BARGAINING BULLETIN

In this Bargaining Bulletin, we make the case that our salary proposal is justifiable and affordable based on data made available by the StFXAUT Financial Oversight Committee. In doing so, we are focusing only on the financial dimension of our proposals and addressing the false characterization of our proposals by the Administration. We remind all of our members that we are also standing for greater transparency and consultation in decisions that affect our conditions of employment as well as protecting the job security of our members. Yet given the Administration's attempt to reduce our proposals to simply financial demands, this Bargaining Bulletin contains a few necessary corrections. We begin with a brief summary of the salary proposals made by both parties.

The salary grids presented by the StFXAUT on January 4, 2013 to the Administration saw a reduction in our initial 2.9% per year request (equal to the actual rate of inflation experienced in Canada in 2011; it was 3.8% in Nova Scotia[1]) and further relaxed the pressure on the University's cash flow by moving much of the increase to the latter years of the four year agreement (i.e., 2012-2016). The current proposal therefore recognizes the need for the Administration to manage their current projected deficit and allows them time to "recover" their financial position in the short term while aligning our gains to the period in which surpluses will be greater. The latest salary grids presented by StFXAUT propose an increase of 1.5%, 2.2%, 2.9% and 3.9% per year (or 10.5% in total), for an average 2.65% per year. Keep in mind that, given the Administration's desire for a longer, four year term for the *Third Collective Agreement*, all discussions pertaining to economic adjustments to salary grids need to take into account this larger period (or denominator, when calculating averages). Furthermore, StFXAUT tabled retirement incentive language that will produce real savings and have a significantly positive impact on cash flow as early as the second year of this agreement. Although these proposals remain to be negotiated, they are <u>our</u> suggestions for cost reduction.

The latest proposal by the Administration would see increases at the rates of 1.5%, 1.5%, 1.75% and 2%, for a total increase of 6.75% or an average of 1.69% per year. Our positions, therefore, differ by slightly less than 1% per year on average, and are exactly the same for the current year.

"The Consumer Price Index (CPI) is an indicator of changes in consumer prices experienced by Canadians. It is obtained by comparing, over time, the cost of a fixed basket of goods and services purchased by consumers."[2]

"Consumers can compare movements in the CPI to changes in their personal income to monitor and evaluate changes in their financial situation."[2] We agree with the Administration that information surrounding the Consumer Price Index and recent university settlements are relevant to our efforts to secure a fair and justifiable *Third Collective Agreement*.

The CPI figures reported by the Administration are 1.6%, 1.6%, and 2% for 2012, 2013 and 2014 respectively. Their source for the CPI forecasts was reported as StatsCan, but we were unable to locate the forecasted amounts from that source. We are not aware that StatsCan makes such projections nor have we yet seen reported any yearly CPI actuals for 2012. Instead, the StFXAUT sourced CPI information from three Canadian financial institutions, namely, RBC[3], BMO[4] and Scotiabank[5] and their CPI forecasts averaged 1.8% for 2013 and 2.0% for 2014. These financial institutions collectively expect 2013's inflation (CPI) to be soft with expectations of increasing inflation (CPI) in the years following 2013. The years following 2013 are the bulk of the years for the *Third Collective Agreement*. The Bank of Canada[6] has targeted inflation (CPI) in the range of 1 to 3%. A conservative forecast through to the end of the four year period of the *Third Collective Agreement* would project an increase to the upper end of the inflation target set by the Bank of Canada. A CPI forecast of 1.8%, 2%, 2.5% and 3% (i.e., cumulative total of 9.3%) is conservative yet reasonable and not significantly different from the 10.5% requested by StFXAUT. On the other hand, the salary proposal by the Administration is well below a reasonable inflation forecast for the next four years.

