

MUFA NEWSLETTER

December 2014/January 2015 - Volume 41.3 – Laura Parker, Editor

President's Report

Delivered at the December 3rd, 2014 General Meeting



In my September 2014 Report on The Year Ahead, I discussed local issues facing MUFA and McMaster University. In today's Report, I would like to take a broader view of the University sector in Ontario and Canada to provide context for what is now occurring at McMaster.

In part, we are seeing a continued unfolding of the consequences of the financial crisis of 2008. While Canada was less affected than many countries, as a province, Ontario has a large debt and deficit and a weaker economy than before. While spending on the University sector is just 3% of the total Provincial budget, the sector is facing reduced budgets in real dollars and considerable austerity rhetoric. In my view, this is a misguided policy as Higher Education can be a very effective driver for economic development and growth. Apparently we have a lot of work to do with the public and with the Government to communicate that value proposition much more clearly, strongly and successfully. Furthermore, cuts to the University sector will not yield significant savings to the Provincial budget and simply represent a regressive shift of the cost of education to students and their families. The cumulative result of past policies is that Ontario provides the lowest funding per student in Canada, leading to the highest tuitions and the highest student: teacher ratios in the country.

With that as background, I would like to very briefly outline six trends/initiatives underway affecting faculty and Faculty Associations across the Province and throughout Canada that help to put our own situation in perspective:

1. Casualization of the workforce:

The majority of net hiring at Canadian universities is in non-tenure track positions. This is a pure cost saving measure, but also creates a sub-class of precarious workers and forms an unfortunate and unwelcome divide between employee groups. At McMaster, we have not been able to get data on how many units and how many students are taught by non-permanent staff. We have also been unsuccessful to date in establishing safeguards to maintain a faculty complement appropriate for a research intensive university.

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McMaster University Faculty Association

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MUFA on the WEB
<http://www.mcmaster.ca/mufa>

2. Online Learning:

The Ontario Online Learning Consortium is in the process of being established to “support the development and delivery of quality online learning experiences” for the post-secondary sector, with plans to launch for the 2015-2016 academic year. While online tools can be used to enhance the student experience, a major driver for this initiative is the increased ‘productivity’ that comes with it. It seems that Ontario Online did not think it was necessary to include even a single faculty member on its Board. That is now in the process of being remedied, but it is a strong indicator of the motivations for this initiative and the approaches being taken in its development. Regardless of how Ontario Online came about, I think that we need to embrace the change that is upon us, finding ways to use online tools to enrich the learning experience and to engage our students more effectively and in more diverse ways.

3. Increased enrollment:

Under the Major Capacity Expansion Policy Framework, the Province is continuing its initiative to add 41,000 university spaces across Ontario by 2017-18. The last 10 years have seen a rapid increase in enrollment without commensurate growth in faculty complement. While I understand that enrollment growth is one of the primary tools for new revenue generation at universities, it strikes me as a bad deal that sounds a lot like when you “sell it at a loss but make it up on volume”.

4. Jointly Sponsored Pension Plans:

Just when we thought we had done everything necessary to secure our defined benefit pension plan, the Province is taking the opportunity, arising out of the financial crisis, to try to shift half the risk of Ontario university pension plans to the employee groups, with potential for other downside consequences. While a much more detailed discussion of the relative merits and demerits of the proposed changes is required, you will be hearing so much about this in the coming months that I will say no more about this today.

5. Program prioritization:

While the Ontario version of this was probably intended as a cost-cutting measure, it has largely resulted in an extraordinary expenditure of time and

significant one-time charges at many universities to support the associated bureaucratic processes. Fortunately, McMaster was able to dodge this exercise.

6. Activity-based budgeting (or Responsibility Center Management):

This has been a trend for some time at many North American universities in order to improve their internal financial and budgeting processes. At McMaster, this is referred to as the New Budget Model, which has gone live just this fiscal year. One of its goals is improved transparency, which seems to have been accomplished, and with that a very direct and transparent translation of Provincial funding into Faculty budgets. As the New Budget Model is currently structured, the BIU revenues are largely allocated to the Faculties, with regulations for inter-Faculty interactions and funding for core activities. This looks a lot like a Confederation of Faculties with artificially drawn historical boundaries. There is no funding tied to the value that each Faculty brings to the whole and no funding tied to the value that research and graduate supervision bring to the whole. Taken to its logical conclusion, the incentives inherent in the New Budget Model will drive a compartmentalized teaching-only university.

