

Salary, PTR, Benefits and Pensions:

Reversing the Erosion of our Compensation Framework

In the current round of bargaining YUFA has some clear priorities in the areas of compensation and benefits. Based on the bargaining survey of our members, we have a mandate to i) negotiate a reasonable salary settlement, ii) restore our annual Progress-Through-the Ranks (PTR) increment to a competitive level, iii) increase sabbatical compensation, iv) reverse the erosion of our pension benefits (especially indexation) since 2014, and v) address gaps in our benefits plan, including the longstanding lack of inflation protection.

During recent years, YUFA's overall compensation framework has been significantly constrained. Meanwhile the university has seen an increasing year-over-year excess of revenues over expenses, rising from \$4.3M in 2014 to \$36.4M in 2017, leading to a **cumulative financial surplus of \$84.02M in that period.**ⁱ

In the sections below, we summarize key compensation issues we wish to address at the table:

Salary

As the chart below shows, our salary increases over the past three years were well below the Toronto rate of inflation, which means that our salaries actually declined, when adjusted for cost of living.

	YUFA Salary Scale Increase	Toronto Consumer Price Index (CPI) increase
2015-16	1.5%	1.7%
2016-17	1.5%	1.8%
2017-18	1.0%	2.4%

In this round, YUFA is proposing a 3% salary increase over each year of the collective agreement. We believe this goal is reasonable. It compensates for our recent below-average settlements and takes into consideration the fact that inflation is on an upward trend and may rise to 3% during the term of the next collective agreement.

Progress Through the Ranks (PTR)

Our annual PTR increments have been frozen for eight of the past nine years. In general, failure to increase the annual increment will depress the lifetime salary progression slope of our members, significantly impacting both lifetime salary **AND** pension income in retirement (which

is largely based on the best five years of earnings). YUFA is proposing that the increment be restored to the same proportion of the mean salary of YUFA faculty and librarians as it was in 2009, the year before the increments were frozen. We anticipate that this will require an increase in the PTR amount from \$2,750 to approximately \$3,300 in 2018-19.

Our goal is to ensure that our PTR increments are regularly increased by roughly the same percentage as our annual base salary increase. This is the most common approach at other universities. By contrast, for YUFA members, the annual increase in the PTR increment over the past nine years has been a mere 0.2%, well below the average overall salary scale increase. The flattening of the salary progression slope at York, compared to the salary slope of faculty members at other institutions, will be felt especially strongly by junior and mid-career members. Such members could later find themselves falling well behind the career earnings levels of their counterparts at other universities who had similar initial salaries.

Pensions

Since 2014, our members have seen 50% increases to their own monthly pension contributions. Current and future retirees have also been affected by two major changes to their York pension plan benefits over the same period. The first is an increase in the “non-reduction” levy imposed at retirement on those retiring on money purchase pensions. This has reduced the pensions of many members by approximately 3%. In addition, the current pension plan assumes that the plan earns a fixed return of 6% in the five years prior to a member’s retirement, irrespective of the actual earnings of the plan in those years. This assumption means that the member’s pension in the first five years after retirement will be only partially indexed to the actual earnings of the plan in the previous five years. (For further information, go to our pension backgrounder at https://www.yufa.ca/wp-content/uploads/2018/01/York-Surplus-and-Pension-plan-changes_membership.pdf].

Taken together, these changes have reduced the average pensions of our members, as we have documented in [our pension backgrounder](#). These changes were meant to solve what the employer claimed was a crisis of the long-term financial sustainability of the York Pension Plan. Instead, the Plan has turned out to be much more financially healthy than expected. Furthermore, the government solvency funding rules have been relaxed, eliminating special payments that employers had previously been required to make. As a result, our employee contributions have soared, while employer contributions to the Pension Plan have been sharply reduced: by more than 20% since 2016, and by more than 40% since 2014.

In light of the Plan’s return to a surplus position and the sharp reduction in employer contributions, YUFA proposes that an adequate level of indexing be restored for pension plan members. This would include eliminating the non-reduction charge of 5-6% per year for money

purchase pensions in favour of adopting a fully indexed minimum guarantee pension that would serve as a floor throughout retirement. This is the model used at Windsor, Wilfrid Laurier and Brock, and it does not require a suppression of indexing for the first five years of retirement. Remember that without indexing the purchasing power of members' pensions will be significantly eroded as time progresses in their retirement.

Further background for these pension issues and proposals can be found [here](#).

Benefits

Many types of coverage in our health and dental benefits plans are expressed in terms of dollar amounts rather than as service entitlements and are thus not automatically adjusted for inflation. Unless previously negotiated dollar amounts are adjusted upwards to cover inflation and increased costs, the real levels of health and dental coverage our members are entitled to will be reduced. YUFA proposes that items such as the yearly maximum on dental coverage, some extended health benefits, paramedical costs, emergency travel assistance, and life insurance be increased after years of freezes. We are proposing a global cap on paramedical service in place of restrictively lower caps on individual services, and the removal of the \$10,000 maximum on prosthetics. We are also proposing that new types of coverage covered by many other plans in our sector – such as dental implants, social workers etc. – be introduced.

Perhaps one of the most urgent items we are trying to negotiate is indexation of our Long-Term Disability (LTD) benefits. A number of YUFA members on long-term disability claims are facing severe financial challenges given that their benefits have been frozen due to lack of indexation. Most other Plans in our sector include built-in indexing. Our benefits committee tried to negotiate indexation during recent discussions with the employer outside of bargaining, but was unsuccessful. YUFA's LTD Plan is fully financed by member premiums and thus imposes no costs on the employer. We seek to obtain more control over the terms and benefits of the Plan through the current round of bargaining in order to introduce these much-needed changes.

Members can view the full range of benefits proposals [here](#).

ⁱ York University Financial Statements - 2017. Available at:
https://www.yorku.ca/finance/documents/Financial_Statements_April_30_2017.pdf