase ASRP Salary Cap at same rate as Maximum Pensionable Salary associated with the UAPP	Negligible
Gender Pay Equity extended to all other constituencies	Shouldn't exist in the first place and, moreover, is the Employer's legal obligation, and therefore is not a charge to this agreement
Creation of the RLPER	Potentially $11M, which is subject to eligible expenses only (funds not used will be returned to the Board). If the PER experience is anything to go by, almost certainly not all of these funds will be used
Conversion of TLAPO to a (continuing) APO appointment after 6 continuous years of service	Negligible
Total	**$35M + eligible receipted out of pocket expenses submitted to the RLPER**

Respectfully submitted, GE Swaters, AASUA Lead Negotiator