The common thread amongst these trends is the assumption that universities are a financial drain on the Provincial budget. The corollary is that the solution is to be found in “productivity gains”, a thinly veiled reference to cost reduction by having more students taught per professor. The assumption (sometimes implicit, sometimes explicit) is that faculty compensation is also part of the problem. I would like to point out that only 25% of the McMaster University budget is allocated to faculty salary and benefits. Even a modest faculty renewal plan, which would normally be heavily weighted to hiring faculty at earlier stages in their career, would go a long way to start to bring our system back to a healthy equilibrium.

Some have described these trends as the “corporatization of the university”. I think they are more accurately described as the “commodification of education”. Excellent teaching and successful learning cannot be reduced to a transferable credit

from an online module, supervised by a generic teaching unit. Also, where is the research agenda in this conversation? In a commodified education system, even with a 40-40-20 split in duties for tenure track professors, total research activity gradually dwindles away. To me, the value of a robust research enterprise is crystal clear in its benefits to society and our economy. Many of us also continue to believe that research informs undergraduate teaching and is essential for graduate teaching and supervision. Nevertheless, research has not been assigned an explicit value with respect to education and so it must struggle to survive and defend its existence as a standalone activity. McMaster has the ability to surmount these challenges. We pride ourselves on teaching innovation and research excellence in a student-centred research intensive university. Surely we can find ways to value our separate parts that reflect our shared vision for the University as an integrated whole.

While I understand the financial pressures facing the Province, I think that University Administrations and Faculty Associations need to make the case much more strongly that universities are part of the solution and not part of the problem. Furthermore, faculty are an integral part of the solution and we (and our compensation) are not the central problem. Government spending on the University sector needs to be presented and accepted for what it is – a wise investment, with a massive Return On Investment. We need to adamantly uphold the University’s dual mission of teaching and research excellence as measured by meaningful metrics. Even financial metrics would be acceptable if properly applied, because we should not and must not underestimate the value of a highly educated workforce to the health of our economy and the fabric of our society. If we capitulate to misguided metrics, then we will inevitably become less relevant, which will certainly be used to justify further erosion in our ability to carry out our core mission.

Rafael Kleiman
MUFA President

OCUFA Service Award

The OCUFA Service Award was established two years ago to honour individuals who have done, or continue to do, exceptional work on behalf of the Ontario Confederation of University Faculty Associations and its Members.

Up to six awards may be given each year and are presented during OCUFA’s Annual General Meeting, which will be held this year on May 9, 2015.

**The deadline for nominations this year is
April 3rd, 2015.**

For more information about the award and the nomination form, please visit:

<http://ocufa.on.ca/ocufa-awards/ocufa-service-award/> or
<http://ocufa.on.ca/ocufa-awards/le-prix-du-service-de-locufa/> [French version]

An update of teaching- intensive appointments at McMaster

Last year, the Administration and MUFA invited feedback on both the [Provost’s](#) and [MUFA’s \(also\)](#) statements related to teaching-intensive appointments at McMaster. The comments received reflected a range of perspectives and concerns. Past-President Graeme Luke’s [April 2014 President’s Report](#) summarized the outcome of last year’s discussion. Though we are not currently negotiating any additional changes to the allocation of faculty appointments, the MUFA Executive always welcomes comments and feedback from members. Send any comments to mufa@mcmaster.ca.

Call for Nominations

The MUFA Award for Outstanding Service

PURPOSE

The purpose of the MUFA Award for Outstanding Service is to provide annual recognition¹ for faculty and professional librarians who have made an outstanding contribution to the mission of the University through the provision of exceptional service to faculty, librarians, staff and/or students.

THE AWARD

Each year there will be a maximum of three awards in the amount of \$1,500.

ELIGIBILITY

The Awards are open to all Full Members of the McMaster University Faculty Association (MUFA)².

PROCEDURES

1. The MUFA Executive will appoint a selection committee to be drawn from amongst the categories of faculty, librarians, staff and students (undergraduate and graduate).
 - a. The Committee shall be comprised of no less than four, and no more than seven members, including the Chair.
 - b. The MUFA Past President normally serves as Chair and is not counted as the faculty representative.
 - c. The Secretary to the Committee will be the MUFA Executive Director.
 - d. A quorum for a Committee meeting shall be four members in attendance, including the Chair.
2. Nominations
 - a. There will be a call for nominations through the University and MUFA electronic distribution lists, in the MUFA Newsletter, and on the MUFA webpage.
 - b. Nominations must be e-mailed (mufa@mcmaster.ca) or mailed to MUFA (Hamilton Hall, 103A) no later than

February 23rd, 2015

¹MUFA faculty/librarians are not eligible for the President's Awards for Outstanding Service, awarded by the President of McMaster University.

