

Opening Statement of the Employer

This statement has been prepared to accompany the ingoing proposals tabled on November 12, 2020, by the Bargaining Committee representing the Governors of the University of Alberta (the “Board” or “University”). The purpose of this statement is twofold: to highlight proposals which are of priority to the Board, and to provide some contextual rationale for those proposals.

First, we would like to acknowledge and thank the members of the AASUA bargaining team, including those individuals supporting the AASUA team behind the scenes, for their engagement in this important process at a time and circumstance when personal and professional challenges abound. We look forward to continued professionalism, respectful discourse and collegiality as we work together toward a renewal collective agreement.

The Board enters this round of bargaining with the goal of reaching a renewal collective agreement that seeks to balance several objectives. Specifically, the Board seeks an agreement consistent with the following:

- The University’s mission and academic priorities are paramount in all decision making; collective bargaining outcomes must further the mission and academic priorities while promoting organizational efficiency and effectiveness.
- The University negotiates with its bargaining partners in good faith, with professionalism, and in the spirit of collegiality on all matters relating to the terms and conditions of employment of bargaining unit members.
- Collective bargaining outcomes must reflect the valuable contributions of faculty and staff to the University’s vision and mission.
- The interests of students, faculty, staff, and all internal and external stakeholders within the University community are important and will be considered.
- The economic outcomes of collective bargaining must be fair, equitable, responsible and sustainable.

Founded upon these objectives, the University's collective bargaining mandate has been developed and approved by the Board Human Resources Compensation Committee (“BHRCC”). Additionally, the University has been issued a collective bargaining mandate by the provincial government having the legislative authority of the recently enacted *Public Sector Employers Act*. The BHRCC-approved mandate contemplates, and works in tandem with, the government mandate.

The Board Bargaining Committee confirms its authority to reach a tentative agreement with AASUA, provided the tentative agreement meets the parameters stipulated by mandate. Upon reaching a tentative agreement, we will initiate the University’s ratification process as set out in our response to AASUA’s Notice to Bargain. The tentative agreement will not become a binding renewal collective agreement until all the steps of the ratification process have been completed, including ratification of the tentative agreement by AASUA’s members.

University of Alberta & AASUA Collective Bargaining 2020

12 Nov 2020

The proposals tabled on behalf of the Board have been developed in recognition of the following contextual circumstances:

- The Province contributes approximately 60% of the University's total annual operating budget, which funds approximately 85% of the cost of salary and benefits for all faculty and staff (the remaining 15% is funded through externally restricted funds).
- Pursuant to its 2019 budget, the Province announced an in-year funding cut to the University's operating grant of 6.9%, amounting to approximately \$44.4M.
- Grant reductions were partially offset by permitting average tuition increases of approximately 7% each year over a three-year period, beginning September 2020; tuition represents approximately 30% of the total operating budget. To mitigate the impact of these increases to students, for 2020/21, 15% of the net increase to domestic tuition will be dedicated to student financial support, and the University will continue to direct 7.55% of all international tuition to support international students.
- Further cuts to the University's provincial funding were announced in February 2020 amounting to 10.7% or \$65.9M, for a total reduction in excess of \$110M since 2019. An additional incremental \$53M reduction has been announced for each of the next two years for a total reduction of \$216M to the operating grant.
- The Province's introduction of a performance-based funding model introduces uncertainty into fiscal planning and places further risk to provincial funding.
- Pursuant to the *2020-21 First Quarter Fiscal Update Economic Statement*, the Province is projected to have a deficit of approximately \$24.2B, which is \$16.8B higher than estimated in its 2020 budget.
- Since the beginning of fiscal 2019/20, the University has regrettably needed to reduce positions totalling approximately 400. Of these, non-AASUA members have shouldered the burden disproportionately at approximately 85%.
- Faculty salary at the ranks of Assistant and Associate do not compare favourably with our U15 comparators; as of 2018/19, average salaries are approximately 4% and 7% lower and rank 9th and 11th respectively among the U15.
- Faculty salary at the rank of Professor is approximately 3% higher on average than our U15 comparators and ranks 6th among the U15, as of 2018/19.
- The total cost of the benefits plan, currently 100% funded by the University, continues to grow above the rate of inflation. This pattern of increasing expenditures is not sustainable; changes to the plan and/or proportionate sharing of costs are required to continue to be able to offer a competitive benefit program for academic staff.

University of Alberta & AASUA Collective Bargaining 2020

12 Nov 2020

- The Academic Supplemental Retirement Plan (ASRP), which provides additional retirement income for only the highest paid (those earning in excess of approximately \$168k per year), has amassed amounts owing to participating AASUA members in excess of \$25M.
- In light of unprecedented challenges facing the University, the University is embarking on a period of transformation. Through this transformation, the goal is to restructure the University to become leaner, more nimble and effective, ultimately to better enable excellence in teaching, learning and research over the long term. Consistent with the objectives of this transformation, the outcome of negotiations should produce a clearer collective agreement with processes that are more efficient, resulting in greater consistency and fairness.

With that context in mind, we highlight the Board's priority proposals:

- 4-year term
- a 3% reduction to all base salaries and salary schedules, and an additional market reduction applicable to the Academic Teaching Staff salary schedule
- no incremental increase to total compensation over the life of the agreement (we note that service-based grid movement and merit incrementation will continue to apply, which represents an actual annual cost to the University in the approximate amount of \$7M or 1.9% of salary)
- a restructuring of the faculty salary model that: (1) increases merit pay at the rank of Assistant and Associate, enhancing the University's ability to attract and retain the best talent; (2) slows salary growth over a long-term horizon at the highest paid rank of Professor; and (3) maintains incentives for meritorious performance
- modifications to the benefits plan designed to enhance its sustainability and more closely align to market, including the introduction of a proportionate sharing of benefit costs between the University and employees, the conversion of Long-Term Disability from an employer-funded to employee-funded plan, and the provision of increases to life insurance and flexible employee spending accounts
- the cessation of further contributions to the Academic Supplemental Retirement Plan (ASRP) and closure of the ASRP to new entrants
- simplification and streamlining of the performance evaluation processes within the collective agreement, reinforcing the peer-review method of evaluation while eliminating certain procedural redundancies; the proposal confirms the decision-making authority of peers (i.e. made by the Faculty/Librarian Evaluation Committees) while limiting employees' ability to appeal only those adverse decisions having the greatest impact
- provisions that will facilitate the University's ability to address financial emergencies in a meaningful and effective way
- the inclusion of new equity language in the collective agreement developed and recommended by the joint AASUA/Employer Employment Equity Task Force

University of Alberta & AASUA Collective Bargaining 2020

12 Nov 2020

We acknowledge the Board's proposals are significant both in number and materiality. We do not table them lightly. In our view, they are warranted because of the unprecedented generational financial challenges facing the University today and into the foreseeable future. In the spirit of collegiality, we respectfully suggest that the parties have a joint responsibility to arrive at a renewal collective agreement that responds to these challenges, ensuring the short and long-term well-being of this great university.

We also recognize that the AASUA bargaining team will have a mandate from its members and that our respective mandates may be incompatible. While these differences will undoubtedly lead to some difficult conversations during negotiations, we respect your role as the legal representative of your members, our employees, and commit to working diligently, collaboratively and creatively in a good faith effort to reach a mutually acceptable deal.

Tabled by the University Bargaining Committee, 12 Nov 2020