

# Joint Committee Discussions:

University Administration  
Opening Statement and Proposal  
December 15, 2021

University Administration Representatives:

Dr. Susan Tighe, Provost & Vice-President (Academic)  
Saher Fazilat, Vice-President (Operations & Finance)  
Dr. Kim Dej, Acting Vice-Provost, Faculty

## INTRODUCTION

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McMaster University representatives are looking forward to our Joint Committee discussions to renew remuneration provisions for members of the McMaster University Faculty Association (MUFA). When we last negotiated remunerations provisions in 2019 for the period 2019-2022, none of us could have anticipated what the years to follow would bring.

We enter these discussions with recognition and deep appreciation that the past two years have been unlike any other in our history. The COVID-19 pandemic has presented our faculty members, our university community, our broader community, and indeed our world with unexpected challenges, hardship, and loss. With a steadfast commitment to the health and safety of our community, we pivoted quickly to remote working and learning environments in the Spring of 2020. We are so grateful to our faculty members for demonstrating creativity, innovation, and a commitment to excellence in the delivery of teaching, research, and service, even during these most challenging times. We are proud that McMaster University has been a leader in our sector in the areas of health promotion and evidence-based practices, exemplified by the introduction of our Vaccination Policy. We are proud of our faculty members, who have collectively done their part with a 99.34% vaccination completion rate. It is because of the dedicated and collaborative efforts of our community that we have had very few COVID-19 cases on campus through the fall term and have had no outbreaks. We are excited to be supporting the transition “Back to Mac” this Fall. As we continue to monitor any changes in regulations from the province and Public Health advice, we are looking forward to the prospect of being together again on our vibrant and active campus in the Winter 2021-2022 term.

Throughout this period, there have been significant other world events – and likely personal events each faculty member has experienced - that have compounded the negative impact of the pandemic. In 2020, the horrific deaths of Breonna Taylor, Ahmaud Arbery, and George Floyd shook our hearts profoundly and sparked international outrage and sadness that has propelled the Black Lives Matter movement forward. In 2021, the discovery of unmarked graves at multiple residential school sites in Canada illuminated the devastating and tragic reality of how Indigenous people have been treated through our shared history. We recognize that these events and all other forms of racism, hate, and bigotry, are dehumanizing and contribute to inter-generational trauma that prevents individuals from being the best versions of themselves and from participating fully in the workplace. We cultivate human potential at McMaster University and are resolute in our commitment to inclusive excellence. We condemn racism in all its forms and stand in support of our Black and Indigenous faculty members. We acknowledge that, for many, intersectional trauma may have been exacerbated by these events in addition to the isolation, grief, and loss experienced throughout the pandemic.

These times have been tremendously difficult and have impacted the mental health and wellbeing of many of our community members and their families. Research indicates that this negative impact on overall health and mental health has disproportionately affected people from equity-deserving groups. It is within this contextual reality that we will prioritize our total compensation proposals on enhancing support for mental health, holistic well-being, and inclusion in the workplace. Prioritizing support in these areas of human need is at the heart of the University's vision statement, which was renewed in 2021: "Impact, Ambition and Transformation through Excellence, Inclusion and Community: Advancing Human and Societal Health and Well-being".

Of course, while shaped by our institutional vision, and informed by the needs of our community, total compensation provisions must be fiscally responsible and legislatively compliant. The outcomes of our discussions will be subject to the Protecting a Sustainable Public Sector for Future Generations Act, 2019 (known colloquially as "Bill 124"). Bill 124 requires a three-year moderation period for employees in the public sector, including MUFA members, during which increases to salary rates (exclusive of C/PM) and to total compensation provisions are limited to 1% annually. For MUFA members, the moderation period will begin on July 1, 2022, and end on June 30, 2025.

We are confident that the relationship we have built together with MUFA provides a strong foundation for reaching an agreement in keeping with our institutional vision, fiscal responsibility, and shared interests for the overall health, well-being, and inclusion of faculty members. The details that follow provide what we see as relevant considerations to help guide our discussions:

- our institutional priorities & strategic framework
- mental health and well-being
- our fiscal reality
- pension and post-retirement benefits
- demographics & market comparator data, and
- University's proposals for negotiation

We look forward to a productive and successful round of discussions.

## **OUR INSTITUTIONAL PRIORITIES & STRATEGIC FRAMEWORK**

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McMaster University is Canada's most research-intensive university and is ranked among the top 80 universities globally. Through our cutting-edge research and world-class teaching and learning, we are focused on

advancing human and societal health and well-being – in our community and around the world<sup>1</sup>.

The University's [Institutional Priorities and Strategic Framework 2021-2024](#) sets out five key priorities:

- **Inclusive Excellence.** Aspire to embed an inclusive approach that intentionally engages and respects a diversity of peoples, perspectives, and ways of knowing, in everything we do.
- **Teaching and Learning.** Further advance and support innovation in teaching and learning, within and beyond the classroom, and across disciplines and Faculties, to elevate teaching as a professional discipline, and equip our students with the knowledge and skills needed to make a transformative impact on our world.
- **Research and Scholarship.** Be the go-to place for world-class researchers and collaborators who share our values and commitment to working together across disciplines, sectors, and borders to develop knowledge, tackle global issues, and advance human understanding.
- **Engaging Local, National, Indigenous, and Global Communities.** Further develop and expand our network of longstanding and respectful partnerships with communities, partners, research collaborators, and supporters for the benefit of all.
- **Operational Excellence.** Enable the administrative operations of the University to most effectively support the institutional vision and aspirations of our community of researchers, scholars, teachers, and learners. Included within this broader strategic priority of operational excellence is the objective to cultivate human potential through activities to support an engaged and inclusive campus community that attracts, retains, and supports the high-calibre, diverse talent needed to deliver the University's strategy.

All of our collective efforts at the University, including our negotiations on total compensation provisions, should align to support these five priority areas. For the purposes of our discussions, we highlight several important focus points that impact our ability to attract, retain, and support the highest calibre faculty members:

### **Our Commitment to Inclusive Excellence**

While we continue on our journey, we are honoured that McMaster University has been recognized in 2021 as one of [Canada's Best Diversity Employers](#) for the third consecutive year.<sup>2</sup>

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<sup>1</sup> [Home - Office of the President \(mcmaster.ca\)](#)

<sup>2</sup> [McMaster recognized as top Diversity Employer – Daily News](#)

In support of its strategic commitment to inclusive excellence, the University has a robust **Equity, Diversity and Inclusion (EDI) Strategy and Action Plan**, which includes the following 6 key objectives:

1. enhancing campus-wide understanding and efficacy
2. enhancing data-informed and evidence-based planning and practice
3. improving inclusivity of curriculum and scholarship
4. enhancing inclusive leadership capabilities
5. enhancing support, consultation and engagement of historically underrepresented and underserved students, faculty and staff; and
6. enhancing recruitment and retention of historically underrepresented students, faculty, and staff.

Specific actions relating to faculty members have been undertaken toward achievement of these EDI objectives, including:

- significant revision and implementation of the Policy on Recruitment and Selection of Faculty Members (SPS A1) in 2020, to enable meritocratic, fair, inclusive, and equitable consideration of prospective applicants for faculty appointments throughout the search process;
- 2021 Employment Equity Census is in progress, to ensure we have current and reliable data to support the University's commitment to enhancing employment equity and inclusive excellence. All employees are invited to participate in our Diversity Counts Census. All applicants for faculty roles are invited to self-identify through an Applicant Diversity survey in the faculty recruitment process to help us ensure our hiring and selection processes are equitable and inclusive;
- training of 244 facilitators across campus to support faculty and staff search committees with an employment equity and inclusive excellence focus;
- ongoing collaboration between the Faculties, the Office of Equity and Inclusion, the Office of Research Services, and Human Resources Services to implement McMaster's Canada Research Chair (CRC) Equity, Diversity and Inclusion Action Plan;
- a Black Academic Excellence hiring initiative (Faculty Recruitment), hiring 12 emerging and established academics and scholars who will contribute to the advancement of Black academic excellence across all six Faculties;

- and regular review and analysis of faculty salaries to ensure gender equity. The most recent review, conducted by the Office of Institutional Research and Analysis<sup>3</sup>, found that any gap in pay for MUFA faculty as of October 1, 2019, may not be attributed to gender, and that the adjustment to the base salary of each female faculty member made in 2015 resolved the influence of gender on gaps in pay for full-time MUFA faculty.

Under the leadership of the Indigenous Education Council and the McMaster Indigenous Research Institute, the **Indigenous Strategic Directions** has also been released in 2021, with the aim of “increasing the visibility and value of Indigenous cultural relevance and andragogy at every level of the University with an enduring commitment to a culturally safe campus for Indigenous student, staff, and scholars”.<sup>4</sup>

### **Our Commitment to Research Excellence**

In 2020, McMaster University was named Canada’s most research-intensive University in the annual ranking of the country’s Top 50 Research Universities for the fourth consecutive year, as well as a leader among our peers in the amount of research funding attracted by the private sector.<sup>5</sup>

McMaster’s [Strategic Research Plan](#) sets out a vision to take our institution’s research excellence to an even higher level and states that, “Our rankings and our reputation are built on the strength of our researchers who work collaboratively across disciplines. This interdisciplinary approach to research is an integral part of our culture and is a hallmark of our research brand. We consider our size – large enough to attract some of the world’s best researchers, yet small enough to maintain a collegial and collaborative research environment – a strategic advantage that differentiates us from our peers and positions us to tackle some of the most complex challenges of our time.”

The strength of this interdisciplinary approach to research is perhaps more evident now than ever before, with the launch of [Canada’s Global Nexus for Pandemics and Biological Threats](#) in 2020. McMaster researchers across diverse fields of expertise rapidly mobilized to deliver on more than 100 COVID-19 related research projects, leveraging vast international networks. These experts were awarded more than \$20 million in COVID-19 Rapid Research funding representing more than a quarter of the funds allocated in the national competition<sup>6</sup>.

