

FEBRUARY 1996, VOLUME 22.4, Robert H. Johnston, Editor

President's Report

(DELIVERED AT THE JANUARY 17, 1996 GENERAL MEETING)

A great deal of this mid-year report revolves around the great crisis that faces this University; a crisis that has its intermediate origins in events and actions beginning over the last half decade. This academic year we have seen this crisis peaking at an unprecedented level. I define the crisis as one in which there is a sharp reduction in university finances combined with stable or even slightly increasing student numbers, declining numbers of faculty and support staff, deteriorating equipment and physical resources, larger if not much larger class sizes, lack of adequate classroom space, and heavier faculty workloads. To sum up, there is a simultaneous and sharp negative trend of the key factors affecting the quality of this University. MUFA has been working on a number of aspects of this problem.

THE CAUSES. It all began with the declining transfer payments for higher education by the previous Conservative Federal government and continued by the present Liberal Federal government. Also, there is the decline in Federal support for faculty research. To deal with this primary cause, we sent letters and keep in contact with some Liberal MPs and the Finance Minister, Paul Martin. I have asked some of you through the e-mail to do the same and to those of you who have done so, I thank you. Our support for CAUT reinforces our efforts here to remind the Federal government that they have obligations for university education.

Following the Federal government's bad example, the Provincial NDP government reduced university support in 1992 and followed that up with the infamous "Social Contract" which began in 1993 and ends this March. The most brutal assault on higher education, however, began this past June with the election of the Conservative Provincial Government. Although we must fight the great sin of despair, we have to support OCUFA in its lobbying efforts to try to persuade the present Conservative government to rethink what it is doing to university education. I have met with Lillian Ross, the Conservative MLA in Hamilton West. I have reminded her that her Conservative predecessors at the provincial level, Jack McNie and Ada Pritchard, were champions of McMaster and of university education in general and that we expect no less of her. I think she wants us to like her, but I am unsure whether she will actually speak up for us in the Conservative caucus. Please contact your MPP and remind them of the importance of university education. I have joined with the President of CUPE which represents the part-time instructors, the President of the Staff Association and the President of the Graduate Students Association in sending letters on the topic of provincial underfunding to the local press. As well, the Executive met with Terrance Young, MLA and Assistant to the Provincial Minister in charge of Universities.

THE CONSEQUENCES.

As you know from the present and past Remunerations Committee Reports a great deal of our time is devoted to contract negotiations. It is a miracle we have time left for anything else.

To partially deal with the funding cutbacks, the University has prepared, belatedly, an enhanced early retirement package. Throughout the autumn term we tried to get the administration representatives to discuss this issue. They were reluctant to do so. Thus, at the urging of the Executive, I turned to the President. After two somewhat sharp letters, two face-to-face meetings, a return letter from the President (some of these unpleasant) and the President's visit to the Executive, the Joint Committee finally started talking about this in earnest. Your Joint Committee representatives approved the package in principle and we influenced the provisions and text. I think we are finally happy with the results. We tried to balance two objectives: fairness to those faculty going on early retirement and secondly, fairness to the faculty remaining on staff who have to deal with the heavier workloads and larger classes.

OTHER ISSUES: REVIEWING UNIVERSITY POLICIES AND ACTIONS IN THEIR FORMATIVE STAGES.

The Executive, various MUFA committees and your Joint Committee representatives review, help form and approve various University policies. Relevant policies we have worked on this year include Recruitment Guidelines in the Health Sciences and the resolution of honouring past job promises in that Faculty (the CAWAR problem), Faculty

Orientation, the Parental Leave Document, Pension Plan amendments re clinical faculty, the proposal to enhance the Senate's Planning and Financial Role, Policies on MUFA Observers to University Proceedings, draft Policy on Conflict of Interest and Conflict of Commitment, a proposed Accommodation Policy for Faculty, an examination of University policies and their relation to the Federal Contractors Programme, Pension Policies, some revisions to the Tenure and Promotion Policy, Anti-discrimination Policy and the Senate ad hoc Committee on the Administration of Education. I won't give any details on our involvement, but if you wish, MUFA staff and officers can discuss them with you.

CONCLUSION.

