BRIEF

of the

Carleton University Academic Staff Association

In Respect of Final Offer Selection Arbitration

between

the Carleton University Academic Staff Association

and

Carleton University

for the period
May 1, 1996 to April 30, 1997

A. Final Offers Made by the Parties

The Carleton University Academic Staff Association (hereinafter referred to as CUASA or as the Association) represents the interests in collective bargaining of the academic staff (faculty, instructors and professional librarians) of Carleton University.

Changes to the Collective Agreement Agreed by the Parties

Prior to arbitration, the parties had reached agreement on all non-money matters so that only matters of compensation remain in contention. Agreement on the non-money matters reflects a number of concessions by the Association in order to respond to the Employer's argument that the University faces financial problems. These changes include the following:

* the reimposition of mandatory retirement (Article 40.8(e)-(g) of the Collective Agreement)
* teaching workload changes (Article 13.2 of the Collective Agreement)
* reductions in the benefits associated with reduced time provisions for long service employees (Article 13.7 of the Collective Agreement)
* reductions in the benefits associated with short-term reduced time appointments (Article 9.10(c) of the Collective Agreement)
* policy on program redundancy to be determined by Senate (Articles 17 and 30.9 of the Collective Agreement)
* increments lost during the Social Contract period to be permanent (Appendix E of the Collective Agreement).

The precise text governing these changes is contained in Appendix A of this brief.

Financial Compensation

Changes to the financial compensation of academic staff members may be effected in the following categories: (a) scale increases or decreases (an across the board percentage change to salary); (b) the career development increment, CDI (a flat dollar increase); (c) days of unpaid leave where each day corresponds to a salary reduction of about 1/260 = 0.4%; (d) the pension plan: and, (e) health benefits.

The chart below lists the health benefit plans and the current cost sharing arrangements.

Health Benefits Plan	Current Cost Sharing
Extended Health Care (EHC)	Employer pays 100% of the premium
Dental	Employer pays 100% of the premium
Basic Life Insurance (BLI)	Employer pays balance of premium in excess of $8.11 per month
Long Term Disability Insurance	Employee pays 100% of the premium
Out of Province Health Care	Employee pays 100% of the premium

It should be noted that changes to the different categories have different effects. Effecting compensation reduction through scale reductions or reductions to benefits have relatively permanent effects. Effecting compensation reductions through days of unpaid leave achieve a cost-saving to the Employer in one year without reducing base salary.

Table 1 sets out the final offers made by the two parties. The parties propose a one year agreement from May 1, 1996 to April 30, 1997. Both the Association and the Employer propose that the CDI payment should be paid as of May 1, 1996 although the Employer's proposal for a 2.9% scale reduction would reduce the value of the increment from $1990 to $1930 for the maximum increment. Both parties agree on some changes to benefits. Under the Extended Health Care plan a maximum dispensing fee would be set, saving the Employer $6,250 a year. Under the Dental Plan a system of annual rather than bi-annual checkups would be instituted for a saving of $10,000 annually. A further saving under the Dental Plan of $5,750 would accrue from the use of the previous, rather than the current, year's ODA schedule.

The Association's Proposal

The effect of the Association's proposal would be to increase compensation by a modest amount. At the bargaining table, the Employer stated that payment of the CDI would be equivalent to an increase of 2.2% of total compensation. Using the Employer's conversion factor of .931, the CDI is equivalent to an average salary increase of 2.36%, four days of unpaid leave would cost the employee 1.54% of nominal salary and the increase in the cost of benefits to the employee amounts to 0.05% of nominal salary. The average increase in salary for any continuing member of the CUASA unit would amount to (2.36 - 1.54 - 0.05)% = 0.77%. We should be careful to note that this figure is not equivalent to an increase in the Employer's cost with respect to financial compensation. We note in section D that the compensation of the CUASA unit in total will decrease by $7.8 million as a result of members leaving the unit through retirement, voluntary separation, resignation, or other reasons.

The Employer's Proposal

The reductions to financial compensation demanded by the Employer amount to 3.93% of nominal salary. The reduction brought about through the scale reduction and changes to the cost sharing arrangements for benefits produce permanent reductions to base compensation. The effect on any individual of the changes to benefit cost sharing arrangements proposed by the employer are somewhat difficult to gauge as Extended Health Care (EHC) and Dental premium costs vary according to whether a member opts for single or for family coverage. In general, CUASA members choose family coverage. In this case, the annual increase in the premium cost would amount to $937.79 in after-tax dollars (Employer Memorandum, Personnel Department, January 25, 1996 which quotes a monthly rate of $72.75 for EHC and $71.97 for Dental, both rates exclusive of the 8% retail sales tax). With respect to Basic Life Insurance, the increase in cost to a member earning the average salary would be in the region of $19.00 per month. According to figures supplied by the Employer at the table (Memorandum, May 9, 1996), the percentage cost increase of its benefits proposal in total would amount to 1.30% of total compensation (or 1.40% of nominal salary). The desire on the part of the Employer to impose a private duty nursing cap or to insist on generic drugs seems gratuitous in the light of annual savings of only $3,461 and $3,750 respectively (Employer Memorandum, May 9, 1996) .