The launch of the **Brighter World: IMAGINING INNOVATION & IMPACT**, fundraising initiative with the initial focus on *Canada’s Global Nexus for Pandemics and Biological Threats*, in which all six Faculties are involved, provides a

<sup>3</sup> Source: Update on Gender Equity in MUFA Faculty Salaries Analysis, page 1

<sup>4</sup> Source: Indigenous Strategic Directions ([https://indigenous.mcmaster.ca/documents/mcmaster\\_indigenousstrategicdirections-final-copy.pdf](https://indigenous.mcmaster.ca/documents/mcmaster_indigenousstrategicdirections-final-copy.pdf)), page 1

<sup>5</sup> [McMaster named Canada’s most research-intensive university for the fourth year in a row – Daily News](#)

<sup>6</sup> <https://brighterworld.mcmaster.ca/articles/mcmaster-to-create-and-lead-new-international-nexus-for-pandemics-and-biological-threats/>

path to focus our revenue-generation efforts in support of our researchers and demonstrate the global impact of the work undertaken in labs, libraries, and offices across our campus and with our partners. As the fundraising plan evolves, additional areas of focus are being developed that encompass areas across the university.

### **Our Commitment to Excellence as an Employer**

We are pleased that McMaster has received recognition for the 7<sup>th</sup> consecutive year as one of [Hamilton-Niagara's Top Employers](#) in Canada's Top 100 Employer competition. McMaster University has also been recognized as a great employer in 2021 by [Excellence Canada's Great Employer Award](#), for our planning and actions to foster a physically and psychologically safe and healthy workplace.

McMaster offers competitive total rewards to recruit and retain the best and the brightest faculty members. A brief summary of key highlights of the total rewards package for faculty members is included as **Appendix A**. The supports provided to faculty members at McMaster aim to foster overall health and wellness and include:

- [COVID-19 Health and Safety Protocols, Training, and Guidance](#)
- [Extended Health and Dental Plans](#), including \$3000 annual coverage for mental health practitioner services for every faculty member and each of their eligible dependents
- [Salary Continuance](#) and [Long Term Disability](#) coverage
- [Pension Plan](#) participation
- [Post-Retirement Benefits](#)
- [Tuition Assistance](#) for personal continued lifelong learning
- [Tuition Bursary](#) for dependents enrolled at McMaster University and [External Tuition Bursary](#) for dependents enrolled at other accredited Canadian colleges or universities
- [Child Care Allowance](#) for faculty members who have dependent children under the age of 7
- [Emergency Travel Assistance](#)
- [Group Life Insurance and Optional Life Insurance](#)
- [Optional Accidental Death & Dismemberment Insurance](#)
- [Pregnancy & Parental Leave Supplemental Unemployment Benefits](#) for a combined total of up to 30 weeks of financial benefits at 95% of regular salary, less Employment Insurance benefits
- [Professional Development Allowance](#)
- [Employee Family Assistance Program](#)
- [Mental Health Resources and Training](#)
- [Workplace Accommodation Policy](#) and [Guidelines](#)
- [Employment Equity Policy](#) and [Framework](#)

## MENTAL HEALTH and WELL-BEING

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The global pandemic has had a significant impact on the health and well-being of society. While research continues to explore and understand the long-term effects of this impact, we have the benefit of emerging data directly relating to our own McMaster community of faculty and staff. Some of the results of this work is summarized below and indicates there is an acute need for action to support the overall well-being of our community.

### Longitudinal In Hamilton COVID-19 Study

A longitudinal study conducted by McMaster researchers<sup>7</sup> examined the mental health trajectories and the pandemic-related stressors and coping strategies associated with changes in depressive symptoms in a sample of 579 McMaster University employees during the initial lockdown and after the re-opening following the first wave of the COVID-19 pandemic in Canada (between April – November 2020).<sup>8</sup> The results showed,

"Two distinct trajectories of change with 66.2% of participants displaying low-consistent patterns of depressive symptoms, and 33.8% of participants displaying high-increasing depressive symptom patterns. COVID-19 pandemic-related experiences including health concerns, caregiving burden, and lack of access to resources were associated with worsening of the depressive symptom trajectories. Frequent use of dysfunctional coping strategies and less frequent use of emotion-focused coping strategies were associated with the high and increasing depressive symptom pattern<sup>9</sup>." and concluded, "The negative mental health impacts of the COVID-19 pandemic and related stressors may persist even after the number of infections drop and restrictions are lifted. Therefore, it is essential to promote emotion-focused strategies and programs that develop awareness, alleviate the depressive symptoms, and promote mental health of working adult<sup>10</sup>".

### Impact of COVID-19 on Faculty and Research Staff at McMaster University

Dr. Marisa Young, Associate Professor in the Department of Sociology and a Canada Research Chair, led a study funded by the University's Vice-President Research, which focused on the [Impact of COVID-19 on Faculty and Research Staff at McMaster University](#). The results of this study were published in October 2021, and

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<sup>7</sup> Divya Joshi, Andrea Gonzalez, Lauren Griffith, Laura Duncan, Harriet MacMillan, Melissa Kimber, Brenda Vrkljan, James MacKillop, Marla Beauchamp, Nick Kates, and Parminder Raina

<sup>8</sup> [Trajectories of depressive symptoms \(McMaster employee Study\).pdf](#)

<sup>9</sup> [Trajectories of depressive symptoms \(McMaster employee Study\).pdf](#), page 1

<sup>10</sup> [Trajectories of depressive symptoms \(McMaster employee Study\).pdf](#), page 8

highlighted the following<sup>11</sup>:

1. Productivity declined among McMaster faculty and research staff due to the pandemic; early career researchers, women, and parents experienced the greater declines.
2. Many respondents reported that they experienced greater work, family and community stressors compared to before the pandemic.
3. The exposure and mental health vulnerability to stressors was not equally distributed. Women were more likely than men to report these outcomes, and the subgroup of mothers in the sample reported that they experienced more stressors and mental health symptoms than did the subgroup of fathers. The study also found impacts based on race, ethnicity, nationality, inter/national status, and socioeconomic status, and concluded that,

“The pandemic intensified inequities that were already prevalent in the academy. Moving forward, the university should use the pandemic as an opportunity to address and review these inequities, especially considering how provided supports will be distributed among faculty and research staff in a way that accounts for these disparities<sup>12</sup>”.

Further, the study found that the health and well-being of participants were negatively impacted by the increased suffering in student mental health and recommends that “we need to consider the overall pulse of the mental health among all members of our university and recognize that to have a healthy work environment we must address the needs across students, faculty, and staff”.

The study provided the following summary of the participant’s suggestions for solutions to the impacts they have experienced due to COVID-19<sup>13</sup>:

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<sup>11</sup> [https://socialsciences.mcmaster.ca/advanced-research-on-mental-health-and-society/research/young-et-al- final-report\\_web.pdf](https://socialsciences.mcmaster.ca/advanced-research-on-mental-health-and-society/research/young-et-al- final-report_web.pdf)

<sup>12</sup> [https://socialsciences.mcmaster.ca/advanced-research-on-mental-health-and-society/research/young-et-al- final-report\\_web.pdf](https://socialsciences.mcmaster.ca/advanced-research-on-mental-health-and-society/research/young-et-al- final-report_web.pdf), page 25

<sup>13</sup> [young-et-al- final-report\\_web.pdf \(mcmaster.ca\)](https://socialsciences.mcmaster.ca/advanced-research-on-mental-health-and-society/research/young-et-al- final-report_web.pdf (mcmaster.ca)), page 21

<b>Financial Compensation</b>	<b>Time and Flexibility</b>	<b>Long-Term Merit Impacts</b>	<b>Rebuilding Community</b>
Flexible PDA spending	Course releases for all faculty	Evaluating merit in ways that account for COVID-19 impacts for years to come	Distributing COVID-19 supports with equity as a priority
Salary boosts and bonuses (that take into account inflation)	Delaying the tenure and promotion clock	Crediting teaching, community engagement, creative work, committee work, EDI work in CP/M	Ensuring that nobody who needs support gets “left behind”
Guaranteed funding for lost research	Allowing for flexible at-home work and meeting arrangements going forward	Reconsidering CP/M as a valuable method of measuring merit and productivity	Supporting graduate students going forward with the burdens of financial and emotional care
Proactive pay equity	More teaching and administrative support		Prioritizing faculty mental health through top-down, accessible solutions and resources
Reimbursements for expenses over the pandemic	Offering research leaves without any other duties for those who had their research programs disrupted		
Reimbursement for immigration fees and expenses for non-Canadian faculty and staff			

### McMaster Okanagan Committee: Mental Health & Well-Being Task Force

Throughout 2021, a Mental Health & Well-Being Task Force (MHWBTF) was appointed by the McMaster Okanagan Committee to consider mental health issues facing McMaster students, faculty and staff in the pandemic and beyond. The Task Force recommended, and senior leadership has adopted, the following aspirational statement as it relates to mental health and well-being<sup>14</sup>:

A psychologically healthy, inclusive, and accessible university which promotes and supports the mental health and well-being of every student, staff and faculty member in all of its activities and creates the conditions for all to flourish

The Task Force submitted its report in August 2021, and its findings and broader recommendations are being considered by the McMaster Okanagan Committee and senior leadership.

### Areas of Focus to Further Support Mental Health & Well-Being for MUFA Members

Over the last several rounds of negotiations, we have focused on implementing or improving benefits in support of health, well-being, and to enable full and inclusive participation in the workforce. For the purposes of our discussions, and in light of the emerging research, we would like to focus this round of discussions on the following provisions:

1. Mental Health Practitioner Benefits
2. Virtual Access to Health Care and Mental Health Supports

<sup>14</sup> Okanagan Mental Health and Well-being Task Force: Immediate & Short-term Recommendations, page 5.

### 3. Pregnancy and Parental Leave Supplemental Unemployment Benefits

#### Mental Health Practitioner Benefits

Currently, each benefit year MUFA members have access to \$3000 in mental health benefits for themselves and each of their eligible dependents<sup>15</sup>. This benefit covers 100% of the costs up to the combined maximum of \$3000 per person per benefit year for services provided by licensed psychologists, social workers who are registered with the appropriate provincial regulatory body, or licensed psychotherapists, or psychotherapists who are active members of a provincial association approved by Sun Life.

In the July 1, 2020, – June 30, 2021, benefit year, there were 2048 claims submitted by MUFA members under this benefit across 224 claimants, representing a 67.4% increase in utilization over the 2019-2020 benefit year. Of those claims, 30.5% were for psychotherapists, 41% were for social workers, and 28.5% were for psychologists; 45% of the claim costs were for faculty members and 55% were for their dependents. There were 26 claimants (14 faculty members and 12 dependents) who reached the maximum claim limit of \$3000.