Let's begin by acknowledging and thanking the entire Executive, with special mention to our Remuneration's Chair, Wayne Lewchuk, our Vice-President, Les Robb who has ensured our presence on the Web through our MUFA Homepage and who knows almost as much about the University and how it works as our past-president Lorraine Allan. The latter is a great source of advice and correction to me. Of course the other Executive Committee members work very hard for all of us even if we are not quite sure how they are doing it. The most notable example being Louis Greenspan our Grievance Chair. The point is that many MUFA volunteers do good work for the Association in a quiet and competent way, their efforts unknown to most of us. I thank all of the Executive, our committee members, our representatives on University committees and external bodies such as OCUFA and those who do special jobs on an ad hoc basis such as MUFA observers.

All of our efforts are in reality coordinated deftly and unobtrusively by our greatly appreciated permanent staff. No organization has better staffers. Thank you Phyllis and Kelly! And thank you all for attending meetings and reading MUFA communications. I look forward to our April Annual General Meeting.

Betty May Lamb

Memorial Bursary

Those of you who have contributed to the Bursary in memory of Betty May Lamb will be interested to learn that the 1995/96 recipient of this bursary is Jacinta Snyder.

If you are interested in contributing to the Betty May Lamb Memorial Bursary, please send your donations to John Edwards, Director, Student Financial Aid & Scholarships, Hamilton Hall Room 404.

Betty May Lamb was an employee at McMaster University for 22 years. She served as Executive Assistant to the Faculty Association from 1988-1991. The bursary was established in 1991 by family, friends and colleagues to assist needy students in any programme.

If you think
education is
expensive,
Imagine
ignorance.

Hamilton Days of Action
Executive takes two-track approach

What does an Executive do when some of its members want to picket outside a convention of the governing political party, protesting its economic policies, and others want to talk inside to the delegates about how the government is going to carry through its agenda?

You do both, obviously.

That's what the Faculty Association Executive eventually decided when it was asked to participate in the "Hamilton

Days of Action" protesting the Ontario Progressive Conservative government's funding cuts, during an Ontario PC policy convention.

The Executive expressed its concern about the impact of provincial government policies on higher education. It encouraged members to participate in any way they saw fit in the protests taking place on February 23 and 24. (At the time of writing this article, it was not known how many faculty members were going to participate.)

At the same time the Faculty Association registered for the Progressive Conservative policy convention, dubbed "Next Steps", sending Executive member Bill Smyth of computer science as our delegate. Bill signed up for small group discussions on educational policy. He also took with him a leaflet making the case for quality university education and research, and for financially accessible universities. The leaflet pointed out in graphic fashion the low level of government support for universities in Ontario, compared to other provinces and compared to 15 years ago, and the effects of this underfunding on the ratio of students to professors. The key message of the leaflet was: "We want your kids to be able to get a good university education."

The Faculty Association did not lend its voice to that of other campus organizations (e.g. the staff association and the student union) who asked President Peter George to close the university on February 23. Executive members argued that, since February 23 came in the middle of the mid-term break, when few students and faculty are on campus, closing the university would only penalize staff (who would lose a day's pay) and students using the libraries to catch up on their academic work. But the Executive commended Peter George for his conciliatory policy of penalizing university employees absent on February 23 only with loss of a day's pay, and permitting them to take a vacation day that day with the consent of their supervisor.

We expect to report on the Days of Action protest and the Ontario PC convention in the next issue of this newsletter.

The text of the Executive's motion follows:

The McMaster University Faculty Association is concerned about the impact of recent government policies on higher education in Ontario. The Executive of the McMaster University Faculty Association encourages its members to support the "Hamilton Days of Action" scheduled to take place in Hamilton on February 23 and 24 in any way they consider suitable. For those members wishing to participate in the demonstrations, MUFA will make the necessary arrangements. A notice will be sent out nearer to the actual event.

The Executive of the McMaster University Faculty Association will prepare a document for distribution to all delegates at the Ontario Progressive Conservative Party Convention in Hamilton on February 23-25, 1996. This document will make the case for quality university education and research in Ontario, for the elimination of financial barriers to university education for qualified students, and for the fair treatment of those employed in higher education.

Executive members will attempt to meet with as many Progressive Conservative Members of the Provincial Parliament as possible during, or near, the time of the Convention and inform them of our concerns for the quality and financial accessibility of Ontario universities.

The Executive expresses its appreciation to the President of McMaster University for his conciliatory stance towards those in the University community who choose to support the demonstrations in Hamilton on February 23 and 24, 1996.

David Hitchcock

You Asked?

Several of our members have asked us to provide information on an annual basis regarding the performance of the McMaster Pension Plan. Below are three reports which we hope will be of interest.