With respect to pensions, we draw attention to the fact that the Employer will benefit from changes to legislation which have the effect of reducing its contribution to the minimum guarantee fund of the pension plan will be reduced from 2.4% to 1.7%. The saving, according to CUASA's estimate, will be about $350,000 in fiscal 1996/97 with respect to CUASA members or about $700,000 with respect to all members of the pension plan.

As we have noted, CUASA has agreed to proposals which would help alleviate financial difficulties noted by the Employer. CUASA agreed to return to a system of mandatory retirement at age 65 which will save the Employer about $1.5 million in 1996-97. There was also agreement to implement procedures, once approved by the Senate of the University, to allow programs to be declared redundant and academic staff, as a result, to be laid off.

CUASA emphatically rejects any notion that the University faces a crisis. Such loose talk is the product of a system of unimaginative, even incompetent, financial management. The changes sought by the Employer are a consequence of crisis thinking. In the view of the Association, the Employer's proposal is punitive. The Employer is seeking a permanent reduction to financial compensation through scale reductions and benefits changes in response to what is it has termed a short-term cash-flow problem. This problem arises principally from the liability incurred when the Employer voluntarily entered into separation agreements with individual members of the academic staff to decrease the size of the CUASA bargaining unit. In other words, the Employer seeks to have the remaining members of the unit bear immediately the cost of voluntary separation agreements.

The Employer's proposal that CUASA members pay a significantly increased proportion of the cost of health benefits is an intrinsically regressive way to seek compensation reductions as the fixed cost increase weighs more heavily in percentage terms on members at the lower end of the salary distribution. The increase in the family benefit premiums proposed by the Employer for Extended Health Care and Dental coverage amounts to $937.79 or 2.34% of $40,000, 1.44% of $65,000 and 1.04% of $90,000. It should also be noted that premiums would be paid in after- tax dollars. Given marginal tax rates in excess of 50%, the negative effect of the Employer's benefit proposals is approximately doubled.

The Employer is seeking to reduce in a lasting way the financial compensation of CUASA members by a magnitude that is not contemplated elsewhere in the sector. At the bargaining table, the Employer gave two reasons for its demands namely that CUASA members benefited from a financial settlement which took place before the Social Contract was imposed, and that revenue projections and cash-flow projections are unfavourable (ability to pay).

We shall deal with these arguments in turn.

* We shall show that salary settlements at other Ontario

universities over the course of the Social Contract period were broadly comparable to the Carleton settlement.

* We shall show that the Employer has already achieved a permanent salary saving of over $2 million during the Social Contract period and, as a result of voluntary separation of members of the CUASA bargaining unit, will achieve a further permanent saving of $7.8 million annually once the resulting liability has been discharged.

Table 1 Final Offers Made by the Parties

	Association	%of Salary	Employer	% of Salary
Scale	0.00%	0.00%	-2.9%	- 2.90%
Unpaid Leave	4 days	- 1.54%	5 days	- 1.92%
CDI	At current value	+2.36%	Reduced value	+ 2.29%
Benefits				
Extended Health Care	(i)Maximum dispensing fee		(i)Maximum dispensing fee (ii)Generic drugs (iii)Private duty nursing cap (iv)Employer to pay 50% of premium	
Dental	(i)Annual checkups (ii)Previous year's ODA fees		(i)Annual checkups (ii)Previous year's ODA fees (iii)Employer to pay 50% of the premium	
Basic Life Insurance			(i)Employer to pay 50% of current cost to the Employer	
Total Benefits		- 0.05%		- 1.40%
Total		+0.77%		- 3.93%

B. Financial Settlements at Other Ontario Universities

The financial proposals of the parties must be compared to the financial settlements in the sector for 1996-97 as known at the time of writing. It will be seen that CUASA's proposal is less advantageous than any of the financial settlements achieved elsewhere and that the Employer's proposal is significantly less favourable than even the worst settlement of which we know. Table 2 indicates salary settlements for 1996-97 at the six Ontario Universities that had completed bargaining as of July 29, 1996. Information on financial settlements at the various universities is derived from documentation supplied by the respective faculty associations and/or copies of the written agreements.

At Brock, the academic staff will achieve an average increase in salary of 2.5%. This includes a scale increase of 0.5%, an increment (equivalent to the CDI), and a goodwill payment of $600 per member which completely off-sets 2 days of unpaid leave. At Laurentian, academic staff salaries will increase by 1% plus $500 (on average an increase of about 1.1%). Nipissing faculty members will be paid one increment equivalent to an average increase in salary of 2.3%. Academic staff at the University o f Western Ontario will be paid an average increase of 4.1% including a scale increase of 0.75% plus an increment, and merit. At McMaster and Guelph, academic staff will be paid the normal increment and take 3 days of unpaid leave, one day fewer than CUASA proposes.

On average, these six universities have reported salary increases of about 2.0% with no significant changes to benefits. In contrast, at Carleton University, the Employer proposes to reduce total compensation by 3.93% of nominal salary or 5.93% lower than the average of the known settlements elsewhere in the sector. To put the Employer's proposal in perspective, the five of days of unpaid leave by itself implies a settlement lower than any other in the sector this year. No other university has demanded a reduction to scale let alone a regressive increase in the cost of benefits. While the academic staff at other universities will achieve permanent increases to base salary through scale and/or CDIs, academic staff at Carleton are, according to the Employer, expected to absorb a permanent decrease.