These metrics are a strong indication that the mental health practitioner benefits are important to, and valued by, MUFA members. We are aware that access to mental health care in the community is a challenge currently, as practitioners struggle to meet the significant increase in demand across society. Accordingly, we see benefit in expanding the list of approved practitioners within the existing mental health benefits provisions, and will propose adding licensed psychoanalysts, registered clinical counsellors and licensed marriage and family therapists. This proposal is made with a view to ensuring inclusive and equitable access to care; on the same principle, we also propose removing the existing provision for Christian Science Practitioner benefits and note that there have been no claims submitted under this provision.

#### Virtual Access to Health Care

We would like to enable easy, inclusive and equitable access to health care for MUFA members. We will advance a proposal to introduce Virtual Health Care to the suite of Extended Health benefits currently provided. Our current service provider estimates that about 70% of walk-in clinic cases are suitable for treatment through virtual health care. With a virtual walk-in-clinic, which is available 24/7, faculty members and their dependents will be able to:

- Chat virtually with a nurse or doctor about physical or mental health;
- Receive a diagnosis; and
- Receive a prescription

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<sup>15</sup> Microsoft Word - 10334-121-EBOOK-A001V246.doc (mcmaster.ca), page 24

### Pregnancy & Parental Leave Supplemental Unemployment Benefit

In the last round of discussions, we agreed to introduce a program to enable a combined total of up to 30 weeks' Supplemental Unemployment Benefit (SUB) for the combination of pregnancy and parental leaves. There is a challenge with the existing benefit structure because the pregnancy SUB is for up to 11 weeks, while pregnancy leave can be taken for up to 17 weeks – so there is potentially a 6-week gap in SUB. To address this issue, and to ensure we were not inadvertently creating an adverse impact for pregnant employees who also chose to take a parental leave, last round we created an option where a faculty member on a pregnancy leave can elect to receive an advance of their parental leave SUB to close the gap in benefits during their pregnancy leave. The result is an administratively complex and cumbersome process that is difficult to understand and explain.

We would like to simplify this process and to ensure pregnant faculty members are well supported and cared for, particularly in light of the findings of the research summarized above. We will be advancing a proposal to increase the maximum pregnancy leave SUB from **11 weeks to 17 weeks**, and accordingly the maximum total combined pregnancy and parental leaves SUB from **30 weeks to 36 weeks**, which will enable us to simplify the [Pregnancy/Parental Leave Policy](#).

### Employee & Family Assistance Program (EFAP)

The EFAP is available to all faculty members and their dependents and offers supports in various formats across an extensive array of topics that affect overall health and well-being. The services are provided through Homewood Health and include in-person, virtual, and online resources, in addition to many health promotion sessions coordinated through Human Resources Services. The contract with Homewood Health expires in 2022; we will be engaging in a comprehensive consultation with groups across campus in preparation for a Request for Proposal process to ensure the EFAP program is structured in a way that best meets the evolving needs of our staff and faculty members.

## **OUR FISCAL REALITY**

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McMaster University's [Annual Financial Report, 2020-2021](#) provides a comprehensive review of the University's financial state, with a significant theme on sustainability in recognition that the global climate crisis and environmentally balanced economics are of critical importance in our strategic financial planning. In summary, 2020-2021 was a favourable year for the University, with a consolidated surplus of \$232 million, driven by extraordinary investment income and increased tuition revenue mainly enrolment related.

Tuition revenue was higher than planned because the University extended more offers of admission, in anticipation that we would see increased levels of enrolment deferral due to the pandemic. The actual result was a higher number of admission acceptances without the anticipated increase in enrolment deferrals, resulting in over-enrolled domestic participation in excess of provincial domestic enrolment caps, and consequently \$22 million in unfunded operating grants for domestic student support. The MCU's corridor funding model holds grants for domestic undergraduate enrolment at 2016/17 levels and allows universities to be plus or minus 3.0% of the enrolment funding mid-point, and so our domestic offers will be adjusted over the coming years to ensure alignment with provincial funding levels. Increases to tuition remain at 0% for domestic in-province students with new allowances (as of 2021-22) of up to 3% for only domestic out-of-province students.

The Province of Ontario remains committed to implementing a performance-based funding model for colleges and universities, focused on three key priorities: skills & job outcomes, economic & community impact, and productivity, accountability & transparency. The renewed [Strategic Mandate Agreement \(SMA3\)](#) with the province provides the framework against which the University will be assessed, and outlines McMaster's goals and plans for strategic priorities, growth and metrics from 2020 to 2025. The government, however, has communicated that "given the uncertainty regarding future impacts of the COVID-19 outbreak on the SMA3 metrics, the Ministry will delay the planned activation of performance-based funding for two years --Year 1 (2020-21) and Year 2 (2021- 22) of SMA3"<sup>16</sup>.

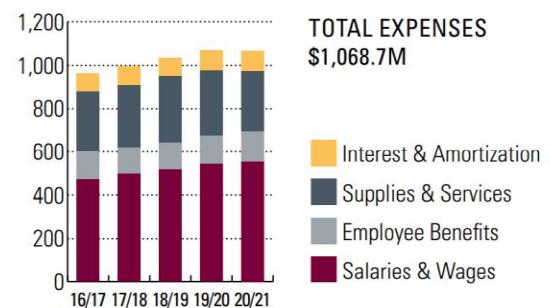
### Compensation and Benefits Costs

#### Current Salary and Employee Benefits Expenses

In 2020-2021, total compensation (salary and wages + benefit costs) accounted for 64.9% of the University's total expenditures, as illustrated in this summary table from the Annual Financial Report<sup>17</sup>:

##### TOTAL EXPENSES

- Expenses remained relatively flat at \$1,068.7 million compared to \$1,068.9 million in the prior year.
- Salaries and wages increased by \$7.1 million (1.3%) due to the planned faculty and staff hires to support increased enrolment and due to negotiated pay increases.
- Employee benefits increased by \$10.2 million (7.7%) primarily due to increased current service and finance costs for pensions.
- Supplies and services decreased by \$21.9 million (-7.3%) primarily due to pandemic-related travel restrictions and temporary operational closures.



Employee Benefits expenses include statutory benefit costs, other current benefit costs, and accruals for pension and other non-pension benefits (primarily medical benefits and dental care) that are earned in relation

<sup>16</sup> [McMaster-SMA3-Agreement-August-31-2020-SIGNED-FINAL.pdf](#), page 2

<sup>17</sup> [FS AFR 2021 NOV2.pdf \(mcmaster.ca\)](#), page 10

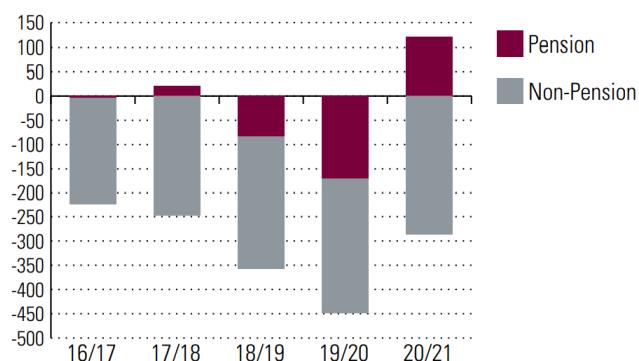
to service in the current year. In addition to the current Employee Benefits expenses, the University must also plan for the unfunded future liability of benefits costs relating to the defined benefit pension plans and post-retirement benefits (extended health, dental, and life insurance coverage in retirement).

### Unfunded Pension and Post-Retirement Benefits Liability

As illustrated in the graph below from the Annual Financial Report, the unfunded liability of pension and post-retirement benefits continue to represent a significant liability for the University<sup>18</sup>. In 2020/21, the pension liability decreased by \$278.5 million (-62.1%) to \$169.9 million, and the post-retirement benefits (non-pension benefits) liability increased by \$10.1 million (3.6%) to \$287.3 million. The current year's strong performance enabled extra one-time payments of \$45.0 million into the post-retirement benefit reserve to support McMaster's commitment to fund this obligation net of employee contributions, however, it is important to note that the obligation remains only 70% funded, with a funding deficiency of \$81.9 million.

Figure 4: NET POST RETIREMENT (UNFUNDED OBLIGATIONS)/SURPLUS

\$ Millions



McMaster deploys a cost-smoothing approach for charging benefit expenses to faculties and departments. Benefit costs are monitored and projected over three to ten years with an employer departmental benefit rate charged at a smoothed average rate approximating 30.0% of associated salaries each year, although annual benefit cash outflows can vary year over year.

The University must continue to design and implement cost-balancing strategies to manage these unfunded liabilities, which continues to increase as a result of individuals living longer and can also fluctuate from year to year due to changes in market interest rates.

Changes have been made to accounting rules relating to financial reporting of employee future benefits (Section 3462/3463, Reporting Employee Future Benefits by Not-for-Profit Organizations, in the CPA Canada Handbook). In accordance with these rules, the University must have a contractual requirement to fund this obligation, net of employee contributions, to be permitted to use the "funding basis" for reporting which measures the assets based on how the funds are invested. Where this employer commitment is not included in agreements with employees the benefit obligation must be measured using the "accounting basis" for reporting, which relies upon a different methodology using a provincial discount rate rather than how funds are invested. The defined

<sup>18</sup> [FS AFR 2021 NOV2.pdf \(mcmaster.ca\)](#), page 17

benefit plans have the employer obligation in agreed language with employee groups, however the post-retirement benefit obligation does not. Adopting two measurement approaches, the funding approach for payment requirements legislatively required by the Financial Services Regulatory Authority and the accounting approach for annual financial statement reporting adds cost to obtain two actuarial measures and adds complexity to communications explaining two different sets of numbers.

Accordingly, we will seek MUFA's agreement to contractual language that will preserve the funding basis for reporting the University's non-pension post-retirement benefit obligation in accordance with CPA Canada reporting rules.

## PENSION and POST-RETIREMENT BENEFITS

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### The Salaried Pension Plan

MUFA faculty members participate in the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000 (the "Plan"), which is a defined benefit pension plan. McMaster filed an early full valuation for its Plan in July 1, 2018, in order to adopt the new legislative changes to the Pension Act. The new rules introduced a Provision for Adverse Deviations (PfAD) which is required to be funded as a percentage of going concern liabilities based on the allocation of invested assets and whether the plan is defined as "open" or "closed". Initially, McMaster's Plan was defined as "closed" because it is only open to certain segments of employees rather than all the segments it originally supported. Since filing the 2018 valuation, the definition of a "closed" plan has changed and the Plan is now under an "open" plan definition, which will reduce the PfAD liability going forward. A full valuation of the Plan is being completed effective July 1, 2021, and will be approved by the Board of Governors in March of 2022.

