



APUO

ASSOCIATION DES PROFESSEUR(E)S DE L'UNIVERSITÉ D'OTTAWA
ASSOCIATION OF PROFESSORS OF THE UNIVERSITY OF OTTAWA

Facts about Employer's financial offer

3 July, 2013

APUO Executive Committee and
APUO Financial Analysis Committee

Four financial issues for members:

Salary (includes two issues):

- Scale increase (a percentage to keep up with inflation and cost of living given to all members)
- Catch-up (an additional increase to address fact that uO profs are paid less than peers at comparable ON universities)

Pensions

- After unilaterally cancelling multi-union working group on pension, employer proposes changes that will mean that:
 - APUO members will pay significantly more from now on
 - APUO members will receive significantly less on retirement
- Employer proposals do not improve sustainability of plan. They merely reduce employer's costs

Benefits

- APUO proposed new vision and IVF benefits and improved psychologist benefits
- Employer proposes immediate elimination of severance benefit

Salary Scale Increase

SALARY: On surface, APUO and employer salary proposals seem similar...

Salary:

- APUO proposing 3 year deal with 2% scale increase in each yr
- Employer proposes 4 year deal with 2 % scale increase in each yr

Catch-Up:

- APUO proposing 3.05% catch-up
- Employer proposing 2.30% catch-up

The fine print and details, however, make them very different

Source: employer's latest offer, June 27 2013

SALARY detail 1: Employer scale contingent on APUO members paying more for pension

Employer's proposed pension contribution increases

Current Salary	Member cost current	Member cost new proposal	Difference
\$90,000	\$5,051	\$7,366	\$2,315
\$120,000	\$7,016	\$10,426	\$3,410
\$145,000	\$8,653	\$12,976	\$4,323

Source: employer's latest offer, June 27 2013; APUO financial analysis committee.

SALARY detail 2: Employer scale contingent on APUO members accepting reduced pension benefits

Employer proposed reduction of pension benefits

- Employer proposes decreasing retirement benefits by increasing 'YMPE'
- This is a technical change and the impact is dependent on a number of assumptions and factors – including how close a member is to retirement (the farther from retirement, the greater the negative impact)
- As an example, however, a professor hired under new system who retires at normal stage with an average salary over the final 5 years of their career is \$145,000 would receive a pension that is about \$3,000 less than under the current formula

Source: employer's latest offer, June 27 2013; APUO financial analysis committee.

Real employer scale offer after pension details

Actual employer offer				
Description	2012	2013	2014	2015
Employer's scale offer	2%	2%	2%	2%
Cost of pension reform	0%	-1%	-1%	-1%
Approximate cost of decreased benefit (depends on yrs to retirement)*	-	-	Up to -1%	Up to -2%
Real scale offer	2%	1%	0% to 1%	-1% to 1%

Source: employer's latest offer, June 27 2013; APUO financial analysis committee; *Note: Estimate of cost of decreased benefit based on best available data and estimates, but is very difficult to quantify and varies widely



Salary Catch-Up

Catch-Up: APUO distribution of catch-up gives most to lowest paid

Comparative Salary Data:

- Youngest APUO members are worst paid in comparison to our other peer universities
 - 30-34 yr old assistant profs make 6.45% less than comparators
 - 35-39 yr old assistant profs make 5.38% less than comparators
 - 40-44 yr old assistant profs make 8.24% less than comparators
- On other hand, full profs make 0.4% less on average than comparators.

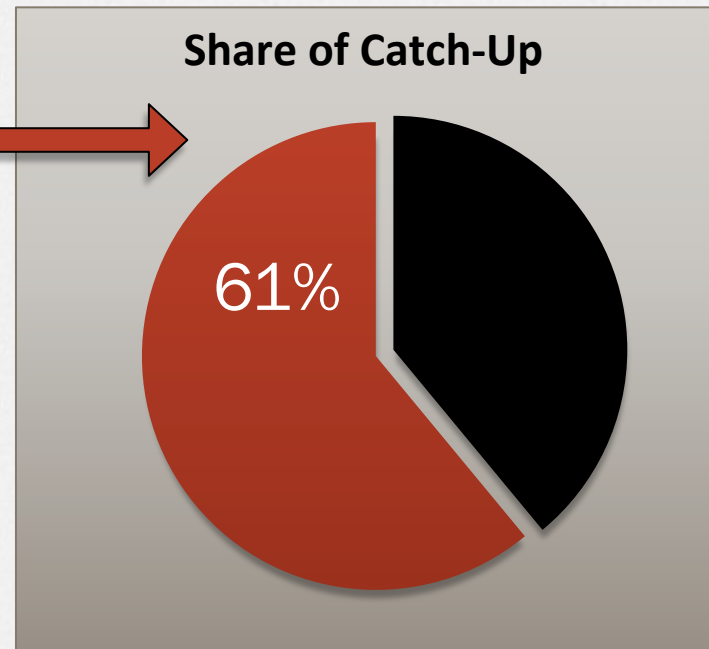
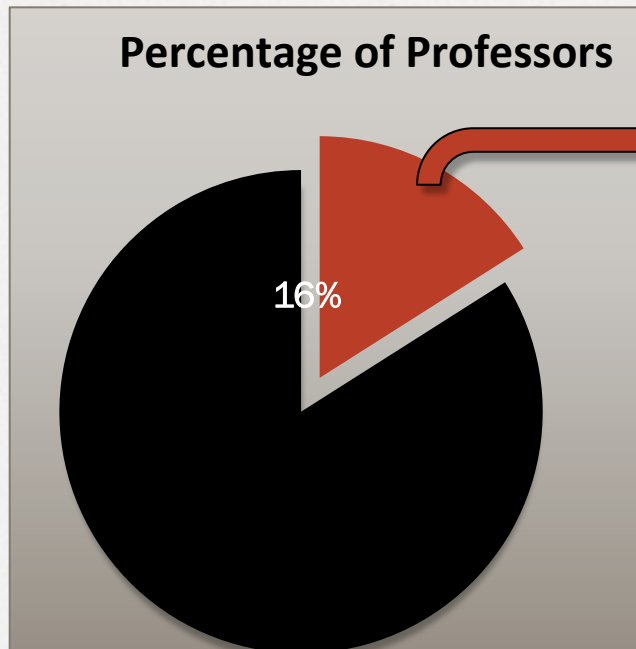
APUO proposes to distribute catch-up to all members, but uses a hyperbolic formula that gives more of it to lowest paid members