In fact, the Employer's final position at Carleton compares unfavourably to the opening offers of employers at other Ontario universities. The University of Toronto originally asked its faculty association for reductions to salary and benefits amounting to 3.5% of nominal salary and has more recently proposed a modest salary increase. As the CDI equivalent will be paid, the original offer from the employer at Toronto stood at approximately -1% of nominal salary. York University management has made the following interim offer: 0% scale increase plus an increment. Algoma University College has proposed to pay the increment together with 0% on scale.

In sum, it is impossible to claim that CUASA is seeking preferential treatment with respect to other comparable bargaining units. All other agreements currently on record will result in higher salary increases than CUASA itself proposes.

Table 2

Financial Settlements at Other Ontario Universities, 1996-97

University	Scale	Days of Unpaid Leave	Increment 1996/97	Benefits	% Change to Average Salary
Western	+0.75	0	YES*	nc	+4.10
Brock	+0.50	2**	YES	nc	+2.50
Nipissing	0	0	YES	nc	+2.30
Laurentian	1.10	0	NO	nc	+1.10
Guelph	0	3	YES	nc	+1.00
McMaster	0	3	YES	nc	+1.00
CUASA Proposal	0	4	+2.36	-0.05	+0.77
Employer Proposal	-2.90	5	+2.29	-1.40	-3.93

N.B. nc denotes no significant change
* Includes merit
**Offset by one-time payment

Source: Signed Agreements and reports from the Faculty Associations cited.

Changes to Financial Compensation during the Social Contract Period in the Ontario Universities

The employer has argued at the bargaining table that CUASA members are obliged to suffer greater reductions to financial compensation as they benefited uniquely from a salary settlement which took effect in 1993 before the Social Contract was imposed.

In 1991 the parties concluded a three year agreement with respect to the period May 1, 1991 to April 30 1994. As of April 30, 1993, the agreement provided for a CDI as well as a scale increase equal to the average increase in the CPI for Ottawa for the twelve months preceding January 1, 1993 plus 1.0%. In the event, the scale increase amounted to

2.4%. The Social Contract Act, 1993 was introduced in the Legislature of the Province of Ontario on June 14, 1993. Thus, the scheduled increase according to the Collective Agreement took effect on April 30, 1993. The practice at other Ontario Universities varied considerably. The relevant comparison with other Ontario Universities is shown in Table 3. It is readily apparent from the table that academic staff were subject to a wide variety of circumstances. Carleton was one of four universities in the Province to pay a scale increase going into the Social Contract period. Carleton was one of nine universities to pay at least one step increment (CDI or equivalent) during the period. CUASA members took 15 days of unpaid leave during the three year period compared to the provincial average for the sector of 10 days. Carleton was one of 10 universities at which the academic staff achieved an increase to base salary at the end of the period. Together these universities make up close to 70% of the academic staff members in the Province. In short, the financial implications of the Social Contract for CUASA members were broadly comparable to what was experienced by the majority of academics in the Province.

Moreover, the increase in base salary at the beginning of the period merely restored the position of CUASA members in terms of the proportion of the operating budget devoted to academic staff compensation. Table 4 shows that academic staff compensation tended to fall during the 1980s as a percentage of total operating expenses. Therefore, the net effect of the increase to salary prior to the Social Contract was that academic staff compensation took up the same proportion of the budget during the Social Contract period as it had a decade earlier. By 1994-95, the proportion had started to fall again.

It is extremely important to note that the total salary cost of the CUASA bargaining unit decreased rather than increased during the Social Contract period. The scale increase of 2.4% plus a CDI (at that time approximately equal to an average increase of 2.2%) listed in Table 3 might imply an across the board increase in salary at the end of the period of 4.6%. In fact, the annualized cost of the CUASA bargaining unit decreased by over $2 million, or about 4%, over the period April 30, 1993 to April 30, 1996. According to dues payments reported by the Employer, CUASA members in fiscal 1992/93 (May to April) were paid a total of $54.3 million compared to $52.2 million calculated from the same source as of April 30, 1996. This was presumably because the number of members in the unit went down from 754 (as of April 30, 1993) to 734 (as of April 30,

1996) and those members leaving the unit for whatever reason (retirement, resignation, voluntary separation or death), whether replaced or not, were likely to have been the more highly paid.

In short, contrary to the Employer's rhetoric in bargaining, the financial cost of the CUASA unit was actually lower at the end of the Social Contract period than at the beginning. .

