

WLUFA Newsletter

January 4, 2012

FINANCIAL CRISIS? **NO**, BARGAINING CRISIS? **YES!**

At this point, what remains on the bargaining table are proposals by the Administration to:

- (1) reduce pension benefits and ultimately eliminate our existing pension plan,**
- (2) reduce retiree health benefits, and**
- (3) implement a low-cost second-tier teaching stream that will be incapable of any significant research or service contribution to Laurier.**

In addition, the Administration has tabled a compensation proposal that will definitely keep us near or at the bottom of the Ontario University System. Furthermore, the Administration has insisted that the compensation proposal is contingent on our accepting their proposals for the pension benefit and retiree health benefit cutbacks. This contingency leads us to believe, of course, that our unwillingness to compromise on our pension and retiree health benefits will mean that the Administration's compensation proposal will be reduced even further, undoubtedly putting us firmly at the bottom of the Ontario University System.

There is absolutely no reason why our existing pensions should be cut back and eventually eliminated, no reason for retiree health benefit cutbacks and no reason why our compensation should be well below other comprehensive universities in Ontario. In addition, there is absolutely no reason why a low-cost second-tier teaching stream should be created. Laurier has the financial resources to easily address the continuance of our pension plan and retiree health benefits **– as they exist today** - well into the future, as well as the financial resources needed to hire additional faculty for years to come.

The bargaining team needs your help, but before describing what you can do, let's explain what the bargaining team thinks is happening.

As you know, in the past three years, the Administration has been presenting budgets that show a financial crisis at Laurier. Keep in mind that budgets are a tool of the Administration to get you to do what the Administration wants you to do. Budgets have no relationship to actual financial results, yet, it appears that the budgets are the basis for the Administration's proposals.

Let's look at the actual financial results for the last three years on a number of dimensions so that you can have a good working knowledge of why the proposals on the table by the Administration do not make sense.

All of these amounts and percentages are from the Audited Financial Statements for the year indicated. These amounts and percentages are some of the standard measures used by analysts to assess the financial condition of a not-for-profit organisation like Laurier.

Year	Surplus in General Fund	Cash Inflow from Operations	Cash and Deposits At Year End	Percent increase in Revenues
2009	\$ 6,061,000	\$12,800,000	\$31,525,000	10.13%
2010	\$17,894,000*	\$28,039,000*	\$41,817,000*	6.41%
2011	\$19,527,000*	\$31,324,000*	\$61,199,000*	9.08%
Totals	\$43,482,000	\$72,163,000		

* indicates that this amount is a record amount in the history of Laurier.

Note the large amounts of the surplus in the General Fund, the large amounts of Cash Inflow from Operations, and the large amount of Cash and Deposits at year-end from 2009 through 2011. All are positive and increasing. Also note that for 2010 and 2011 record surpluses were generated in the General Fund, record Cash Flow from Operations were generated, and record amounts of Cash and Deposits are available at year end. You can see too, that the percent increase in revenues are

very substantial for each of the last three years, far exceeding the percentage increases in compensation for the employees generating the revenue. This is significant because the surpluses, cash flows and cash on deposit were generated through the hard work and dedication of the employees of Laurier, including WLUFA members.

The bottom line is that Laurier has significant financial resources on several dimensions: ability to generate large and increasing surpluses in the General Fund, ability to generate large and increasing Cash Flow from Operations and ability to generate large and increasing Cash and Deposits in banks. The overall conclusion one gets from this information is that Laurier has had positively fantastic financial success in the past three years. The financial reality is that **NO** financial crisis has existed at Laurier in the past three years, in contrast to the Administration's budgets. But then again, budgets are a tool of the Administration, prepared so that you do what the Administration wants you to do. Budgets do not reflect financial reality, nor should they be relied upon as a measure of the financial condition of Laurier.

Only the Audited Financial Statements can be relied upon to give the accurate economic picture of the financial condition of Laurier because they are reviewed by independent auditors (KPMG Chartered Accountants) who render an opinion that the Audited Financial Statements present fairly the financial position of Laurier. No budget disclosure by the Administration has such a third party auditor review to render such an opinion.

In the end, the fact is that in bargaining, we must deal with financial reality and the accurate financial picture of Laurier. Only the Audited Financial Statements provide financial reality and an accurate financial picture. In contrast, the budgets presented by the Administration do not in any way represent financial reality or the accurate financial picture of Laurier. Budgets are a tool used by the Administration to get you to do what Administration wants you to do. In the case of bargaining, budgets are designed to get WLUFA to accept Administration proposals that have no relationship to financial reality. The Administration's proposals are based on the budgets presented by the Administration, not the financial reality and the accurate financial picture provided by the Audited Financial Statements. As a result, the Administration's proposals do not make sense to us, even though the Administration appears to want to stand by them.

The bargaining team needs a way to "unstick" the Administration from their fascination with budgets that show financial crisis when no financial crisis exists. We need a way to bargain using financial reality from the Audited Financial Statements that show unbelievably positive financial success at Laurier. To do this, **your bargaining team needs you to bring a strike enabling vote that will support us further at the bargaining table.**

WHAT IS A STRIKE ENABLING VOTE?

A strike enabling vote by WLUFA members allows the WLUFA Executive to call on members for a strike vote in the future. A strike enabling vote is not a strike vote. It is the authorization to hold a strike vote. No strike can be called from a strike enabling vote; however, with a strike enabling vote, the WLUFA Executive would have the authorization to call for a strike vote in the future. The strike enabling vote sends a strong signal to the Administration that WLUFA members support the bargaining team.

WHAT DO THE ADMINISTRATION'S PROPOSALS MEAN TO YOU?

Our compensation ranks 14th out of 16 in the Ontario University System. Our average faculty salary is \$9,646 lower than the average faculty salary of the Ontario University System adjusted for age and rank. All but one age/rank classification of Laurier faculty are underpaid. The Administration's proposals would keep us at or below where we are now. In addition to the cutbacks in retiree health benefits, faculty with an average salary would pay \$2,142 more in pension contributions each year for reduced pension benefits. In effect, the Administration's proposals would result in faculty taking a pay cut in exchange for inadequate compensation, retiree health benefit cutbacks and pension benefit cutbacks.

A further discussion of the proposals on the bargaining table and a strike enabling vote will be held at the Members meeting on January 10, 2012: Waterloo Campus at 7:00 p.m. at Bricker Academic Building, Room BA 102; Brantford Campus at 2:30 p.m. Odeon Building (50 Market St.), Room OD110. Please attend, show your support, and provide the bargaining team with your views.

DID YOU KNOW...

The Administration is demanding cutbacks in retiree health benefits and pensions, and eventual elimination of our existing pension plan while continuing to generate a structural surplus?