Of note, Queen's University, University of Guelph, and University of Toronto are the founding universities of the University Pension Plan (UPP), a jointly sponsored pension plan that brought together the five pension plans of these universities and came into effect July 1, 2021<sup>19</sup>. In March 2021, Trent University announced that it would also be joining the UPP. The UPP is a contributory defined benefit pension plan and, as designed, is more expensive than McMaster's current pension plans. We will continue to monitor the UPP developments in the event it becomes a viable option to consider in the future.

### Enhancements to the Canada Pension Plan ("CPP")

The Canada Pension Plan (CPP) is a contributory pension plan with the objective of providing a basic level of income replacement for all Canadian workers at retirement. The CPP enhancements result in both faculty

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<sup>19</sup> [Home - UPP University Pension Plan \(myupp.ca\)](http://Home - UPP University Pension Plan (myupp.ca))

members and the University contributing more to CPP and will provide for enhanced CPP benefits in the future. Prior to the CPP enhancements, which are being phased in during the period of 2019-2025, the base CPP provided a maximum income replacement at age 65 of 25% of the Yearly Maximum Pensionable Earnings ("YMPE")<sup>20</sup> for a member who contributed throughout their working life. Once fully implemented in 2025, the enhancements will see:

- the introduction of a second pensionable earnings ceiling, the Yearly Additional Maximum Earnings ("YAMPE"), which will be 14% above the YMPE, and
- an increase in the CPP benefit from 25% to 33% of pensionable earnings earned after 2019.

The schedule for CPP contribution rate increases for both faculty members and the University is as follows:

Effective Date	Contribution up to the YMPE		Contribution Above YMPE and up to the YAMPE <sup>21</sup>	
	Employee	University	Employee	University
Pre-January 2019	4.95%	4.95%	n/a	n/a
January 1, 2019	5.10%	5.10%	n/a	n/a
January 1, 2020	5.25%	5.25%	n/a	n/a
January 1, 2021	5.45%	5.45%	n/a	n/a
January 1, 2022	5.70%	5.70%	n/a	n/a
January 1, 2023	5.95%	5.95%	n/a	n/a
January 1, 2024	5.95%	5.95%	4%	4%
January 1, 2025	5.95%	5.95%	4%	4%

### University and MUFA Working Group on Pension

During the last round of discussions, MUFA and the University agreed to establish a Working Group on Pension with a mandate to review the issues of integration with CPP given the CPP enhancements, and the approach to indexation of Plan benefits.

### Impact of CPP on the Salaried Pension Plans

McMaster's defined benefit pension plans are currently built on the CPP maximum pensionable earnings structure:

- Plan benefits are 1.4% of earnings up to YMPE and 2% above YMPE

<sup>20</sup> Year's Maximum Pensionable Earnings (2021 = \$61,600)

<sup>21</sup> Year's Additional Maximum Pensionable Earnings (YAMPE) will be introduced in 2024, and will be 7% above the YMPE. In 2025, the YAMPE will increase to 14% above the YMPE.

- Member contributions are 8% of earnings up to YMPE and 11% above YMPE (capped based on Maximum Annual Salary<sup>22</sup>)

The enhanced CPP provisions brought into question whether the design of the Salaried Plans required adjustment to integrate differently with CPP. The Working Group carefully considered this issue and compared the current plan design with two alternative models of CPP integration<sup>23</sup>:

1. “YAMPE only” integration

- Plan benefits change to 1.4% of earnings up to **YAMPE** and 2% above **YAMPE**
- Member contributions change to 8% of earnings up to **YAMPE** and 11% above **YAMPE** (Maximum Annual Salary methodology remains the same)

2. “Full” integration of the benefits

- Plan benefits change to 1.2% of earnings up to **YAMPE** and 2% above **YAMPE**
- Member contributions change to 8% of earnings up to YAMPE and 11% above **YAMPE** (Maximum Annual Salary methodology remains the same)

The Working Group concluded that integration impacts individuals differently, depending on whether their pension benefit is projected to be below or above the Income Tax Act maximum pension amount:

- For employees with a pension benefit projected to be below the ITA maximum pension amount:
  - “YAMPE only” integration results in a marginally lower benefit from the Salaried Plans, but a higher overall income replacement at retirement compared to income prior to the CPP enhancements
  - “Full” integration results in a lower benefit from the Salaried Plans, but maintains the same overall income replacement at retirement compared to income prior to the CPP enhancements, because the increase in CPP income is offset by the decrease in the Salaried Plans’ income

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<sup>22</sup> The Maximum Annual Salary in 2021 is \$180,758

<sup>23</sup> Administration-MUFA Working Group on Pension: Report on Findings, August 10, 2020, page 2

- For employees with a pension benefit projected above the ITA maximum pension amount:
  - The integration for both approaches have no impact on the benefit they receive from the Salaried Plans, since they would be over the ITA limit and therefore receive the same benefit as prior to the CPP enhancements
  - For both approaches, their total income replacement at retirement would be higher overall compared to income prior to the CPP enhancements

Given that MUFA members would receive higher total income replacement overall, while lowering the costs to employees and lowering the University's costs by an estimated \$3.3 million annually as it relates to MUFA members, the Working Group has recommended moving forward with "Full" integration of the Salaried Plans and employee contributions with the CPP effective January 1, 2025, as follows:

- Plan benefits change to 1.2% of earnings up to **YAMPE** and 2% above **YAMPE**
- Member contributions change to 8% of earnings up to **YAMPE** and 11% above **YAMPE** (Maximum Annual Salary methodology remains the same)

Through our joint discussions, we would like to review these findings and recommendations of the Working Group and consider the impact of making changes to the Salaried Plans for MUFA in isolation, given there are other employee group participants in these Plans. The cost and administration of system and plan design changes are significant and must be considered as we strive to advance our priorities of Operational Excellence.

### Pension Indexation

The Working Group also reviewed the approach to indexation of the Salaried Plans pension benefits. Currently, an annual pension increase is provided to retirees, determined by the rate of return on investments. This is called indexation, and is determined as follows:

- If the 5-year average return on the fund is in excess of 4.5%, then that amount is used to increase the pension payments up to 100% of the CPI.
- If the excess in the fund is larger than the current CPI increase, that amount can be used to top-up the previous 3 years of increase to bring them up to 100% of CPI. This is called the supplemental pension increase.

The Working Group focused their analysis on what the impact would be in the indexing provision was adjusted to equal to 100% of the Consumer Price Index (CPI), and also considered alternate approaches to the indexation formula. The Working Group concluded that "moving to 100% indexation will significantly increase the risk

profile of the Salaried Plans. Given that the Salaried Plans are able to provide pensioners with 100% CPI in recent years based on the current pension indexation formula, it is recommended that McMaster remain with the current annual pension indexation formula by incorporating investment performance and not moving to 100% CPI.”<sup>24</sup>

We accept the Working Group’s recommendation to remain with the current annual pension indexation formula and are grateful for their work and service on these important topics.

#### **University and MUFA Working Group on Retiree Benefits**

During the last round of discussions, MUFA and the University also agreed to establish a Working Group on Retiree Benefits with a view to identifying a solution to the current costs and administrative complexity of MUFA Retiree Benefits Plans.

Currently, as changes are made to the active faculty benefits plan, concomitant changes are made to create a new retiree benefit plan. The result is an increasingly complex array of retiree benefits plans that will continue to grow - for MUFA, there are currently 10 retiree plans, varying slightly by incremental modifications made through history to the active benefits plan.

The Working Group developed and recommended the following philosophy for retired faculty and senior librarians<sup>25</sup>:

- Extended health and dental benefits in retirement are an important part of the total compensation package, needed for the attraction and retention of exceptional faculty and in recognition that many faculty continue to make substantial contributions in retirement;
- Plans provide protection from expenses related to catastrophic life events;
- Access to extended health and dental plans support health and well-being in retirement;
- Retirement benefits are designed to work in complement with other plans such as the Ontario Health Insurance Plan (OHIP) and the Ontario Drug Benefit (ODB) program;
- To ensure sustainability of the plans, they must be cost-effective for the university and retired faculty; and
- Retirement benefits must support inclusive excellence and accessibility.

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<sup>24</sup> Administration-MUFA Working Group on Pension: Report on Findings, August 10, 2020, page 10

<sup>25</sup> Administration-MUFA Working Group on Retiree Benefits Plans: Report to Joint Committee, November 2021, page 17

While unable to reach a consensus on a recommendation, the Working Group completed a thorough analysis of the following potential strategies<sup>26</sup>:

1. Retain current practice
2. Consolidate some/all of the existing retiree plans and freeze going forward
3. Retain the current plan moving forward and move away from the practice of creating new retiree plans with each change to active benefits
4. Negotiate a new plan that will be the stand-alone plan for retirees moving forward
5. Maintain the same plan for active and all retired faculty

As summarized by the Working Group in their report, we understand that MUFA is seeking to ensure that past, current, and future MUFA members' access to sufficient extended benefits is preserved after retirement. MUFA's preferred options are option 1 or 5, since these options would not lead to diminished benefits for future retirees.

The Working Group also discussed an alternate benefit strategy, which features a core benefit plan plus a Health Spending Account (HSA). The Working Group writes that,

*"HSAs are becoming more common in group benefit plans and are often viewed positively as they provide additional flexibility in meeting an employee's unique benefit needs. An HSA is an employee benefit that offers reimbursement for eligible health and dental expenses that are not covered by the benefit plan and are an effective way to enhance a traditional benefit plan. HSA dollars can be used to "top up" traditional benefits by covering any out-of-pocket expenses as well as covering benefit costs not covered under the traditional plan. With an HSA, employees receive an annual contribution amount that can be used for these expenses with a set time frame that these contribution dollars can be used. Claim submission can be automated for many expenses and employees can elect auto-coordination to receive payment under their traditional plan as well as their HSA for any amount not covered. The CRA determines eligible expenses for an HSA and they are administered in accordance with the Income Tax Act. HSA contributions are tax-free to the employee and are tax-deductible for the employer."*

The University is seeking to achieve long-term efficiencies and cost savings and simplify the administration of the plans while also recognizing the benefit to MUFA members and the promise to existing retirees. Having carefully considered the information summarized in the Working Group Report, our preferred approach is:

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<sup>26</sup> Administration-MUFA Working Group on Retiree Benefits Plans: Report to Joint Committee, November 2021, pages 6-7

- to make improvements to the active plan as set out in our proposal included in this brief, effective July 1, 2022;
- to create and freeze a new (11<sup>th</sup>) MUFA retiree plan, inclusive of the proposed improvements, which will be applicable for all MUFA members who retire on or after July 1, 2022; and
- to establish a joint Working Group to implement a Health Spending Account to accompany the frozen retiree plan effective July 1, 2025, and to explore whether a parallel strategy may also be recommended for the active MUFA benefits plan in future. We understand that MUFA is open to considering the introduction of a Health Spending Account, and eager to be involved in the process. The Health Spending Account is intended to be cost-neutral to the value of future negotiated improvements to the active plan.