Table 3

Changes to Average Compensation over the Social Contract Period (June 14, 1993 to March 30, 1996) at each Ontario University

University	Scale	Increments	Days of Unpaid Leave	Average Increase to Individual Salary
Algoma	0%	1.5	9.0	1.5 CDIs
Brock	0%	0	6.0	0%
Carleton	2.4%	1.0	15.0	2.4% plus 1 CDI
Guelph	0%	0	9.0	0%
Huron	0%	0	max 8.0	0%
Kings	0%	0	6.0	0%
Laurentian	0%	0	6.5	0%
McMaster	0%	1.72	0.0	1.72 CDIs
Nipissing	0%	0	12.0	0%
OCA	0%	1	25.5	0%
OISE	0%	0	36.0	0%
Ottawa	0%	1	9.75	1 CDI
Queen s	3.0%	0	13.7	3%
Ryerson	0%	0	14.5	0%
Toronto	0%	2	6.0	2 CDIs
Trent	0%	3	21.0	3 CDIs
Waterloo	0%	2	11.0	2 CDIs
WLU	1.2%	2	5.0	1.2% plus 2 CDIs
Western	0%	0	15.5	0%
Windsor	0%	0	0.0	0%
York	1.58%	0	0.0	1.58%

Source: CAUT Survey

Table 4

Academic Salaries as a Percentage of Operating Expenses 1983/4 to 1994/95

Year	Percentage

1983/84	38.2
1984/85	39.1
1985/86	37.8
1986/87	37.3
1987/88	37.1
1988/89	37.8
1989/90	37.9
1990/91	37.0
1991/92	36.2
1992/93	36.6
1993/94	38.4
1994/95	37.5

Source: Carleton University Statistical Report #204, Office of Budget Planning: Distribution of Expenditure and Distribution of Operating Income Carleton University, Table A

C. Ability to Pay

The Employer has sought to establish that it cannot pay compensation increases of any magnitude because of a 15% reduction in the Provincial grant and because of the liability incurred when the Employer entered into voluntary separation agreements with now retired CUASA members. On the matter of revenue, we note that every university in the Province of Ontario was subjected to the same percentage reduction in provincial grant and that Carleton, like all Ontario universities, has chosen to increase tuition fees by the 20%.

We should note that CUASA was not consulted by the Employer when it decided to make use of voluntary separation. Article 22.5 of the Collective Agreement specifies that voluntary separation is not a right but a benefit which the employer may or may not confer at its discretion. Hence, the liability incurred through the granting of voluntary separation agreements was entirely at the discretion of the Employer. CUASA consistently argued at the bargaining table that the cost of voluntary separations must be amortized over a reasonable period of time, a procedure followed by the University of Guelph when it entered into voluntary separation agreements with some 70 members of its academic staff. The Employer has either feigned ignorance of amortization or has simply insisted that the liability be immediately discharged.

Given sensible financial management, the Employer clearly has the ability to pay for CUASA's compensation proposal. Our position will be justified by reference to reductions to compensation because of retirements, including voluntary separations, resignations and other reasons, and to the amortization of the liability associated with voluntary separation.

Decreases in CUASA Bargaining Unit Total Compensation from Actual and Scheduled Departures During 1996/97

At the bargaining table, the Employer gave the salary base of the CUASA bargaining unit as $49.532 million as of April 30, 1996. The Employer also stated that benefits amounted to an additional 20% of this total. This put the total compensation of the CUASA bargaining unit as of April 30, 1996 at $59.438 million.

On July 1, 1996 because of retirements, voluntary separations, resignations, tenure denial and leaves of absence, total compensation of the CUASA bargaining unit decreased by at least $7 million (compared to the April 30, 1996 base). Total compensation of the CUASA unit will further decrease by $0.3 million on September 1, 1996 and by $0.5 million on January 1, 1997 because of additional voluntary separations. Thus, the compensation base of the CUASA bargaining unit will decrease by 13.1% ($7.8 million/$59.438 million) through retirement, voluntary separations, etc., during 1996/97. This effect on its own more than compensates for the 9.1% reduction in 1996/97 operating revenue.

Employer Estimates of 1996/97 Operating Income

According to figures supplied by the Employer at the bargaining table, the total operating income of the University will decrease by 9.1% from $144 million in 1995/96 to $131 million in 1996/97. Were we to apply a corresponding 9.1% decrease to the CUASA unit, total compensation would be reduced by $5.366 million from $59.438 million to $54.072 million. We shall show in the following sections that the Employer's proposal implies a reduction of $9.690 million or 16.3%, in short a compensation reduction nearly double the reduction in revenue.

Effects of the Two Proposals on CUASA Bargaining Unit Total Compensation

The CUASA proposal implies the following percentage changes in relation to average nominal salary: benefits, -0.05%; 4 unpaid days of leave, -1.54%; and CDI, +2.36%. The resulting change to nominal salaries would be +0.77%. Using the conversion factor, 0.931, the resulting change to total compensation of the CUASA bargaining unit would be +0.72%.

The corresponding changes proposed by the Employer are as follows: benefits, -1.40%; 5 days of unpaid leave, -1.92%; salary scale reduction, -2.90%; and CDI, +2.29%. The resulting reduction with respect to average nominal salary would be -3.93%. The resulting change to total compensation of the CUASA bargaining unit would be -3.66%.

Actual CUASA Bargaining Unit Total Compensation Under the Two Proposals

As of January 1, 1997 the CUASA bargaining unit total compensation under the Association proposal would be $52.010 million:

$$(1 + 0.72\%) \times \$(59.438 - 7.8) \text{ million}$$

This is a reduction of $7.428 million, or 12.5%,with respect to total compensation of $59.438 million as of April 30, 1996. The percentage reduction to total compensation under the CUASA proposal is therefore significantly greater than the reduction to operating income of 9.1%.

