

SFUFA Bargaining Bulletin 2

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What is PSEC and what impact does it have on our negotiations?

CAUTION – depressing reading ahead.

It has been well over a decade since free collective bargaining has taken place between SFUFA and the University. In its place, there have been unilateral dictates on across-the-board increases “allowed” in the public sector. As you saw in the first bulletin, this has led to an erosion of our salaries relative to our peers.

In this bulletin, Robert Clift provides background on this mysterious body – a depressing read. This article first appeared in the UBC bargaining bulletins.

Under Daddy's Thumb: Bargaining in the Public Sector

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Stripped of its technical details, bargaining is about creating and maintaining a relationship. The two sides need each other, and the negotiation of a contract is the ritual by which they determine how they're going to get along for years to come. Such mutual dependence is difficult enough to manage between two people. But when one of them is continually on a cell phone trying to make sure the ambitions of an overweening parent are satisfied, it is a recipe for dysfunction. University administrators and faculty associations have been following this recipe for the past 18 years.

In this case, the overweening parent is the Public Sector Employers' Council (PSEC). Established in 1993 by the then NDP government, the legislated purposes of PSEC are to ensure coordination of human resource policies and collective bargaining activities among public sector employers and to improve communication and coordination between public sector employers and employee groups.

From its inception, the Council's mandate has included a form of wage controls, which is currently known as the “bargaining mandate”. The bargaining mandates given to public sector employers always include a general limit on growth in wage and benefit costs (e.g. 0% growth on total compensation) and sometimes include more specific directives. Over time, the range of items covered by PSEC's bargaining mandates has expanded to include virtually everything that has a cost implication.

These bargaining mandates have no legal status. If a public sector employer were to ignore them and sign an agreement with an employee group that exceeded the mandate, the employer would not be hauled up in front of a judge to face the consequences of violating provincial law. Rather, Daddy, in the form of the Minister of Finance, could withhold a portion of the willful child's allowance, in the form of the government operating grant.

As is the case with other dysfunctional families, Daddy's determination of what is appropriate is somewhat arbitrary.

For NDP governments, social equity was the primary factor in determining the bargaining mandates. Under that regime, university faculty were considered privileged, undeserving of Daddy's generosity.

For Liberal governments, labour market considerations have played the largest role. They have at times benefited university faculty, such as in the 2006-2010 agreement when all faculty members received a market adjustment on top of the across the board increases received by all public sector employees. But they've also been a source of irritation, such as when Daddy has authorized salary increases for specific classes of faculty members under the banner of "market considerations."

The net result of these somewhat arbitrary distinctions by successive governments is that faculty salaries have lost ground to inflation.

In 1993/94, the average starting salary for an assistant professor at a BC public university was about \$50,000. If, for the next 18 years, that assistant professor received only the across the board salary increases given to all faculty members, today she/he would earn \$63,120, an increase of 26%. If that assistant professor's salary had increased by the annual growth in the BC Consumer Price Index instead, she/he would be making \$66,183, an increase of 32% — a gap of 6 percentage points.

This gap reached its zenith in 2005/06 when our hypothetical assistant professor's salary was fully 10 percentage points behind inflation. The special compensation for faculty members in the 2006-2010 agreements reduced the gap to 2 percentage points by 2009/10, but the gap is again increasing as the result of the most recent agreements, which do not provide for any across the board salary increases.

This hypothetical example is obviously an over simplification. There are many other components to determining faculty members' salaries — rank, years in rank, merit increments and market supplements all play a significant role in determining salary. The consequence of the arbitrary nature of government bargaining mandates is that these other components have become the only reliable means for faculty associations to stem the erosion of their members' salaries.

This regime has turned the traditional bargaining process on its head. Rather than investing significant effort in preparing analyses and arguments in support of general wage increases for all faculty members, faculty associations have had to be more and more creative in using other components of compensation to achieve gains for their members.

After the last round of bargaining, there was a consensus among CUFA BC member faculty associations that they have reached the limit of the salary improvements they can achieve through these other components. Any future improvements are going to have to come through across the board increases.

Government's appetite for across the board salary increases was significantly diminished by the recent referendum results in favour of eliminating the HST. In a post-results news conference, the Minister of Finance indicated that there will be a new round of government belt-tightening to deal with the costs of reintroducing the PST.

What does this have to do with appropriate levels of faculty compensation? In theory, very little. In practice, everything, since PSEC will inevitably try to impose several more years of wage freezes to deal with government financial problems unrelated to the universities. At some point, this cycle of dysfunction has to end. Perhaps now is the time for the universities to get out from under Daddy's thumb.