We are grateful to the Working Group for their efforts and are pleased to support adoption of their recommended philosophy on retiree benefits for MUFA members.

#### **Protecting a Sustainable Public Sector for Future Generations Act, 2019 (“Bill 124”)**

The provincial government passed [Bill 124](#) into law in November of 2019. The law requires a three-year moderation period for employees in the public sector, including MUFA members, during which the following restrictions are in place:

- increases to salary rates for a position or a class of positions cannot be more than 1% for each 12-month period of the moderation period<sup>27</sup>; and
- incremental increases to existing compensation entitlements or introduction of new compensation entitlements cannot in total equal more than 1% on average for all MUFA members for each 12-month period of the moderation period<sup>28</sup>.

For MUFA members, the moderation period will begin on July 1, 2022, and end on June 30, 2025<sup>29</sup>. Our discussions regarding remunerations provisions for faculty members will need to result in an agreement that is compliant with Bill 124.

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<sup>27</sup> [b124ra\\_e.pdf \(ola.org\)](#), page 5 (para 10 (1))

<sup>28</sup> [b124ra\\_e.pdf \(ola.org\)](#), page 5 (para 11 (1))

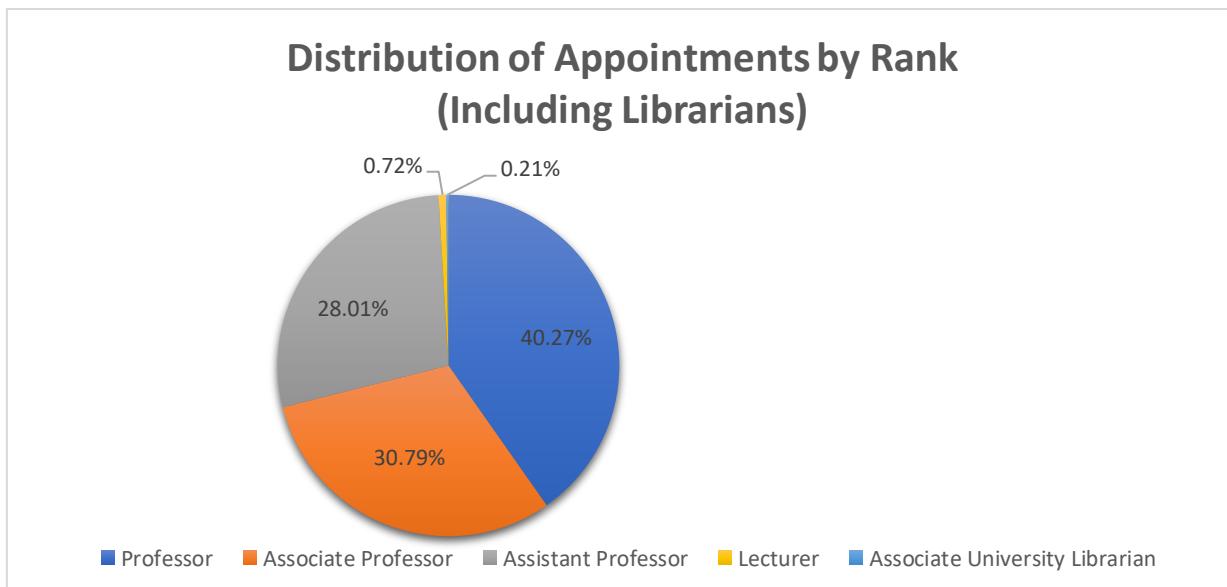
<sup>29</sup> [b124ra\\_e.pdf \(ola.org\)](#), page 4 (para 9 (1) 1.)

## DEMOGRAPHICS AND COMPARATIVE DATA

### Demographics<sup>30</sup>

The total faculty count, as of November 1, 2021, was **971**. Of this number:

- 40.45% are female; 59.55% male
- The average age is 52 years
- The average years of services is 15
- The distribution of faculty members by rank is: 40.27% Professor, 30.79% Associate Professor; 28.01% Assistant Professor; 0.72% Lecturer; 0.21% Associate University Librarian



The chart below provides the faculty distribution by rank, gender, and status (full-time and part-time):

	Faculty Members	Female	Male	Another Gender Identified	Full Time	Part Time
Professor	391	106	284	1	383	8
Associate Professor	299	135	164	0	295	4
Assistant Professor	272	148	123	1	269	3
Lecturer	7	2	5	0	7	0
Associate University Librarian	2	1	1	0	2	0
<b>Total</b>	<b>971</b>	<b>392</b>	<b>577</b>	<b>2</b>	<b>956</b>	<b>15</b>

<sup>30</sup> Based on data extracted from the University's HRIS of current MUFA Faculty, including CAWAR and Special, (not including the Librarian positions) as of November 1, 2021

## Salary Data and Comparators

McMaster University's average projected faculty salary, excluding premiums, for 2021 is **\$176,953.66**.

Salary reflects a significant portion of the University's cost of employing a faculty member, but salary alone does not reflect the total compensation costs attributable to a faculty appointment. McMaster University has projected that employer paid benefits will cost an average of **\$40,764** per faculty member for the period of July 1, 2021, to June 30, 2022, excluding the cost of special payments, Pension Benefits Guarantee Fund ("PBGF") payments, and post-retirement benefits.

It is estimated that the total compensation costs for the overall faculty compliment in 2021/22 will increase by 14.41%, a cost of approximately \$27,347,110, as compared to 2018/19. While this increase can be attributed in part to a 4% increase in the number of employees, the projected average total compensation cost per faculty member in 2021/22 has increased by 9.93% as compared to 2018/19.

<b>McMaster Faculty</b>	<b>Actual Costs July 1, 2021, to October 30, 2021</b>	<b>Projected Costs July 1, 2021, to June 30, 2022</b>
Total Salaries & Premiums	\$61,537,568.67	\$177,573,009.07
Total Benefit, Pension* & Statutory Employer Costs	\$11,887,723.11	\$39,581,956.22
Total Compensation Cost	\$73,425,291.78	\$217,154,965.29 <sup>31</sup>

\*Does not include cost of pension special payments, PBGF, and post-retirement costs attributable to MUFA members.

### Canadian and Ontario Universities

McMaster University is one of the six leading research-intensive universities in Ontario (the "G6") and one of the fifteen leading research-intensive universities in Canada ("U15").

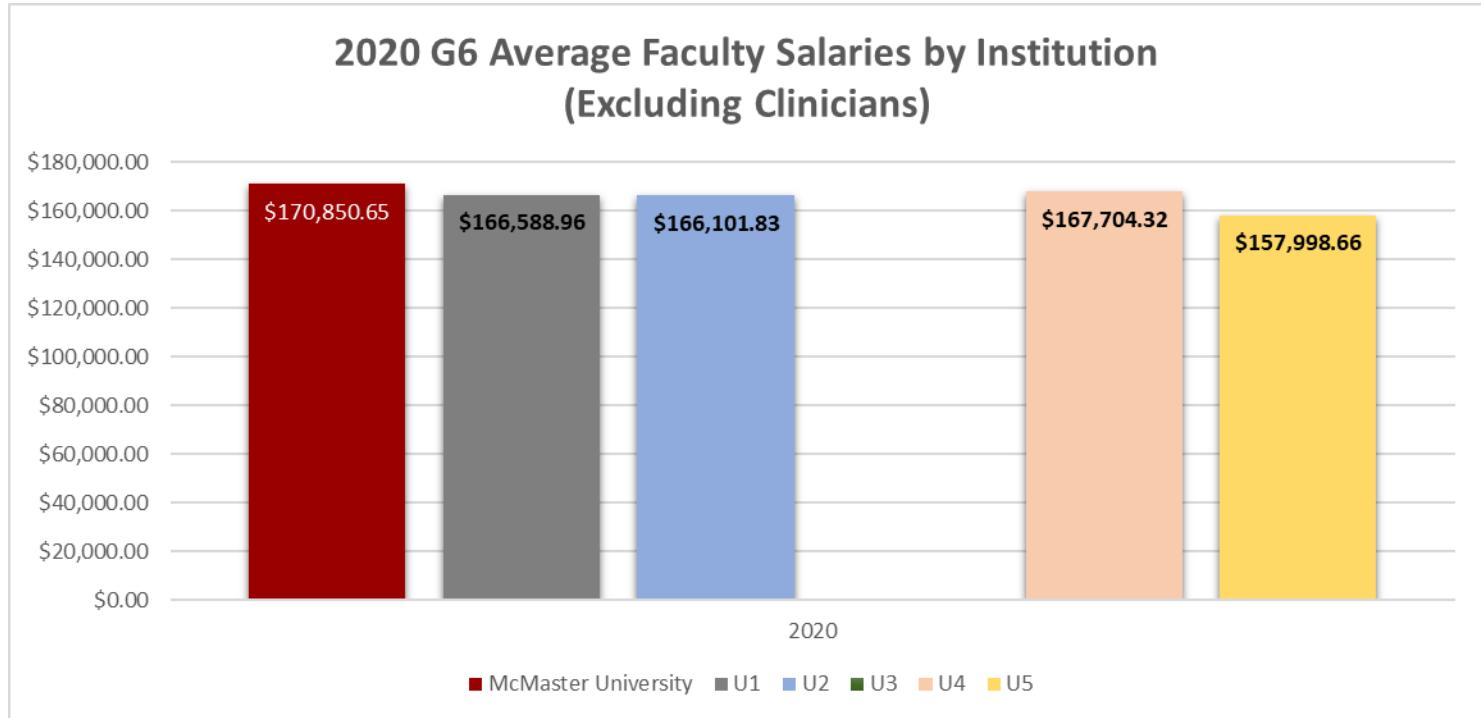
McMaster's average faculty salary of \$170,850.65 in 2020 was 3.80% above the average (excluding McMaster) of \$164,598.44 among the G6<sup>32</sup> universities and 12.45% above the average (excluding McMaster) of \$151,938.52 among the U15<sup>33</sup> universities.