Under the Employer proposal, the CUASA bargaining unit total compensation would be $49.748 million as of January 1, 1997:

$$(1 - 3.66\%) \times \$(59.438 - 7.8) \text{ million}$$

This is a reduction of $9.690 million, or 16.3%, from the corresponding figure of $59.438 million as of April 30, 1996.

Balance Between CUASA Compensation and Operating Income During the 1996/97 Fiscal Year Under the Association Proposal

As previously stated, a decrease in total compensation for the CUASA bargaining unit equal to the decrease in total revenue forecast by the Employer would result in annual total compensation of:

$$(\$131 \text{ million}/\$144 \text{ million}) \times \$59.438 \text{ million} = \$54.072 \text{ million}$$

or $4.51 million monthly.

The number of individuals in the unit will decrease on July 1, 1996, again on September 1, 1996 and again on January 1, 1997. Hence, under the CUASA proposal, the total monthly compensation of the unit would be:

a) $4.99 million per month during the period from May 1 to June 30, 1996:

(1/12) x (1 + 0.72%) x $(59.438) million;

b) $4.40 million per month during the period from July 1 to August 31, 1996:

(1/12) x (1 + 0.72%) x $(59.438 - 7.0) million;

c) $4.38 million per month during the period from September 1 to December 31, 1996:

(1/12) x (1 + 0.72%) x $(59.438 - 7.0 - 0.3) million;

d) $4.34 million per month during the period from January 1 to April 30, 1997:

(1/12) x (1 + 0.72%) x $(59.438 - 7.0 - 0.3 - 0.5) million.

Thus, between May 1 and June 30, 1996, monthly total compensation would be greater than the figure of $4.51 million per month if total compensation were held constant as a percentage of operating income. The resulting shortfall over these two months would be $0.97 million. Thereafter, however, the monthly total compensation would be less than $4.51 million per month. As a result, the original $0.97 million shortfall would be recouped by the middle of February, 1997 (See Figure 1). At this point the Employer would begin to realize savings at the rate of $0.17 million per month -- i.e., the difference between $4.51 and $4.34 million. This ongoing saving of $0.17 million per month will amount to an annual savings rate of $2.06 million.

Amortization of the Voluntary Separation Payouts

According to figures supplied by the Employer at the bargaining table, payouts would be $6.2 million for the 41 members of the bargaining unit taking voluntary separation on July 1, 1996, $0.4 million for the three members taking voluntary separation as of September 1, 1996, and $1.1 million for the five members taking voluntary separation as of January 1, 1997. These payouts total $7.7 million.

The increase of 0.72% in total compensation implied by the Association proposal, together with the scheduled decreases in total compensation resulting from voluntary separation and other terminations in 1996/97, provide the employer with sufficient financial flexibility to amortize the payouts over a very short period of time.

At an ongoing saving of $2.06 million per year, and assuming a relatively high 10% borrowing rate (surely higher than what the university would actually be required to pay), the $7.7 million voluntary separation payouts may be amortized in less than five years.

Summary of the Argument with Respect to Ability to Pay

In summary, CUASA's argument that the university has the ability to pay for CUASA's 1996/97 compensation proposal is based on the following points:

*the Employer forecasts a 9.1% decrease in total operating income for 1996/97.
*retirements, voluntary separations, resignations, tenure denial and leaves of absence already scheduled for the 1996/97 fiscal year will alone decrease CUASA bargaining unit total compensation at April 30, 1996 rates by 13.1%.
*the financial flexibility resulting from the difference between these two figures provides the university the ability both:

a) to pay for the compensation changes proposed by CUASA; and
b) to amortize the required voluntary separation payouts over a very short period of time.

This argument is augmented by two other important points:

* CUASA's proposal is very modest when put in the context of settlements and employer offers at other Ontario universities for 1996/97; and,

* as we outline in the next section, the university expects to raise an average of $7 million per year over the next 5 years in external donor funding over and above its operating revenues.

D. Academic Staff as the Human Capital of the University

The Employer has consistently argued at the bargaining table that academic staff compensation constitutes a variable cost rather than an investment in a resource with a permanent asset value. Hence, the Employer views it as appropriate to amortize the cost of new physical assets (infrastructure projects) but refuses to amortize the cost of voluntary separation -- which is, in reality, a one-time cost of modifying the collective asset value of the university's intellectual capital.

It is CUASA's position that the academic staff constitute the core intellectual capital of Carleton University. Typically hired after more than 12 years of post-secondary training, academic staff commonly remain with the university for 30 years or longer. Thus, academic staff should be managed financially as a long term asset, not as a variable cost.

The tradition of accounting for labour as a variable cost has its origins in manufacturing organizations which hired and laid off unskilled and semi-skilled workers as the demand for production rose and fell. This tradition is now considered inappropriate for even this type of organization where a stable, skilled and highly trained labour force is increasingly seen as a key competitive, long-term resource.

The view of labour as a long term asset is particularly applicable to a university, especially given the technological advances of the 1990s. Telecommunications technology is decreasing the importance of the physical capital of universities (buildings and grounds) and increasing the importance of their intellectual capital. Universities are increasing their market scope, competing in a wide variety of geographically dispersed markets, with less and less dependence on their physical assets.