²Those holding academic administrative appointments with the rank of Assistant Dean or higher in the current academic year are not eligible for the Award.

- c. The nomination must include a summary of not more than 750 words highlighting the candidate's accomplishments.
 - d. Each nomination must be supported by a minimum of two and not more than four reference letters. The reference letters must be e-mailed or mailed to MUFA, either through the nominator or directly from the reference. Reference letters should not exceed 500 words.
 - e. The position and contact information for the nominator and all references must be clearly indicated.
3. The Committee will review the nominations and will make the final decision regarding the selection of the award recipients. Some of the factors considered by the Committee will include:
 - ◆ enhancement of the reputation of McMaster University
 - ◆ provision of excellent service
 - ◆ demonstrated innovation
 - ◆ breadth and depth of impact
 - ◆ the enhancement of student success
 - ◆ the ability to establish and maintain effective and harmonious working relationships
 - ◆ evident acceptance of diversity and inclusivity at McMaster
 - ◆ strength and diversity of supporting references
4. The faculty/librarians selected to receive the awards will be invited to attend a special reception normally held in conjunction with the MUFA Annual General Meeting and will be presented with their awards at that time. Pictures of the individual recipients and a brief summary of the rationale for their award will be published in the MUFA Newsletter and on the MUFA webpage.
5. Each eligible faculty/librarian who was nominated for an award will receive a letter of commendation from the MUFA President.

2015/2016 Executive

If you are interested in serving on the Faculty Association Executive or know of someone who would make an excellent candidate, please complete the form below and mail to the Nominating Committee, Faculty Association, Hamilton Hall 103A. If you prefer, give us a call (ext. 24682/20297) or drop us an e-mail note (mufa@mcmaster.ca). **Deadline: February 13, 2015.**

CANDIDATE _____

FACULTY _____

RANK _____

PORTFOLIO PREFERENCE _____

(E.G., academic affairs, budget advisory committee, human rights, membership, OCUFA, pension, public relations, remuneration, special enquiries & grievances, tenure/permanence)

DEPARTMENT _____ CAMPUS ADDRESS _____

EXTENSION _____ E-MAIL _____



A voluntary organization such as MUFA can succeed in serving the interests of its membership only to the extent that the members participate in formulating and executing policy. At any given time, approximately two dozen individuals carry the burden for all of the members and after a few years most of them are exhausted by the tasks which they have voluntarily borne. Their valuable experience and wisdom is then lost to us. The best way to lessen this attrition of talent is for more of the membership to give some time and effort to the Association. If you are not interested in putting your name forward for the Executive Committee, please use the form below to let us know if you would like to participate in MUFA's efforts by serving on one of the following committees.

✂-----

Yes, I am interested in working more closely with the Faculty Association. My interests are:

- | | | | | | |
|---------------------------|--------------------------|------------------|--------------------------|--------------------------------|--------------------------|
| MUFA Council | <input type="checkbox"/> | Membership | <input type="checkbox"/> | Special Enquiries & Grievances | <input type="checkbox"/> |
| Academic Affairs | <input type="checkbox"/> | Pension | <input type="checkbox"/> | Tenure/Permanence | <input type="checkbox"/> |
| Budget Advisory Committee | <input type="checkbox"/> | Public Relations | <input type="checkbox"/> | Ad Hoc Committees | <input type="checkbox"/> |
| Human Rights | <input type="checkbox"/> | Remunerations | <input type="checkbox"/> | Special Assignment | <input type="checkbox"/> |

Are there other areas where the Faculty Association might be useful to its members? _____

NAME _____ EXTENSION _____

DEPARTMENT _____ E-MAIL _____

Return form to McMaster University Faculty Association, HH 103 A

A provincial initiative on University pensions: where does the discussion stand?

OCUFA and COU are in discussions with MTCU to create a Jointly Sponsored Pension Plan (JSPP) for the University sector in the province. The current situation in the province is that each University has its own plan, some have several plans (for faculty and staff) and pension plans vary widely, from defined benefit to defined contributions, as well as in the values of the parameters (contribution rates, benefits, eligibility, and early retirement penalties).