Source: StatsCan; APUO financial analysis committee.

Employer proposal distributes bulk of catch-up to highest paid professors

16 % of professors...

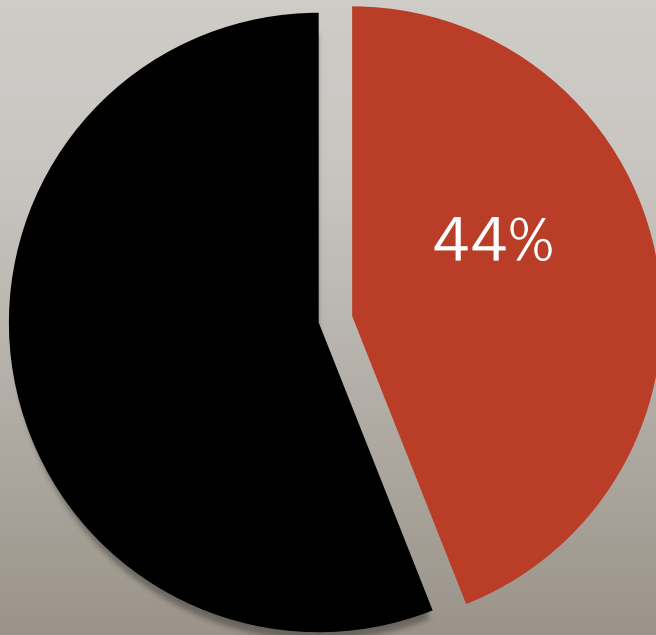
...would receive 61% of total catch-up amount.



Source: employer's latest offer, June 27, 2013; APUO financial analysis committee.

Employer proposal gives no catch-up to almost half of APUO members

Percentage of Professors



44% of professors
(including all of Arts
and Science) would
receive \$0 catch-up



NOTHING!

Source: employer's latest offer, June 27 2013; APUO financial analysis committee.

Catch-Up detail 2: Employer proposes to use 'anomalies committee' to distribute

Anomalies Committee:

- Anomalies committee is a joint APUO-employer committee whose mandate is to distribute a negotiated pot of money aimed at reducing inequalities;
- However, it has been a constant source of delay and frustration despite APUO cooperation;
 - The 2004 fund (\$200K) was not distributed until 2011;
 - The 2008 fund (\$200K) has not yet been distributed;
 - Employer now proposes that this committee distribute the entire \$2.8M catch-up amount.

The anomalies committee was never intended to distribute catch-up nor is there any reason to believe it would do so efficiently and fairly

Source: employer's latest offer, June 27 2013; APUO financial analysis committee.



Benefits

BENEFITS – Employer proposes to eliminate severance benefit

Employer benefits proposal

- Employer offer includes no new benefits (APUO proposed new vision and IVF, and improved psychologist, benefits) despite that we are only one of two universities in Ontario without vision;
- Employer proposes immediate elimination of severance package:
 - Current formula for anyone over 60 years is $(800) \times (\# \text{ yrs of service}) \times (65 - \text{current age})$. 60 year old professor with 30 yrs retiring at 60 would receive \$120K;
 - Employer proposes immediate elimination without grandfathering or phase in period.

Source: employer's latest offer, July 27, 2013; APUO financial analysis committee.



Links to Non-Monetary Issues

Entire financial offer is also contingent on accepting several additional non-monetary issues

Additional employer demands

- Employer's financial offer is also contingent on:
 - The creation of a two stream faculty system with teaching intensive positions as per their original position (up to 10 course teaching load, etc.);
 - The elimination of article 7.2 from the collective agreement – an article that stipulates that the employer must ensure a certain level of hiring of APUO members. According to the employer's comments and APUO calculations, the employer currently has approximately 400 fewer regular professors than it is legally required to.

Source: employer's latest offer, June 27 2013; APUO financial analysis committee.

Conclusions

Despite appearances, the employer's offer is neither fair nor reasonable

- o Actual scale increased is much once pension contribution increases and benefit decreases are taken into account;
- o Catch-up is both insufficient and distributed in a highly unfair manner;
- o Proposal to immediate cut severance benefit is a major penalty to members;
- o Financial offer contingent on a variety of highly problematic non-monetary concessions.