<sup>31</sup> Based on actual data from July 1, 2021 to October 30, 2021 and projected to June 30, 2022

<sup>32</sup> G6 salary information excludes data for 1 university (U3), which has not reported salary information for 2020.

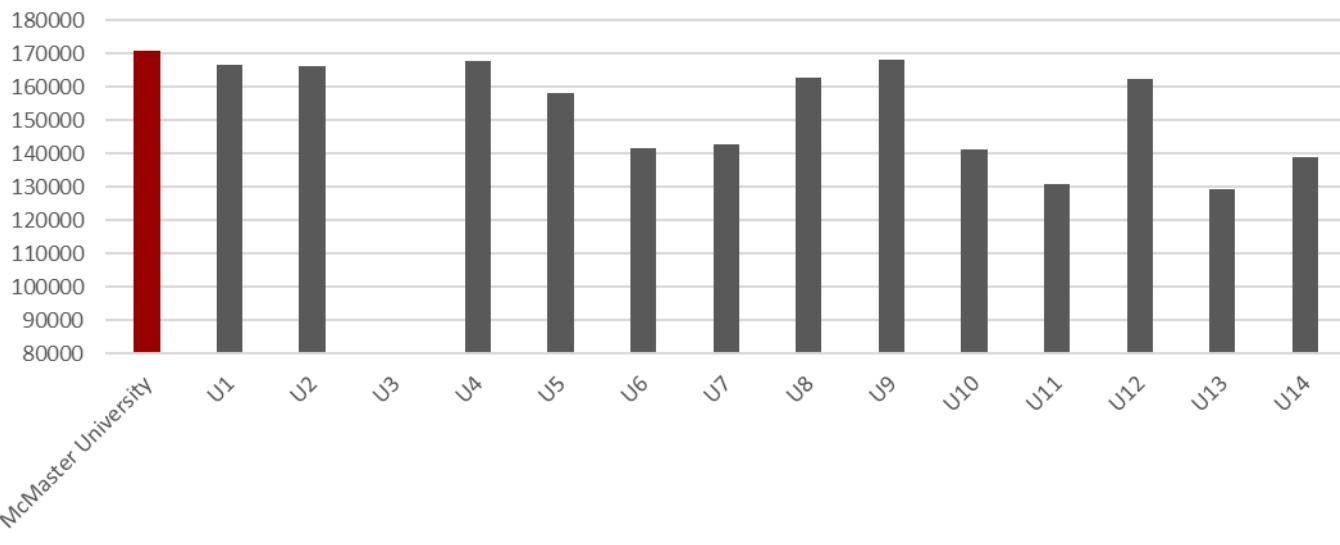
<sup>33</sup> U15 salary information excludes data for 1 university (U3), which has not reported salary information for 2020.

McMaster University's average faculty salary in 2020 ranked first among those who have reported 2020 salary information in both the G6 (1.88% more than the second ranked institution) and the U15.<sup>34</sup>



<sup>34</sup> Data Source: IRA-U15 Data

## 2020 U15 Average Faculty Salaries by Institution (Excluding Clinicians)



The following chart illustrates the comparison of average salary increases (2016 compared to 2020) for the U15 and G6 institutions. Over this, McMaster University's average faculty salary has increased 10.92% more than the average single university increase of the G6 and 48.08% more than the average single university increase for the U15.

	G6* Average Salary Increase (%) 2016 - 2020	U15** Average Salary Increase (%) 2016 - 2020
Highest Single University Average Salary Increase (%)	13.21%	13.88%
Lowest Single University Average Salary Increase (%)	7.64%	2.99%
Overall Single University Average Salary Increase (%) – Excluding McMaster	7.97%	5.97%
McMaster Average Salary Increase (%)		8.84%

\* G6 salary information excludes data for 1 university who have not reported salary information for 2020

\*\* U15 salary information excludes data for 1 university who did not report salary information for 2016

The following chart illustrates where McMaster University is positioned, relative to the G6 and U15, for faculty increases by rank when comparing salary increases (%) from 2016 to 2020.

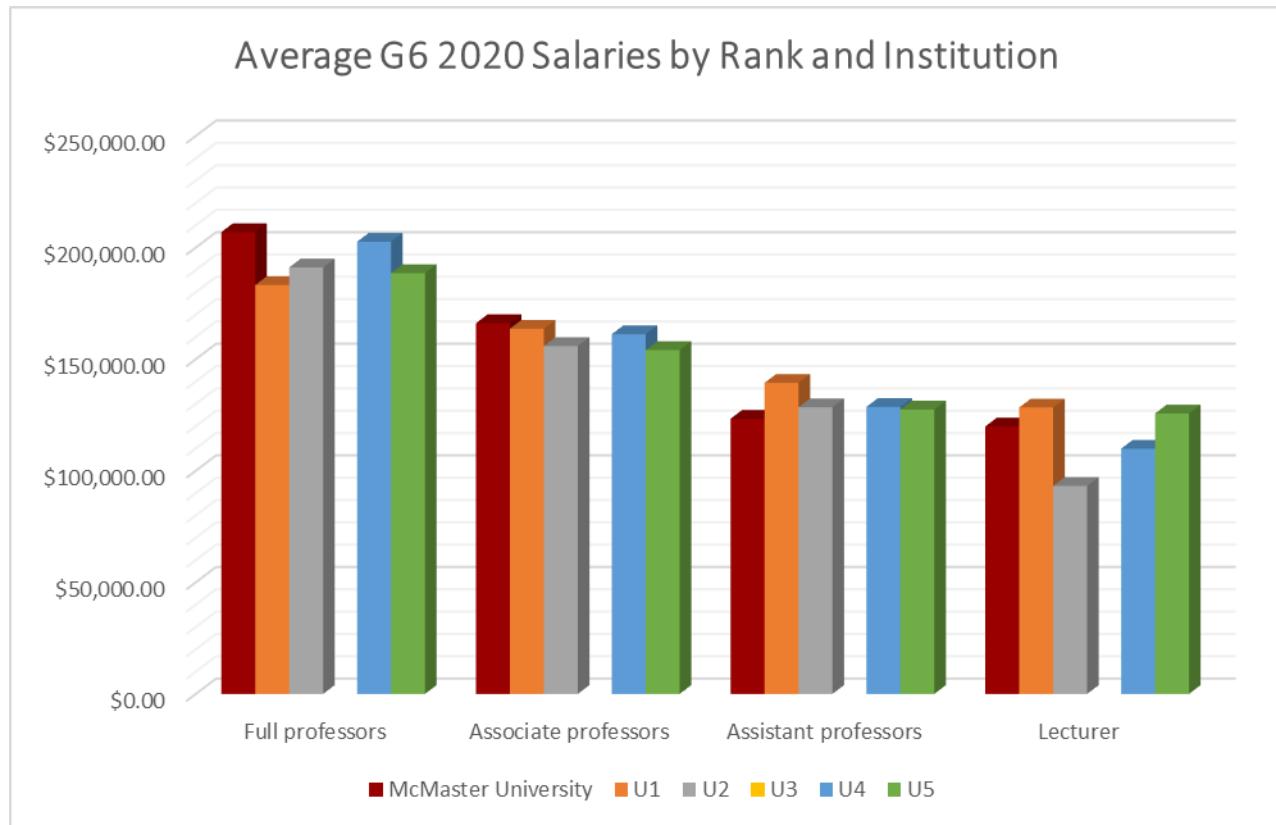
	U6* Rank Based on Salary Increase (%) 2016-2020	U15** Rank Based on Salary Increase (%) 2016 - 2020
McMaster University Ranked Order Overall	4 <sup>th</sup> out of 5	6 <sup>th</sup> out of 13
Professor	2 <sup>nd</sup> out of 5	4 <sup>th</sup> out of 13
Associate Professor	4 <sup>th</sup> out of 5	6 <sup>th</sup> out of 13
Assistant Professor	4 <sup>th</sup> out of 5	7 <sup>th</sup> out of 13
Lecturer <sup>^</sup>	4 <sup>th</sup> out of 5	6 <sup>th</sup> out of 12

\* G6 salary information excludes data for 1 university that has not reported salary information for 2020

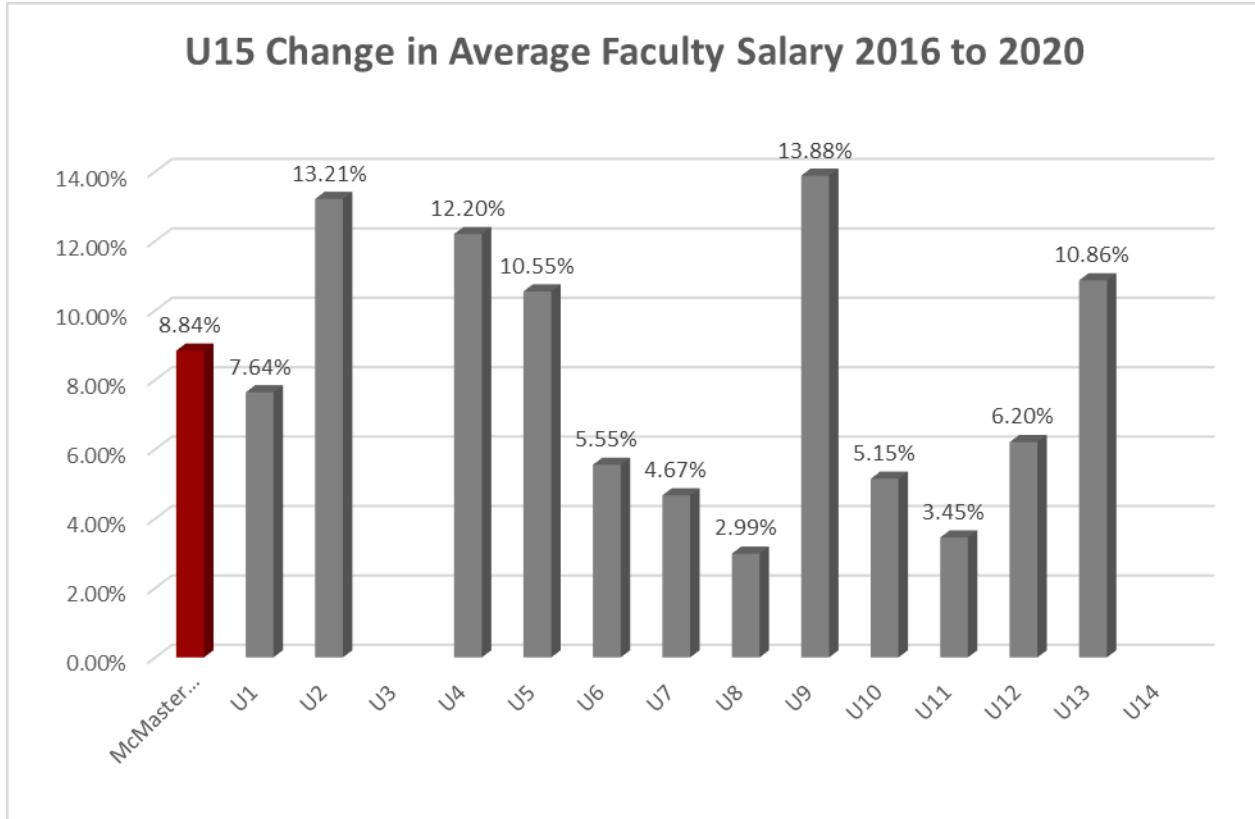
\*\* U15 salary information excludes data for 2 universities; 1 did not report salary information for 2016 and 1 did not report salary information for 2020.

