

MEMORANDUM

To: Members of the Provost Advisory Committee on Staff Compensation (PACSC)
From: James W E. Rush, Vice-President, Academic and Provost
Re: Response to PACSC memo of August 14, 2023 and direction on Staff Salary Adjustment
Date: September 14, 2023

Thank You for your memo dated August 14, 2023 on the topic of the status of the PACSC's consideration of recommendations further to Article 9 from the staff compensation recommendation for 2021-2024. As you know, this clause reads: *During the Term, the university commits to review the provisions of this agreement should Ontario legislation change with respect to annual salary increase maximums and/or if compensation changes occur for other UW pay groups that could benefit staff.* This clause was pro-actively activated by the University in order to make adjustments in light of scale increase constraints that were in place in the 2021-2024 agreement due to Bill 124, which has subsequently been found to be void and of no effect. PACSC was asked to make recommendations to me on such adjustments.

I understand that, prior to meeting as a full committee, a series of preliminary conversations occurred between the President of the University of Waterloo Staff Association and the University's Vice President Administration and Finance and Interim Chief Human Resources Officer. These preliminary conversations spanned the period of May-June during which some terms of a possible plan were discussed, including the value of a lump sum which the University increased as a result of these conversations.

Subsequent to the preliminary conversations, I understand that four full meetings of PACSC have occurred (June 23, July 5, August 1 and 14), and that between the June 23 and July 5 meetings the lump sum term of the proposal was further increased by the University. This resulted in the terms articulated in what PACSC refers to as the 'Staff Salary Increase Plan' proposal that PACSC discussed and considered at its subsequent meetings.

For clarity the terms of this Staff Salary Increase Plan proposal are:

Eligible Employees actively employed May 1, 2021:

- Phase One: A first adjustment of 2% of base salary as of April 30, 2023.
- Phase Two: In addition to the May 1, 2023, normal salary conversion already processed, an additional 1% which will be included on top of the Phase One adjustment to give new annual salary.
- One-time lump sum payment of \$1750 to each eligible employee.

Eligible Employees actively employed as of May 1, 2022, but not on May 1, 2021:

- Phase One: A first adjustment of 1% of base salary as of April 30, 2023.
- Phase Two: In addition to the May 1, 2023, normal salary conversion already processed, an additional 1% which will be included on top of the Phase One adjustment to give new annual salary.
- One-time lump sum payment of \$875 to each eligible employee.

I also understand that over the course of three further full PACSC meetings (July 5, August 1 and 14), no further changes have been agreed to, and that ultimately a final vote on the motion: *That the Provost's Advisory Committee on Staff Compensation recommend to the Provost the Staff Salary Increase Plan as presented in the briefing note* (containing the terms indicated above), conducted at the final meeting on August 14, 2023, was split equally between yeas and nays. Thus, PACSC is not able to make a recommendation to me. Rather, PACSC has shared the plan that was voted on, the results of the vote, and a summary of key points and concerns related to the 'Staff Salary Increase Plan', raised by some members of the Committee.

I have reviewed and analysed: the timeline of PACSC activities; the 'Staff Salary Increase Plan' proposal; the terms of the already agreed-to settlement of the re-opener clause with the FAUW; Institutional data related to salary distribution of staff and faculty; as well as the key points and concerns raised in the PACSC memo of August 14, 2023. I have also reviewed Policy 5, the PACSC Terms of Reference, and my own responsibilities and accountabilities.

I have determined that because of the long timeline that has elapsed since discussions began, and the lack of any progress during the latter three meetings of PACSC, that it would be unproductive for me to direct PACSC to reconvene to continue to discuss this issue.

In cases such as the present one where PACSC is unable to make a recommendation, the default position would be that no changes to the current arrangements would be made. However, that would be unfair to staff who deserve to have adjustments made given the change to Bill 124 status, and would be against the University's desire to make fair adjustments as expressed in Article 9 of the Staff Compensation recommendation-2021-2024, and the University proactively convening a process to enact changes.

Thus, I have undertaken the following actions:

1. I have recommended to President Goel that the terms indicated above in this memo (and indicated in the 'Staff Salary Increase Plan' proposal that was being considered at PACSC) be implemented to fully settle Article 9 of the Staff Compensation recommendation of 2021-2024. President Goel has approved this course of action as part of the authority and responsibility to do so delegated to him by UW Board of Governors (June 22, 2023).
2. I have directed that preparations be made by Human Resources and Payroll such that the terms indicated above in this memo (and indicated in the 'Staff Salary Increase Plan' proposal that was being considered at PACSC) can be implemented as soon as logistically possible through payroll.

This is a fair and equitable offer, aligning with the settlement that was agreed to with FAUW. It includes the same base pay % changes as in the UW agreement with FAUW. It includes a lump sum, one time payment, as was also included in the UW agreement with FAUW. The absolute value of the lump sum payment is lower in the current plan than that in the FAUW agreement, but this is a function of the relative value of average salaries in the two groups. The May 2023 median FAUW faculty salary prior to Bill 124 re-opener adjustment was \$173,600, whereas the median UWSA salary was \$87,000. Thus, the relative value of the lump sum payment is actually higher in the Plan offered to staff at PACSC (2.01% for UWSA vs 1.44% for faculty). A \$1250 lump sum payment would produce a 1.44% value for UWSA, while a \$1,750 lump sum payment was ultimately offered in the Plan. As referenced above, this increase in lump sum payment value resulted from UWSA advocacy during the series of discussions prior to the PACSC meeting series, and at and after the June 23, 2023 PACSC meeting.

Regarding other expressed concerns, the process of the Bill 124 re-opener clause discussion was undertaken to focus on addressing scale changes previously constrained by Bill 124, and did not include the scope to explore broader issues that would be part of a new full compensation agreement discussion such as external comparative salary analyses and findings of studies that have been performed since the last agreement. Effects of Bill 124 revised salaries is only one of many factors causing employment and budget planning pressures in the current Ontario University funding and employment environment.

I remind the PACSC that a new round of discussions for a new Staff Compensation Recommendation agreement is about to begin, as the end date of the current agreement is April 30, 2024. That process is the appropriate venue in which to raise broader issues for consideration for the years ahead.

Further updates will be provided to the community.