1) What is under discussion:

The JSPP would substitute one defined benefit plan for all employees of the University sector (staff and faculty) for all these individual plans. The main characteristics of the joint plan would be:

1. **Risk sharing between employees and employers:** in most defined benefit plans today (e.g., at McMaster), employees are required to pay a given contribution rate out of their salary and the employer contributes each year to fully fund the “current service of the plan”: what is meant by the latter is determined by actuarial calculations (and assumptions) but what matters here is that the employer bears the financial risk of the pension plan in its entirety. If the projected liability (however defined) exceeds the asset value of the fund, the employer has the responsibility to find in its budget the resources to bring the fund back to equilibrium. In a risk-sharing agreement between employees and employers, such an imbalance would be addressed through increased contribution¹ and/or decreased benefits. Compared to the current situation at

¹Another characteristic of the JSPP under discussion, called “cost-sharing” is the requirement that contributions be equally split between employers and employees. This requirement creates perfect risk-sharing in the sense that, if liabilities exceed assets and if the decision is made not to decrease future benefits, both parties will contribute equally to the fund. However, this is true only between bargaining, since employers will include their share of the contribution in the compensation package at the time of bargaining. This is problematic since decisions on pensions are taken for the next 30 years but compensation negotiations takes place every five years.

McMaster, risk-sharing would restrict the scope of options for addressing a financial deficit of the plan to reducing the rate of return of pension contributions (either by increasing contributions or reducing benefits), whereas in the current situation the employer can find resources elsewhere (reduce hiring or investment, selling real estate) to fill the hole. Risk-sharing also comes with decision-sharing (employees have a voice at the governing body of the plan) but that would not affect employees at McMaster since we already have such representation. The JSPP as discussed now would cover staff and faculty, but discussions are still ongoing as to whether two sub-plans would be offered within the JSPP, one for faculty and another one for staff.

2. **Risk-sharing across all universities in the province:** all contributions from all universities would be pooled together, and all employees would be offered the same plan (one contribution rate, one benefit rate, and one set of definitions for eligibility and early retirement). All financial management decisions would be made in common as well. As any pooling device, this reduces the risk of catastrophic deficit and defaulting: it is imaginable (albeit unlikely) that a single university plan goes bankrupt, due to bad investment decisions or unfavourable demography (reduced enrolment leading to non-replacement of retired faculty on a large scale); but it is simply impossible that a single plan for all universities in Ontario would go bankrupt or that all universities would stop functioning at the same time. As a result, such a provincial sector-wide plan would be granted “solvency relief”, meaning that the actuarial deficit (market value of the fund minus future liability) would be calculated on a going concern basis (assuming that the future unfolds as expected in terms of contribution levels, investment returns and pension costs) rather than on a wind-up basis (in the event of plan termination). How much that would change for McMaster is not clear to me (the Review of Actuarial Methods and Assumptions as of July 1 2014 communicated to the Pension Trust Committee shows that liabilities are \$330 million higher under wind-up assumptions than under going-concern and that could be the value of the

solvency relief; on the other hand the going-concern deficit is aggravated by a negative adjustment for smoothing of \$171 million on the value of assets that does not exist under wind-up, which would bring the value of solvency relief to only \$159 million). In addition to solvency relief, a pooled sector-wide plan would bring portability of pension benefits across universities within Ontario: this would be an extra benefit to employees, who would have more freedom to switch employers within universities and within the province, but that would come at a cost and contributions would have to reflect this extra benefit. A major implication of the pooled fund would be that expanding institutions would implicitly subsidize retracting ones: a university hiring more than its retirement cohort will increase its payment to the fund while a university hiring less than its retirement cohort will decrease its payment to the fund but will draw more from the fund. Employers might even use the pooled plan as a way to decrease compensation and transfer a financial burden to the whole University sector. Last, a pooled plan would also be a single plan, meaning that all employees of the sector in the province would share the same parameters (contribution and benefits, early retirement and eligibility) as well as the same investment decisions. If employees at McMaster differ in their preferences for age of retirement or replacement rate versus contribution rate or in their risk-aversion from employees in other universities, they might not like the parameters of the joint plan. My sense is that risk-aversion, whether to invest the fund in bonds or stocks, is a key preference that may vary across employee groups within the province; another key preference related to investment strategy choices is the rule to decide what inter-generational fairness means: if the fund is invested in stocks, how are surpluses and deficits spread across cohorts of retirees and contributors?