These remarks are of particular relevance to the situation at Carleton. With recent decreases in enrollment, there is now a surplus of building space on campus. As a consequence, Carleton's physical assets have become more an issue of operation and maintenance and less an issue of investment and long term financing.

Viewing the academic staff at Carleton as a key long term asset has two principal consequences for the points here at issue: the amortization of voluntary severance payments, and the focus and allocation of external fundraising.

Amortization of voluntary severance payment

Through voluntary separation of members of the academic staff, Carleton University has engaged in a one time adjustment in its academic staff. More than 85 academic staff members have left or are scheduled to leave the university during the 1996/97 fiscal year as a result of voluntary separation, resignation, tenure denial, leave of absence and retirement. This is more than 11% of the academic staff complement. According to the Employer at the bargaining table, there will be no more than 5 academic staff replacements over the same period. The liability incurred through voluntary separation of academic staff for the fiscal year amounts to $7.7 million. This sum should be considered as a one time write down of a long term asset and amortized over a sensible period of time. As we have noted, the University of Guelph provides an appropriate reference point; in a similar circumstance in 1994/95 they chose to amortize voluntary separation payments over a 10 year period.

The approach to voluntary separation payments proposed by the Employer is not appropriate. It wishes to pay for the voluntary separation by reducing the salary and benefits of those academic staff who remain at the university in a way that generates cash savings in advance of the actual cash disbursements.

Focus and allocation of external funding

The Employer has stated at the bargaining table that the external fundraising operation of the university will generate $7 million per year over the next 5 years from external donor agencies, i.e., a total of $35 million over and above the income expected from government grants and tuition fees.

In the past, funds raised in this way have been used on investment in physical assets such as buildings. Such uses are now entirely inappropriate. Moreover, too often in the past funds raised from external donor agencies have been used to put in place physical assets with inadequate allocation for the future financial encumbrances that these assets represent in terms of recurring costs (operations and maintenance).

Given the present excess of space on campus, and given the fact that academic staff constitute the core intellectual capital of the university, we argue that a significant portion of the $35 million that the university management forecasts from its external fund raising operation over the next 5 years should be used to build and maintain its academic staff.

E. Conclusions

We have shown that the Association s proposal is likely to result in one of poorest settlements in the Province in the current round of bargaining. We have shown that CUASA members reaped no undue benefit from a salary settlement immediately prior to the Social Contract. Most importantly, we have shown that the Employer has the ability to pay what CUASA has proposed by way of a financial settlement. The Employer s proposal is based on the false assumption that academic staff represent a drain on financial resources rather than an investment to be appropriately sustained. The management of the University wishes to avoid any hard thinking about financial problems. They wish to have the academic staff pay down the short- term liability derived from voluntary separation agreements through long-term reductions to financial compensation.

The Employer at the bargaining table and in the media has spoken of a financial crisis at Carleton. We believe that the University has a financial problem which will yield to sound financial management and a little imagination, investing in people rather than buildings and ill-advised mega-projects. To say this is not to indulge in mere rhetoric. In recent years, financial decisions by the Employer have resulted in the loss of large sums of money. An abortive ground water project is estimated to have cost over $6 million of which the Employer admitted at the bargaining table that over $5 million had been wasted. Student housing was built by taking out a long-term mortgage at a rate of interest around twice the current market rate. The Employer has borrowed $8.3 million to fund the Carleton University Training and Technology Centre and the Carleton University Development Corporation originally associated with the Centre. On the Employer's current projections it is unlikely that this "investment" will generate one penny of return.

While Carleton has experienced enrollment problems in the last two years (after years of strong growth), the fact remains that post-secondary education in a rapidly changing economy will continue to be a growth industry. The example of Queen s University is instructive. Queen s is operating a graduate business program, funded entirely from tuition fees, that has facilities in the City of Ottawa. It is not beyond Carleton to develop programs which will have this sort of appeal which will allow the University to compete effectively across Canada. A necessary condition for this sort of development is that the Employer considers its first rate academic staff as an investment and compensates them accordingly.

Appendix A: Text of the Memorandum of Settlement

9.1 (b) (ii) All new or vacant positions at any of the four librarian ranks shall be first advertised internally to all librarian members of the

bargaining unit which shall include employees of Carleton University who
have previously been professional librarian members of the bargaining unit. However, for term positions for internal and external advertisements may appear simultaneously.

9.6 (e) When a temporary replacement is made for a professional librarian
employee on sabbatical or leave for a period in excess of sixteen (16) weeks in accordance with 9.6(d), any such replacement shall be a fully qualified professional librarian.

9.9 (b) Letters of appointment shall be signed by the President. Such letters shall state clearly the length and terms and conditions of appointment including rank and department to which the appointee is assigned, the category of appointment, salary, any conditions attached to
the appointment, sabbatical entitlement, if any, under the provisions of
Article 21.1(e), and whether or not the appointment is a replacement.

9.10 (c) Unless prohibited by agreement with the carrier(s), the employer
shall provide a reduced-time appointee with the same benefits and coverage
as specified in Article 40 for employees and shall, where applicable, contribute to the cost of these plans on the basis of actual salary.