Actuarial Valuation of the Pension Plan

as at July 1, 1995

Excerpts from Executive Summary

The purpose of the report is to inform the University regarding the funded status of the Pension Plan and the contribution requirements for the year following the valuation date and to provide the documentation prescribed by the Pension Commission of Ontario and Revenue Canada.

FUNDING POSITION

The actuarial valuation reveals a going concern funding excess of \$105,332,000 as of July 1, 1995.

The following table compares the results of this valuation with those of the valuation as of July 1, 1994.

Comparative Funding Position (\$000's)

	July 1, 1994	July 1, 1995
Actuarial value of assets (adjusted for in-transit amounts)	\$539,836	\$613,754
Actuarial liabilities	\$481,840	\$508,422
Funding excess	\$ 57,996	\$105,332

The actuarial valuation as of July 1, 1995 also reveals that the solvency ratio of the Plan remains in excess of 100%.

CURRENT SERVICE COST

The estimated cost of the benefits that will accrue on behalf of the members of the Contributory Pension Plan for Salaried Employees of McMaster University including McMaster Divinity College during the period July 1, 1995 to June 30, 1996, compared with the previous 12-month period, can be summarized as follows:

Current Service Cost (\$000's)

	1994/1995	1995/1996
Total Current Service Cost	\$23,164	\$23,80
Expected Member Required		
Contributions	5,019	5,728
Remaining contributions by University	\$18,145	\$18,075
University Current Service cost as a % of Members' Expected Contributions	362%	316%

ACTUARIAL BASIS

This actuarial valuation is based on the following elements:

Plan Membership. Since the last valuation, the Plan membership has changed as follows:

Plan Membership

	July 1, 1994	July 1, 1995
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Active Members	3,038	3,011
Pensioners and Survivors	742	786
Deferred Pensioners	44	50
Inactive-Status Undecided	220	237
TOTAL MEMBERSHIP	4,044	4,084

Plan Provisions.

This valuation is based on the provisions of the Plan as of July 1, 1995, which are unchanged from the previous valuation at July 1, 1994. In accordance with the Plan provisions, pensions in payment were increased by .23% effective July 1, 1995. As well, member required contributions have increased from last year and are scheduled to increase again next year, back to the level they were at prior to July 1, 1993.

Plan Assets.

The Plan assets are based on the financial statements as reported by both Canada Trust and North American Life Assurance Company. As of the valuation date, the market value of assets was \$615,660,000, an increase of \$74,986,000 since the previous valuation. The actuarial value of assets amounted to \$615,660,000 as at July 1, 1995, compared to \$540,674,000 as at July 1, 1994.

Valuation Assumptions and Methods. The Plan has been valued using the same assumptions and methods as in the previous valuation with one exception. The Revenue Canada maximum pension has been assumed to increase at 4.50% per annum starting in 1999 and not in 1996 as was previously assumed. This is in accordance with changes to the Income Tax Act introduced in the Federal Budget tabled February 27, 1995.

All assumptions made for the purposes of the valuation were reasonable at the time the valuation was prepared and we expect them to remain reasonable over the year.

The actuarial liabilities and current service costs are determined using the Accrued Benefit Actuarial Cost method with salary projection (also called Unit Credit). This method produces a reasonable matching of contributions with accruing benefits. Because the valuation method funds benefits as they accrue, it aims at keeping the Plan fully funded at all times.

Prepared by William M. Mercer Limited

MEASUREMENT OF INVESTMENT MANAGEMENT PERFORMANCE
(this table is slightly abridged -- dropping recent quarterly returns.)

See the printed newsletter for full details)

time weighted rates of return

	Year Ending Jun '95	ANNUAL RATES FOR THE YEAR		
		Jul 91 Jun 92	Jul 92 Jun 93	Jul 93 Jun 94
Queen's	12.8	11.4	11.7	5.1
York	13.2	12.9	14.9	4.2
McMaster	16.2	10.6	13.7	2.9
Carleton	14.3	9.0	15.7	3.6
Brock	12.5	9.4	18.5	2.6
Waterloo	12.6	10.8	17.6	2.2
Windsor	13.3	11.6	15.5	2.8
T.S.E.	15.3	1.1	20.8	4.0
S&P 500	24.1	18.6	21.6	9.4
Long Term Bonds	21.3	23.5	16.6	(3.4)
Mid Term Bonds	17.9	21.2	13.5	(1.5)

RETURNS OVER LONGER PERIODS

	Jul 93- Jul 95 2 years	Jul 92- Jul 95 3 years	Jul 91- Jul 95 4 years
Queen's	8.9	9.8	10.2
York	8.6	10.7	11.2
McMaster	9.3	10.8	10.7
Carleton	8.8	11.1	10.5
Brock	7.4	11.0	10.6
Waterloo	7.3	10.6	10.7
Windsor	7.9	10.4	10.7
T.S.E.	9.5	13.1	10.0
S&P 500	16.5	18.2	18.3
Long Term Bonds	8.2	11.0	14.0
Mid Term Bonds	7.8	9.6	12.4

Returns include interest income, dividends, currency gains/losses, capital gains and are net of investment expenses.