Moving from a single defined benefit plan to such a JSPP is a decision clearly beyond the scope of an executive committee and requires a broad discussion with all MUFA members and employee groups on campus, as it is based on values and preferences and will constrain us for years to come. The first step to start such a discussion is to provide all the information needed to compare the current plan at McMaster to the proposed JSPP. MUFA will provide information on the McMaster pension plan and OCUFA will provide information on the JSPP on their website (currently under construction, at www.ocufapensionreview.ca.)

2) Who wants what and what is going to happen next?

The MTCU is clearly interested in creating a JSPP for the whole sector, to prevent plan failures that might require rescue from government revenue, but it does not want to make it mandatory: joining the plan would be a voluntary decision of each institution and opting out would always be possible; the government is clear though that solvency relief would be conditioned on joining the JSPP.

COU is also interested in a JSPP, as are some individual employers (McMaster in particular), certainly because of the cost-sharing arrangement.

OCUFA is willing to contribute to the discussion and the definition of a plan. So far, a straw plan has been circulated, that would require a 20% total contribution rate (combined employee/employer contribution rates to the McMaster plan are between 18% and 21.4% depending on the year for an employee earning twice the Yearly Maximum Pensionable Earnings, YMPE), and would provide 1.5% of earnings per year of contribution for the share of earnings below YMPE and 2% above (McMaster pays 1.4% under YMPE and 2% above). Overall, then the JSPP would be very similar to the current plan at McMaster, but details of each plan would have to be compared closely. The main strategic decision is whether we want to forgo our ability to influence investment decisions (and make sure they reflect our collective preferences) to a governing body at the provincial level. Governance models are also under discussion between OCUFA and COU (in parallel with the actuarial calculations of the parameters of the plan) and the Alberta PSE sector JSPP is a possible model. Joining an already existing provincial plan (such as the College of Applied Arts and Technology Pension Plan, CAATPP) is not ruled out but does not seem to be the preferred option of any of the stakeholders.

A memorandum of understanding will be circulated in June 2015, and a final plan (parameters and governance structure) in September 2015. All unions and associations are being kept informed of the discussions, working documents are being circulated, and unions and associations can provide feedback and suggest amendments to the documents and decisions. The JSPP could be implemented as early as 2016.

Michel Grignon
Pension Portfolio, MUFA

PARIS AND NORMANDY,
The English Connection
October 25 – November 8, 2015



Join Dr. Graham Roebuck, Professor Emeritus, McMaster University, on a fascinating journey from Paris through Normandy. A river cruise from Paris to Rouen and return will be followed by a land trip through Normandy. During the trip, Dr. Roebuck will introduce discussions of history, literature, art, architecture and gastronomy inspired by this remarkable region. Highlights include, Giverny, Versailles, Chartres, St. Malo (two nights), Mont St Michel, Bayeux (4 nights), Canadian, US, and British war sites, Cherbourg, Deauville, Honfleur

Fares*

Cruise, From \$2830.50 USD to \$3430.50 USD
Land, \$2490.00 CAD

*Pricing is per person based on double occupancy.
Cruise and land excursion may be booked separately.

For More Information Contact:

Web: elizabethmccallum.cruiseshipcenters.ca

Email: emccallum@cruiseshipcenters.com

Telephone: (905) 540-8747



Upcoming Event

Wednesday, January 21st, 2015
2:30p.m
McMaster University
Health Sciences Building, room 1A06

Jim Turk

Former Executive Director of the
Canadian Association of University
Teachers (CAUT)

**“Hollowing out the University: The
Cancer of Corporatization”**

ALL WELCOME!

(no registration required)

FOR SALE: 1BR, 1WR Condominium apartment located in desirable Locke St. area. Located in a well managed building with superintendents on site. Condo includes indoor parking space, secure storage locker, modern laundry facilities, jacuzzi tub, courtyard/BBQ. beautiful kitchen with double-basin sink and dishwasher. A west facing solarium provides ample natural light and views of the escarpment. Perfect for a McMaster academic or as a rental property for students. Asking \$129,900. For more information contact Lisa at lisaelizabethmoore@gmail.com

Passages

James Stewart, Math & Stats, December 3, 2014