(iv) For the purpose of the Minimum Guarantee as defined in the text of the Carleton University Retirement Plan, the employee's full-time
nominal salary shall be used to calculate the average of the best five (5)
years' of earnings.

10.2 (b) The dean shall inform the chairperson of all members of the department who should be automatically considered for promotion. It shall
be the responsibility of the appropriate committee to assist the chairperson in the preparation of the list of all those in the department
who should be automatically considered for promotion and in the obtaining
and examination of all relevant information and in ensuring the curriculum
vitae are current, complete and correct.

10.5 (a) (v) The PAC shall reach a decision by majority vote. If the decision is to uphold the appeal, either on procedural or substantive grounds, the PAC shall decide whether to refer the matter back to the University Promotions Committee for reconsideration, or whether a de novo
consideration of a candidate is required. If a de novo consideration is
required the matter shall be referred to a differently constituted University Promotions Committee, the composition of which shall be determined by the PAC.

11.3 (a) Professional librarian employees holding preliminary appointments shall be considered for confirmation six (6) months before the end of the second year of an initial preliminary appointment. However, a librarian employee who holds a preliminary appointment subsequent to a term appointment shall be eligible for consideration in accordance with Article 37.7 (Term Appointments). A professional librarian employee working a reduced workload at pro- rated pay shall earn credit toward confirmation on a pro-rated basis but shall be eligible for early consideration.

12.2 (d) For preliminary appointees, evidence of ability for, or achievement in, research or scholarship may be rewarded by accelerated progress in confirmation or promotion or, if provided for by plans in force at the time, career development or other salary increments.

12.3 (b) (iv) An instructor employee working a reduced workload at pro-rated pay shall earn credit toward confirmation on a pro-rated basis.

13.2 Teaching Workload of Faculty Employees

(d) (ii) Where an employee's performance in research/scholarship, as assessed pursuant to Article 41.3(a), is substantially below the norm and has been so for at least five (5) consecutive years, the dean may assign the employee more than the normal teaching load for the employee's department. Such additional assignment shall not exceed one full-course equivalent in any academic year. This assignment shall be formalized in writing by the dean, and shall be included in the employee's dossier for promotion, career development and achievement award assessments.

13.7 Early Retirement Transition Provisions for Long-Service Employees

(a) Notwithstanding the provisions of Article 13.6(a) and 9. 10(a)(iv) of the Agreement, any employee between age 55 and 63 and with 10 or more years of full-time equivalent service at Carleton University who wishes to retire early is entitled to, and may apply for, a special reduced-time arrangement on the basis of the provisions set out below:

(i) - (vi) as in 1991 agreement

13.7 (a) (vii) Unless prohibited by agreement with the carrier(s), the employer shall provide a reduced-time appointee with the same benefits and coverage as specified in Article 40 for employees (except for the Carleton University Retirement Plan) and shall, where applicable, contribute to the cost of these plans on the basis of nominal full- time salary.

(1) For the Carleton University Retirement Plan, the reduced-time appointee shall contribute at the rate of 6% of his/her actual salary.

(2) The employer shall contribute to the plan at the rate of 6% of the reduced- time employee's nominal salary, plus an amount equal to the difference between 6% of the employee's nominal salary and 6% of his/her actual salary.

(3) Full credited service shall be granted to the reduced-time employee for each year of reduced-time service.

(4) For the purposes of the Minimum Guarantee as defined in the text of the Carleton University Retirement Plan, the employee's full-time nominal salary shall be used to calculate the average of the best five (5) years' earnings.

(5) Where federal tax rulings prohibit the provision of benefits set out above through the Carleton University Retirement Plan, the employer shall, where possible, provide an equivalent benefit by means of a non-registered vehicle, subject to the approval of Revenue Canada.

(viii) All other terms and conditions of employment shall comply with the provisions of Article 9.10 of this collective agreement, except as superseded by specific provisions of the present Article.

13.7 (b) This special reduced-time arrangement is conditional on the employee agreeing to retire early as follows:

reduced time at age 55 or 56 - retire at or before age 60
reduced-time at age 57 or 58 - retire at or before age 61
reduced-time at age 59 or 60 - retire at or before age 62
reduced-time at age 61 or 62 - retire at or before age 63
reduced-time at age 63 - retire at age 64

(c) Renumber (b)

15.7 (e) The parties agree that, upon request, each employee shall supply a copy of an updated c.v. each academic year in a format agreed by the parties.

16.5 (d) Where a document pertaining to an employee's performance or to a disciplinary matter, and which has not already been sent to the employee, is to be added to the employee's file held in the office of the Vice-President (Academic), the relevant Dean or Director, or the University Librarian, a copy shall, subject to any confidentiality restrictions set out in this Collective Agreement, be sent to the employee.

Article 17: Financial Stringency and Program Redundancy

17.1 (a) Subject to Article 17.12 below, in light of the parties' recognition of the primacy of the University's academic mission and in light of their desire to preserve the academic integrity of Carleton University, the Board of Governors shall not declare a state of financial stringency and/or initiate lay-offs of a member or members of the bargaining unit except on reasonable financial grounds and after rigorous economies have been introduced in all sectors of the University.