<sup>^</sup> One U15 university does not have a faculty rank equivalent to Lecturer.

The following chart illustrates where McMaster University's average faculty salary by rank was in 2020 relative to the G6. While over the 4-year period noted previously, McMaster ranked 4<sup>th</sup> out of 5 overall, the following chart shows that McMaster ranks 1<sup>st</sup> out of 5 at the Professor and Associate Professor ranks; 5<sup>th</sup> out of 5 at the Assistant Professor rank; and 3<sup>rd</sup> out of 5 at the Lecturer rank.



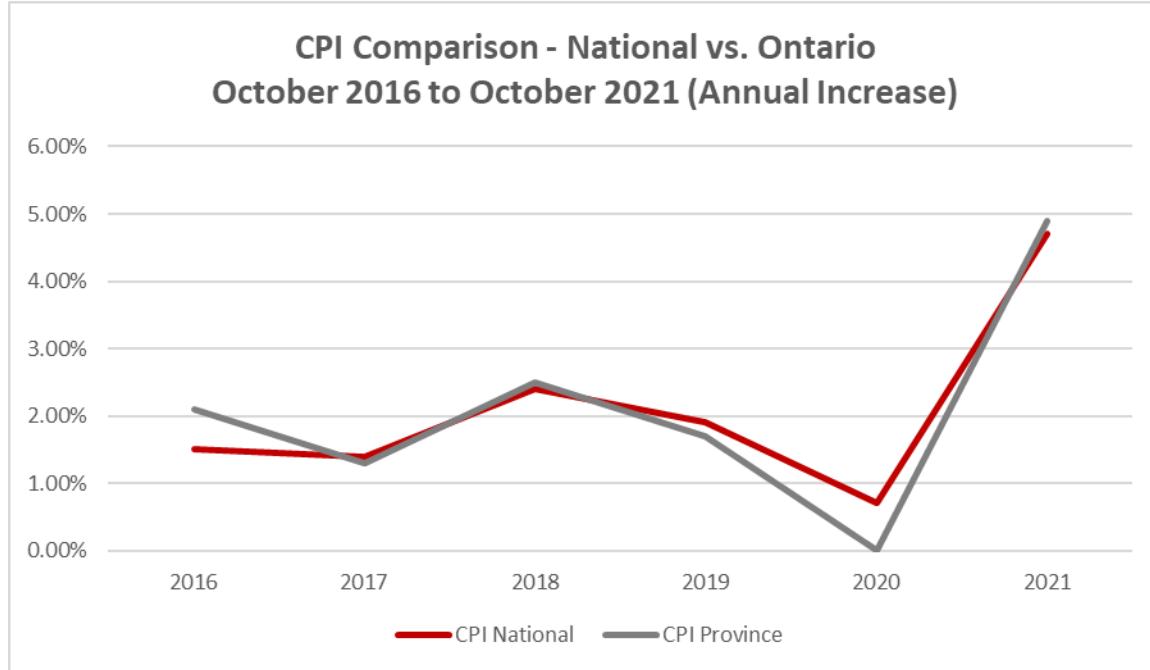
The chart below sets out the percentage change to the average faculty salary at each of the U15 universities from 2016 to 2020. Over the 4-year period, the average total faculty salary increases range from 2.99% (U8) to 13.88% (U9), with an average increase of 8.03%<sup>35</sup> (excluding McMaster University). Over this period of time, McMaster University ranked sixth in the average change in salary, 10.08% above the average (excluding McMaster University).



<sup>35</sup> DataSource: IRA-U15 Data. Excludes data for 2 universities - 1 did not report salary information 2016; 1 did not report salary information for 2020.

## Consumer Price Index (CPI)

The most recent total CPI increase is 4.7% nationally and 4.9% in Ontario from October 2020 to October 2021<sup>36</sup>. CPI percentage changes (year over year) for 2016 to 2021 (to October 2021) are provided in the chart below.

