

November 7, 2006

Negotiations Update

During October our negotiating team had an intensive schedule that has resulted in interim sign-off on six additional articles, and extensive discussion of many other articles. Despite this progress, more articles are still under negotiation than are in the “interim sign-off” category. Those articles not yet signed off contain the bulk of serious issues.

Bargaining in October has clarified key differences that may prove difficult to resolve. Here we give a partial list of these differences and outline the employer’s proposals in these areas (see the second page for an analysis of the employer’s most recent salary proposal). At the Nov. 9 General Meeting (McKellar Room, UCC, 3:00-5:00 pm) there will be an opportunity for a more detailed update and for discussion.

Benefits: We’ve now received a second offer on benefits. The employer remains intent on instituting an 85%-15% co-payment for Health (including drugs), up to a yearly cap for members of \$900 (family coverage) and \$450 (single). The initial savings would be used to provide members with a Personal Wellness Account (PWA) that could partially cover remaining costs. The amount proposed for these PWAs (\$450 for family; \$150 for single) is insufficient to make the 85%-15% co-payment palatable. Furthermore, the employer has declined to index the PWA amounts to keep up with inflation. Without indexing, the real purchasing power of the PWAs would shrink over time. Meanwhile, out-of-pocket costs for co-payments would increase from year to year.

Proposals Regarding Retirement Changes: The employer has proposed some drastic reductions in benefits for members working past age 65, specifically, to restrict pension contributions and cut off drug benefits. Other Ontario universities do not have such reductions in benefits for this group. In addition, the employer’s proposal on phased retirement is unsatisfactory because the retirement allowance is at the employer’s discretion. Members would have to negotiate individually with their Deans for a retirement allowance. This also is unlike phased retirement provisions at other universities such as Toronto.

Renewal and Workload: Western’s undergraduate population has grown, and since 2001 the population of graduate students has burgeoned. The employer plans for graduate enrolments to double between 2001 and 2011. These are but two dimensions of workload creep in recent years. Although the provincial government has provided new resources specifically for hiring faculty to support the expansion in enrolments, the employer has flatly rejected any commitment in the Collective Agreement to hiring additional faculty. Moreover, its response to UWOFA’s workload proposals has been, essentially, “just say no” to any additional work. According to the employer, our workload is entirely under our own control. We have only ourselves to blame if we allow increased enrolment pressures and downloading of administrative tasks to keep us from our research and from reflective preparation for teaching.

Contract Academic Staff: The employer rejects improvements in employment conditions for this group, such as proposals that would improve job security for Part-Time and Limited-Term faculty members. It is even unwilling to accept grandparenting provisions for current members, although it had done so in the first two Collective Agreements. It also rejects paying health benefits for Part-Time faculty. Other Ontario universities provide such benefits.

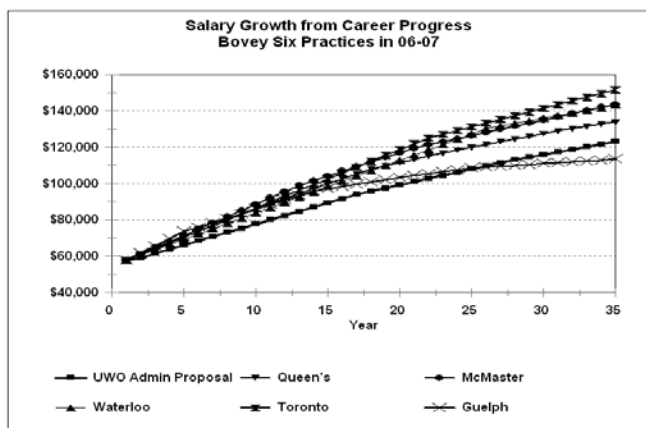
Salaries: The Employer's proposal for full-time salaries falls far short of what is required on two major grounds: (i) the catch-up will not bring Western's salaries up to a level competitive with comparable universities, and (ii) the career progress is inadequate to maintain our salaries even in their present uncompetitive position. The first problem is immediate and obvious. For details of how much catch up is required, see Bargaining Bulletin Vol. III, No. 20. The second problem has long-term, pernicious effects on members' career earnings and pensions. The rest of this bulletin provides analysis of the consequences of the career progress proposals of the employer.

The Stories of Qwaguto McWestern

Imagine that a perturbation in the quantum universe caused someone embarking upon an academic career to have six different alternative lives. These were spent at Queen's, Waterloo, Guelph, Toronto, McMaster and Western, starting at the same salary. Thirty-five years later, as the six incarnations of their common being were all retiring (voluntarily, of course), their space-time lines converged at their joint retirement party. They compared notes and found they had much in common:

- They all had lived through a 35-year period of constant zero inflation (this assumption allows us to focus on career salary growth).
- Each year they each received an "average" career progress increment at their respective workplaces, and no other increases. The Western career progress increment is that in our employer's latest salary proposal.
- Each year, they and their employers contributed a total of 14% of salary to their defined contribution pension plans, all of which earned the same annualized rate of 4% per year.

There were also differences. The graph shows projected **career salary trajectories** based on our employer's proposal and what is in effect at the other universities.



Next, consider their **final salaries**. The Guelph version of Qwaguto McWestern retires with the lowest final salary. Note, however, that for the first 25 of the 35 years, the Western salary trailed the pack.

	UWO	Queen's	McMaster
Final salary	\$123,017	\$133,943	\$143,643
Multiple of UWO	1.00	1.09	1.17
	Waterloo	Toronto	Guelph
Final salary	\$143,213	\$151,545	\$113,372
Multiple of UWO	1.16	1.24	0.92

Turning to **pensions**, here's a table showing how much each incarnation would have saved after 35 years:

	UWO	Queen's	McMaster
Amount	\$897,362	\$984,481	\$1,022,118
Multiple of UWO	1.00	1.10	1.14
	Waterloo	Toronto	Guelph
Amount	\$994,602	\$1,029,774	\$938,330
Multiple of UWO	1.11	1.15	1.05

The Guelph incarnation would have saved *more than* the UWO incarnation, in spite of a lower final salary. How can this happen? For a defined contribution (money-purchase) plan, **it is crucial to have early contributions as large as possible**. The employer's current career progress plan, with its weak proposal for increases, is particularly inferior in the early stages of a career. This inadequacy has a long-term, permanent effect on pension savings.

Comments on these issues? Please let us know: UWofA, Elborn College, Room 2120. (519) 661-3016 Fax 661-3946 uwofa@uwofa.ca . Previous Bargaining Bulletins, along with other information about UWofA, can be found on our web site: <http://www.uwofa.ca>