17.8 (c) Notwithstanding the preceding, individuals fifty-five (55) years of age and older shall have the choice of applying, the provisions of Article 22.5 or Article 40 (early retirement) in place of the provisions specified in Article 17.8(a) above.

17.12 The parties agree that Senate shall be requested to discuss the matter of program redundancy. The parties agree to implement any resolution(s) of Senate on redundancy matters by memorandum of agreement to be negotiated and approved by JCAA within one month of Senate's resolution(s), for ratification by the parties and incorporation into the collective agreement. If the parties fail to agree within one month of Senate's resolution(s), then the following provision shall apply, mutatis mutandis, to any lay-offs for reasons of program redundancy: Part VI through IX of the Financial Stringency Document, and Article 17.6, Article 17.7, Article 17.8 of the Collective Agreement. In the event that the procedures referenced in Part VI through IX of the Financial Stringency Document are not completed after two months, then Article 17.10(e) shall apply mutatis mutandis.

22.6 The employer recognizes the need to provide ergonomically suitable furniture to be used in connection with carrying out the duties of academic staff members.

(a) Workstations shall comply with the standards listed in Appendix D.1 of the Personnel Policy Manual.

(b) Members of the academic staff who use computer equipment to carry out their duties as academics shall be provided with ergonomically suitable furniture to accommodate computer equipment.

(c) Timetable for upgrading existing workstations:

(i) The employer will give first priority to the upgrading of workstations in response to requests from employees with disabilities, where such requests are accompanied by satisfactory documentation;

(ii) the parties agree to a goal of upgrading all workstations within five (5) years on the basis of recommendations from each department;

(iii) should the cost of implementing (i) above be less than $25,000 in the 1996-97 contract year, the balance shall be used to implement the provisions of (ii) above and the employer agrees to provide up to $25,000 in each subsequent year for the implementation of (ii) above.

(f) The JCAA will monitor the implementation of this Article.

30.9 Exclusions from the Grievance Procedure

(a) Recognizing that certain review procedures involving complex forms of academic peer judgement have evolved out of continuous practical experience, the parties agree that the grievance procedures under this Article shall not be available for resolution of disputes, exclusively concerned with employment equity appointments (Article 9.3); faculty promotion (Articles 10.1 - 10.4), renewal of preliminary faculty appointments (Article 6.2(a)), tenure (Article 6.2(a)), lay-offs (Article 17.4, 17.5, 17.6, 17.10, 17.12 and the Document on the Release of Teaching Staff in Times of Financial Stringency, Appendix D to the Collective Agreement), and dismissal for cause of faculty employees (Article 6.2(a)), professional librarian employees (Article 11.4), instructor employees (Article 12.5), except where the employee or the Association alleges violation of Academic Freedom under Article 4, or discrimination under Article 5 of this Collective Agreement, or except where the employee or the Association alleges that a violation of the procedures established in

Article 10 or under the Senate/Board document entitled Procedures Concerning Tenure, Dismissal and Related Matters, as approved by the Board of Governors on the 27th June, 1972 and as amended by the Board of Governors on the 4th October, 1972, and as modified by this Collective Agreement has occurred.

40.2 (e) The cost of premiums for the Accidental Death and Dismemberment Insurance and Travel Assistance Care Plan shall be borne wholly by employees.

40.8 The Carleton University Retirement Plan

(a) The parties agree that the Carleton University Retirement Plan in effect as of April 30th, 1996, shall continue for the term of this Agreement, except that if the Plan is amended to modify the employer's obligation to fund the minimum guarantee fund beyond actuarial requirements, that amendment will take effect as provided by the amended plan.

(e)-(g) DELETED

Article 41: CDI

41.3 Criteria

(a) (viii) For faculty who have been assigned additional teaching workload pursuant to Article 13.2(d)(ii), performance at the norm in teaching shall be sufficient to ensure a career development increment.

APPENDIX 3: SALARY RATIONALISATION

3.6 Faculty Salary Rationalization Tables

(c) The various lines appearing on the "Full CDI's" vs. "Years Since First Degree" diagram have the following properties:

(i) the Standard Line consists of two straight lines, the first having unit slope and joining the points (8,0) and (28,20), and the second having slope 2/3 and joining the points (28,20) and (43,30).

(ii) the Lower Limit lines all have slope 1/2 and intercept their respective floors at
x = 11 for assistant professors
x = 16 for associate professors
x = 25 for full professors
where x is "Years Since First Degree";

3.7 Professional Librarian Salary Rationalization Tables

(c) The various lines appearing on the attached diagram have the following properties:

(i) the Standard Line consists of two straight lines, the first
having unit slope and joining the points (5,0) and (25,20), and the second
having slope 2/3 and joining the points (25,20) and (40,30).

3.8 Instructor Salary Rationalisation Tables

(c) The various lines appearing on the attached diagram have the following properties:

(i) the Standard Line consists of three straight lines, the first
having zero slope and joining the points (0,0) and (2,0), the second
having unit slope and joining the points (2,0) and (22,20), and the third
having slope 2/3 and joining the points (22,20) and (37,30).