Prepared by William M. Mercer Limited.

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A TABLE ON THE ASSET MIX OVER THE PAST FEW YEARS IS OMITTED HERE. SEE NEWSLETTER FOR FULL DETAILS.

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COMMENTS

The above table summarizes the asset mix of the McMaster Pension Fund by market value in percentage terms as at the previous five calendar quarter ends. It represents the Fund's actual overall exposure to the major asset classes with comparisons to the benchmark asset mix and to the policy ranges.

There were no significant changes to the asset mix during the second quarter. The Canadian equity content of 32.1% was below the benchmark weight of 35% because Jarislowsky was underweighted in their portfolio. The U.S. stock

component totalled 15.7% which was above the benchmark weight of 10% because both Jarislowsky and MuCana held overweighted positions in that asset class. Conversely, the bond exposure of the Fund was lower than the benchmark weight of 42%.

Prepared by James P. Marshall, Inc.

This Newsletter is published monthly between September and May by the Faculty Association at McMaster University. The Association's Executive for 1995/96 is composed of the following members:

President	Henry Jacek
Vice-President	Leslie Robb
Past-President	Lorraine Allan
Executive Assistant	Phyllis DeRosa Koetting
Office Secretary	Kelly McCaughey
Academic Affairs	Fred L. Hall
Human Rights	David Hitchcock
Library	Valerie Parke
Membership	David Pengelly
OCUFA Director	Bill Smyth
Pension	Sherman Cheung
Public Relations	Robert H. Johnston
Remunerations	Wayne Lewchuk
Special Enquiries & Grievances	Louis Greenspan
Tenure	Anna St Leger Lucas
Treasurer	Willi Wiesner
Returning Officer	David Santry

Anyone wishing to contribute to this Newsletter is invited to send submissions to the Faculty Association Office (HH-103A, e-mail: mufa@mcmaster.ca, ext. 24682). Deadlines are the 15th of each month. All submissions will be published at the discretion of the Editor.

Accommodation Wanted

Visiting Professor from the University of Alberta is seeking family accommodation for four for the period July 1 to August 31, 1996. Must be furnished and preferably close to campus. Please call Lori Hill, Department of Materials Science and Engineering, Ext. 24295 or e-mail: hillori@mcmaster.ca

Sabbatical Rental

in Victoria, BC

Close to the University of Victoria, Camosun College, elementary and high schools, shopping and beach. Suitable for family. Bungalow with 4 bedrooms, 3 baths, recently renovated kitchen that opens onto large deck with BBQ, living room with fireplace, dining room. Attached double garage with workshop. Very attractive and spacious grounds,

maintained by owner's son.

\$2000/month for main floor, share utilities, or \$2800/month plus utilities for entire house. Available as early as June or as late as September 1996, until June or July 1997; furnished or unfurnished. References required.

Contact Professor Lawrence House at 604-472-2654 or FAX 604-658-0178.

Thomas E. Willey

Associate Professor, History

Members will have learned of the passing on 18 February, peacefully and at home, of our longtime colleague Tom Willey.

Tom came to McMaster in 1971 after obtaining his PhD from Yale and teaching positions at Trinity College, Hartford, Connecticut and Butler University. In the History Department, Tom's teaching and research interests were in German intellectual history of the 18th and 19th centuries and, more generally, in modern European history. In his years at McMaster, Tom established for himself a reputation as an outstanding teacher and many undergraduate and graduate students have left on record their gratitude in acknowledging his tireless efforts to share with them his deep love and knowledge of his subject. His published work and conference papers strongly reinforced his reputation as a careful, meticulous scholar, who wrote with an engaging wit.

As a colleague and friend in the Department and across the University, Tom Willey will be much missed. He gave a great deal to us all, and we witnessed with admiration his courage and good humour to the end. Our sympathy and affection go out to his family. We shall be holding a memorial service on campus at a time to be announced.

Robert H. Johnston, Chair

Department of History