We need to consider more than simply keeping pace with rising inflation. We can also compare our proposal to recent settlements from comparator institutions. One challenge in doing so is that our negotiation cycle is not the same as many other universities in our region. Nevertheless, the recent announcement by the Administration indicated that settlements in the Atlantic region from 2013 to 2016 were in the amounts of 1.56%, 1.75%, 1,92% and 2.25% (i.e., average increase of 1.87% per year or a cumulative total of 7.25%). The source provided is Faculty Bargaining Services, CAUBO, which is unavailable to the StFXAUT. The data provided is not consistent with our data from recent settlements in our province and from our comparator group. The discrepancy between the two is likely attributed to the exclusion from the CAUBO data of factors that directly affect compensation, including adjustments to step size, changes in the number of steps, and additional contributions to pension plans.

In our comparator group of UPEI, MtA, MSVU and Acadia (as defined in the *First Collective Agreement*), only UPEI has had a recent settlement. The UPEI settlement allows for a 10.25% increase spread over 4 years, which consists of an initial 7.25% salary increase plus an additional 3% increase in salary to offset a corresponding higher contribution to the UPEI Pension Plan. MSVU's recent salary settlement is for 1.9%, 1.75% and 2% in the years 2012, 2013 and 2014 and that agreement will require ratification this month. MtA's and Acadia's collective agreements expire in 2013 and 2014, respectively. Elsewhere in Nova Scotia, Dalhousie and Saint Mary's have recently reached collective agreements. Dalhousie settled for 4% per year, which represents a 2% annual increase in salary plus a 2% adjustment to the salary scales to be contributed to the pension plan. St. Mary's settled for a 3% annual increase which represents the combined impact of both a salary increase and a step adjustment that primarily benefitted the Assistant Professor level. Cape Breton University's agreement expires in 2013 and their increase in salary for the current academic year (i.e., 2012-2013) is 2.9%. Although it is not simple to reduce the above data into a single, overall average, our calculations suggest that recent Atlantic settlements contain salary increases in the range of 2.8% - 3.2% per year.

What can we make of all this? First, the Administration's offer is lower than the <u>underestimated</u> average increase in recent regional settlements that they themselves reported. Second, the StFXAUT offer is lower than the <u>actual</u> average increase in recent regional settlements that we have detailed above. Third, our offer is only slightly higher than projected cost of living increases in order to protect our earnings power over the life of a four year agreement. Fourth, the comparison between our salaries and those of all our comparators shows that we are already lower, and if our gains equal the gains made elsewhere, then nothing in our proposal represents any diminishment of this gap or a move closer toward parity. Finally, the Administration's claim that we have asked for a settlement three times greater than recent settlements in the Atlantic region is a complete fiction.

Despite cuts in provincial government funding frequently cited by the Administration, they indicated that the combined government funding and tuition policies are close to offsetting, and they presented a balanced budget to the Board for the current fiscal year. We've since learned about a projected deficit for this year, although there are discrepancies in the size of deficit that the Administration has communicated. We are aware of a decline in student enrolment of 60 students that is contributing to this deficit. Other excuses for the projected deficit include such factors as residence vacancies in the range of 140 rooms, and a tax penalty that was assessed after a recent audit. These latter examples are not systemic issues with our cost structure, but rather are administrative errors that presumably will not be recurring in future years. We need to look no further than the cost of carrying an increasing debt burden, and the size and cost of our Administration itself, for systemic factors that put pressure on their ability to pay (see Bargaining Bulletin #5). Nevertheless, the StFXAUT has suggested ways of shifting some of the costs associated with our proposals to the latter years of the *Third Collective Agreement*, and we have tabled retirement incentive articles that will produce real savings. What we cannot accept is their version of a financial reality that is purposefully constructed to create a context unfavourable to collective bargaining, nor can we agree to a concessionary contract for the next four years that fails to keep pace with inflation and with the gains being made amongst comparator institutions.

Notes:
1)http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ09d-eng.htm

2)http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2301&lang=en&db=imdb&adm=8&dis=2

3)http://www.rbc.com/economics/quicklink/pdf/economy_can.pdf

4)http://www.bmonesbittburns.com/economics/forecast/ca/cdamodel.pdf

5)http://www.gbm.scotiabank.com/English/bns_econ/forecast.pdf

6)http://www.bankofcanada.ca/monetary-policy-introduction/inflation/