WLUFA Newsletter
January 24, 2012

The WLUFA Executive and the Bargaining Team would like to thank everyone who attended and participated in the bargaining unit meetings last week and those who conveyed their support but were unable to attend. We appreciate your willingness to volunteer for picket captain duties, communications or back-office work. The strike enabling vote sends a strong message to the Administration that WLUFA members are firmly in support of the Bargaining Team.

<u>Additional Comments About the Pension Plan:</u>

In regard to the pension plan, a few points of additional explanation are needed. Nothing the Administration has done in the management of the Laurier pension plan is illegal. The Administration bears the residual liability for the pension plan. This means that, after all employees covered by the pension plan have made their required contributions, the Administration must pay to the pension fund the amount needed to fully fund the pension plan. This residual liability is the sole responsibility of the Administration. In exchange for this responsibility, the Administration has the management rights and privilege, within legislated guidelines, to decide when, how and in what amounts to contribute to the pension plan, as well as the management right to make assumptions about the future behavior of actuarial factors affecting the pension plan. The Administration also has the management right to make assumptions about the future behavior of actuarial factors such as the investment returns on stocks and bonds, the rate of inflation and the age at which employees retire. The purpose of these rights is to allow the Administration to properly manage the pension's funded status, which can be either a surplus or deficit.

Surpluses or deficits can be created in the Laurier pension plan through a number of factors including the investment returns on stocks and bonds, the rate of inflation and the age that employees retire. In addition, a key influence on the surplus or deficit is the contributions to the pension plan by the Administration and the actuarial assumptions about the future made by the Administration.

For example, the Administration can decide to create a surplus in the pension fund by increasing the amount contributed (funded) to the pension fund or by making optimistic actuarial assumptions. Alternatively, the Administration can decide to borrow from the pension plan, thereby creating a deficit, by withholding contributions to the pension fund (a contribution holiday) or by making pessimistic actuarial assumptions.

The recent history of Laurier's pension plan is that the Administration made optimistic actuarial assumptions in the 1990s and borrowed against the fund via the pension contribution holidays, thus creating the deficit in the pension fund we observe today.

The overall point is that the Administration certainly had the management right to borrow against the pension fund, and thus to create the pension deficit in the 1990s, at their discretion. However, that deficit is what we are now looking at in the pension plan. The deficit was caused by the Administration borrowing against the pension plan, not contributing to the fund, and not setting money aside for future contributions. Thus, no modifications whatsoever to the Laurier pension plan are required as a result of today's deficit in the pension plan.

The Administration exercised the management right to borrow against the pension plan and to create the deficit in the pension fund. The Administration must now accept the responsibility of residual liability that is inextricably tied to that management right. In short, the Administration must contribute to the pension plan to pay the deficit they created.

<u>Funding Laurier's Mission:</u>

It has been ascertained that the Administration has the financial resources to support faculty members and librarians, to maintain the pension plan and health-care benefits for retirees, and to provide for fair compensation to faculty and librarians. It is critical to the Laurier community that the Administration make these investments; indeed, their fundamental unwillingness to do so contradicts the University's own mission statement, which states the primary functions of the University to be teaching and research: "[WLU] is devoted to learning, research, scholarship, creativity, professional expertise and personal development in a student-centered environment." Pursuit of such a mission requires a full complement of faculty who are fully engaged in research and teaching duties, as well as in service to the University, to their disciplines and professions, and to the broader community. The integrity of our academic programs and the quality of the learning environment at Laurier depends on the ongoing facilitation of such conditions. Students, particularly extremely promising ones, will make the choice to attend this university on the grounds of robust academic programs and the opportunity to study with active, energetic and vital scholars. In order both to retain and to continue to attract the kind of faculty that will ensure that this remains an effective and vibrant University community, it is crucially important that the Administration make the necessary investments required to ensure that all faculty remain full participants in the University. Such participation includes existing pension and benefit plans and fair compensation.

Conciliation Next Week:

As announced at the last bargaining unit meeting, a conciliator has been appointed by the Ministry of Labour; conciliation will start on January 24th and continue on January 26 and possibly January 27. Your bargaining team is busy preparing for conciliation. If the Administration is ready to bargain seriously, WLUFA feels an agreement may be possible.

That said, we must be prepared in the event of a negative outcome. If a tentative agreement cannot be reached, the conciliator reports to the Ministry of Labour that an agreement is not possible at this time. The Minister then issues a notice called a "no-board report" to WLUFA and the Administration. At that point, the dispute is left in the hands of the parties. Either party can request mediation/arbitration, but only with the agreement of both parties. After a waiting period, WLUFA would be in a legal strike position. If conciliation ends without an agreement, WLUFA must be prepared for a strike or a lockout. WLUFA must have a solid strike vote and demonstrate that all preparations are in place for a strike. Note that WLUFA is a member of the CAUT Defense Fund that will provide support for strike pay and benefits during a strike.

A common strategy used by university administrations in the last two years is to wait till the last possible moment, and table its last proposals only when the threat of job action is real and imminent. We need to be prepared for the Administration to implement the same strategy.

Again, thank you for your support. Your show of support has already significantly enhanced the power of the WLUFA Bargaining Team to represent your interests at the bargaining table.

If you were unable to attend the last bargaining unit meeting, but are interested in volunteering for strike preparedness, including picket captain duties, communications or back-office work, please contact the WLUFA office: Linda Watson (Ext. 2603, lwatson@wlu.ca) or Larissa Brocklebank (Ext. 3721, lbrocklebank@wlu.ca).

A bargaining unit meeting has been scheduled for Wednesday, February 1, 2012 on the Brantford campus in room CB206 starting at 11:30 a.m. and on Wednesday, February 1, 2012 on the Waterloo campus in the Senate and Board Chambers starting at 7:00 p.m. **PLEASE ATTEND AND SHOW YOUR SUPPORT FOR THE WLUFA BARGAINING TEAM.**

DID YOU KNOW:

The Administration has the management right to borrow from the pension plan and create a pension plan deficit, but the Administration also has the responsibility to pay back such borrowings?