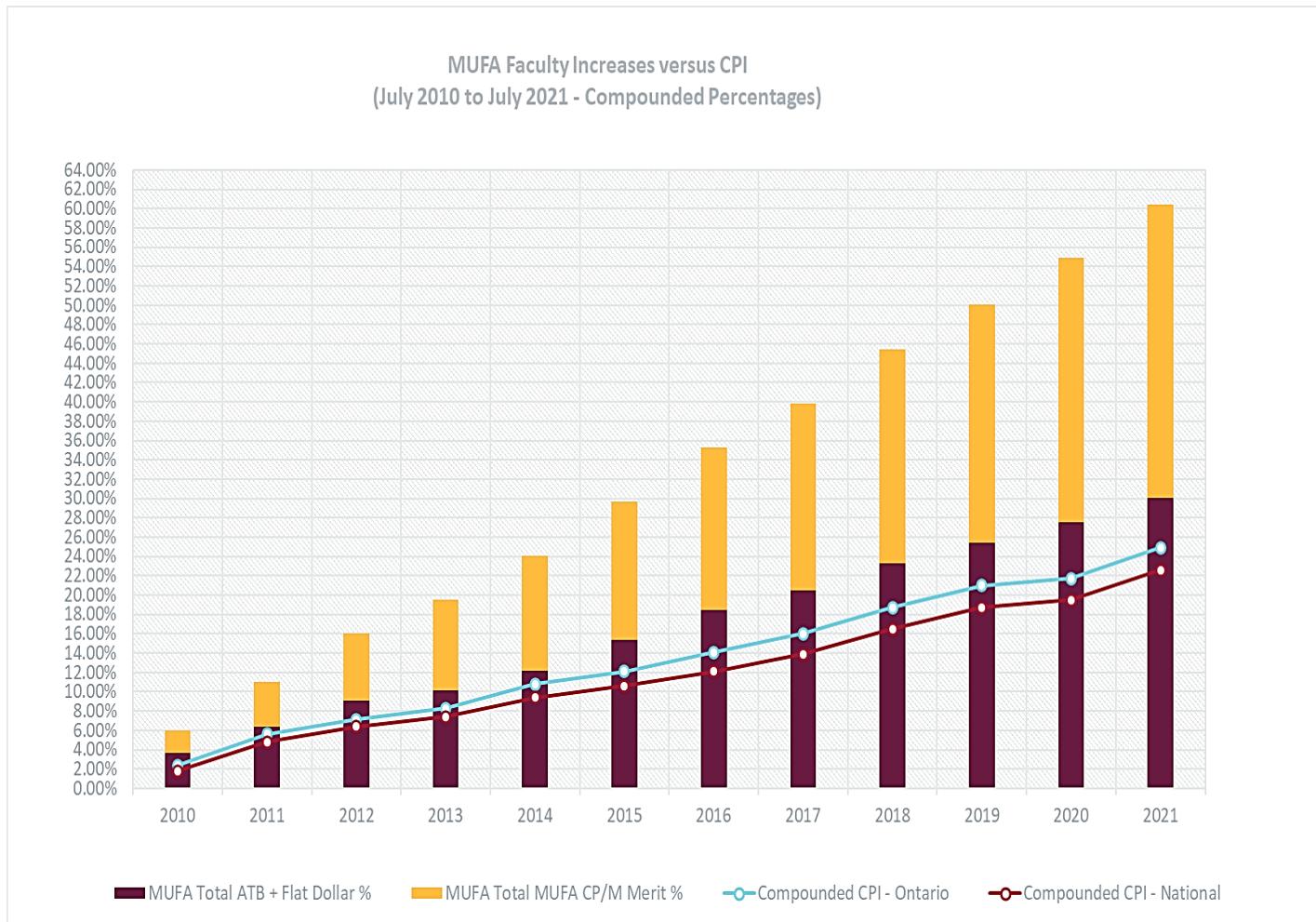


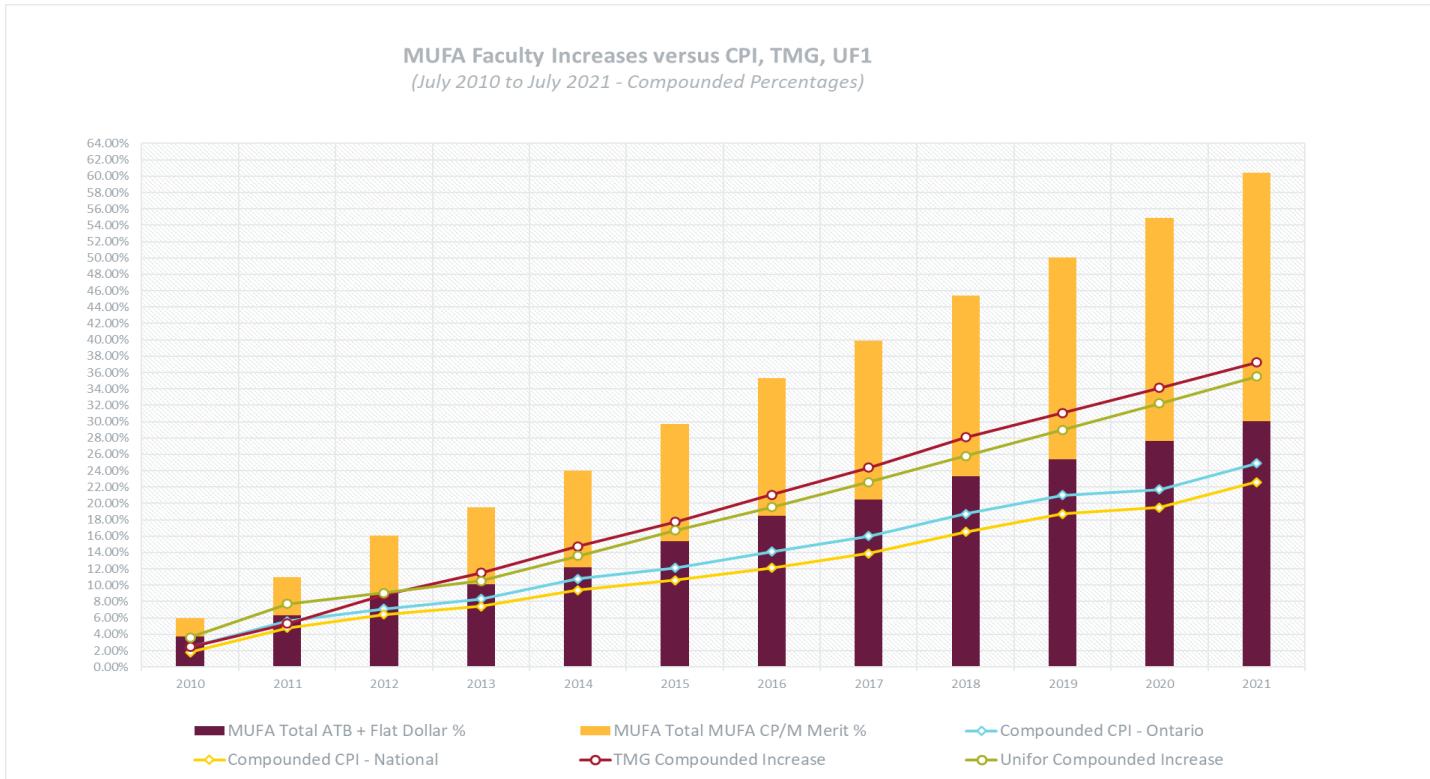
<sup>36</sup> Source: [www150.statcan.gc.ca](http://www150.statcan.gc.ca)

## McMaster University Settlements

The following charts show the cumulative compounded annual salary increases for MUFA Faculty, compared to the national and Ontario CPI, over the period from July 2010 to July 2021, and the compounded annual salary increases for MUFA Faculty compared to TMG and Unifor Unit 1 (Staff) over the same period.

This information demonstrates that MUFA increases have exceeded the rate of inflation year over year and continue to significantly outpace the increases of other employee groups at McMaster.





**Appendix B** summarizes CP/M and recent settlements at the G6 institutions.

**Appendix C** summarizes salary floors and ceilings at the G6 institutions.

## UNIVERSITY ADMINISTRATION'S PROPOSAL

### Term

The University proposes a 3-year term, effective July 1, 2022, to June 30, 2025.

### Salary

#### Across the Board Salary Increases ("ATB")

The Protecting a Sustainable Public Sector for Future Generations Act, 2019 ("Bill 124") restricts salary increases to no more than 1% in each year of a three-year moderation period, which for MUFA is effective from July 1, 2022, to June 30, 2025.

Accordingly, the University proposes the following ATB increases for all MUFA members:

- Year 1: 1.00%, effective the first day of the first pay period following July 1, 2022
- Year 2: 1.00%, effective the first day of the first pay period following July 1, 2023
- Year 3: 1.00%, effective the first day of the first pay period following July 1, 2024

### Salary Floors

The University proposes that salary floors and breakpoints in the CP/M scheme be adjusted to reflect a 1% increase on July 1 of each year of the term (2022, 2023, and 2024).

### Benefits

The Protecting a Sustainable Public Sector for Future Generations Act, 2019 ("Bill 124") restricts improvements to existing compensation programs or implementation of new compensation programs to no more than 1% in each year of a three-year moderation period, which for MUFA is effective from July 1, 2022, to June 30, 2025.

#### Extended Health Plan

With an acute awareness of the impact of COVID-19 on the mental health and overall health of society and a view to enhancing the health and well-being of MUFA members and ensuring inclusive and equitable access to care, the University proposes making the following improvements to the extended health plan, within its legal restrictions under Bill 124:

- **Paramedical Services:**

Effective July 1, 2022:

- Add **licensed psychoanalysts, registered clinical counsellors, and licensed marriage and family therapists** to the existing provisions for mental health practitioners, such that the benefit is amended as follows (page 24 of the [MUFA Benefit Booklet](#)):
  - We will also cover 100% of the costs, up to a combined maximum of \$3,000 per person per benefit year for licensed psychologists, **licensed psychoanalysts, registered clinical counsellors, licensed marriage and family therapists, social workers** who are registered with the appropriate provincial regulatory body, or licensed psychotherapists, or psychotherapists who are active members of a provincial association approved by Sun Life.
- Remove existing coverage for **Christian Science Practitioner**

- **Virtual Health Care Services:**

- The University proposes adding **Virtual Health Care** to the suite of Extended Health benefits currently provided. Through a Virtual Health Care program, faculty member and their families can access a virtual “walk-in” service. This service quickly assesses medical issues and connects members and their families with the right professional, including nurses, doctors, and others. Virtual care can help resolve any condition that doesn’t require a physical exam, which is estimated to be about 70% of primary care cases. By connecting with health-care providers virtually, members and their families can get the care they need from the comfort of home (via mobile, tablet and web).

### Pregnancy and Parental Leaves Policy

The existing structure of the Supplemental Unemployment Benefit (“SUB”) for pregnancy leave is a challenge, given the benefit is for a period of up to 11 weeks, while pregnancy leave can be taken for up to 17 weeks – so there is potentially a 6-week gap in SUB. With a view to addressing this challenge, ensuring pregnant faculty members are well supported and cared for, complying with human rights legislation, and improving the transparency, understandability, and ease of the Policy’s administration, the University proposes the following amendments to the [Pregnancy and Parental Leave Policy \(“SPS C4”\)](#)<sup>37</sup>, effective for pregnancy leaves that begin on or after July 1, 2023:

- increase the maximum pregnancy leave SUB from **11 weeks to 17 weeks**;

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<sup>37</sup> Note: the Policy language will need to be amended to reflect these proposed changes throughout

- accordingly, reflect the increased maximum total combined SUB for pregnancy and parental leaves from **30 weeks to 36 weeks**; and
- simplify the Policy to reflect there would no longer be a need to advance parental leave SUB during a pregnancy leave.

### Retiree Benefit Plan

1. The University proposes to adopt the following philosophy on retiree benefits for MUFA members, which was developed and recommended by the joint Working Committee on Retiree Benefits:
  - Extended health and dental benefits in retirement are an important part of the total compensation package, needed for the attraction and retention of exceptional faculty and in recognition that many faculty continue to make substantial contributions in retirement;
  - Plans provide protection from expenses related to catastrophic life events;
  - Access to extended health and dental plans support health and well-being in retirement;
  - Retirement benefits are designed to work in complement with other plans such as the Ontario Health Insurance Plan (OHIP) and the Ontario Drug Benefit (ODB) program;
  - To ensure sustainability of the plans, they must be cost-effective for the university and retired faculty; and
  - Retirement benefits must support inclusive excellence and accessibility.
2. The University further proposes to:
  - create and freeze a new (11<sup>th</sup>) MUFA retiree plan, inclusive of the proposed improvements to the active plan as set out above, which will be applicable for all MUFA members who retire on or after July 1, 2022;
  - to establish a joint Working Group to implement a Health Spending Account to accompany the frozen retiree plan effective July 1, 2025, and to explore whether a parallel strategy may also be recommended for the active MUFA benefits plan in future;
  - with the understanding that no further retiree plans will be created or changed and that the Health Spending Account amount for retirees is intended to be cost-neutral to approximately reflect the value of any increases to the active benefits plan in 2025, and adjusted accordingly going forward.
3. Changes have been made to accounting rules relating to financial reporting of employee future benefits (Section 3462/3463, Reporting Employee Future Benefits by Not-for-Profit Organizations, in the CPA Canada Handbook). In accordance with these rules, the University must have a contractual requirement to prepare an actuarial valuation of the liabilities for funding purposes to be permitted to use the “funding basis” for reporting its non-pension post-retirement benefit obligation, rather than the “accounting

basis", which relies upon a lower discount rate and may increase the post-retirement benefit obligation. Accordingly, the University seeks MUFA's agreement to the following:

*The University will periodically cause to be prepared an actuarial valuation report of the liabilities relating to the retiree benefit plans and any assets relating to same.*

*The University will fund the employer portion of the retiree benefit obligation in accordance with such actuarial valuation report.*

*The University in its sole discretion will from time to time determine the methods, assumptions and other factors upon which such actuarial valuation report shall be based, and all other issues relating to preparation of such reports, including timing.*

*The University may engage a person or firm, who is (or one of whose members is) a Fellow of the Canadian Institute of Actuaries for the purpose of preparing such actuarial valuation report. For the avoidance of doubt, such actuary may also be engaged by the University for other purposes, including as sponsor or administrator of its pension plans.*

### Pension

The University proposes to accept the recommendations of the Working Group on Pensions with respect to indexation and to continue with the current approach to pension indexation calculations.

The University invites further discussion with MUFA on the broader issues relating to the Working Group's recommendations on CPP integration, including cost, complexity, and administration with a view to supporting our strategic priority of operational excellence.

**Appendix A**  
**Summary of Current Benefit Provisions for MUFA (Faculty and Librarians)**

Benefit	Benefit Details	Coverage Details
<b>General Information</b>		
Waiting Period	None	
<b>Drug</b>		
Deductible	Any Amount After \$6.50 Dispense Fee	
Coverage	100% after deductible	
Mandatory Generic	Yes	
Fertility Drugs	\$2,400 Lifetime Maximum	
Sexual Dysfunction	\$1,200 Benefit Year Maximum	
Smoking Cessation	\$500 Lifetime Maximum	
<b>Extended Health</b>		
Deductible	\$50 per benefit year for general medical devices	
Private Duty Nursing	40% of the first \$25,000 of eligible expenses and 80% of the next \$25,000	
Ambulance	100%	
Tests and Services	100%	
Hearing Aids	80% up to a maximum of \$1,500 per ear over a period of 3 benefit years 100% for the initial purchase if required as a result of an accident	
Orthotics and Orthopaedic Shoes	80% up to a maximum of \$400 every 2 benefit years	
General Medical Devices	75% for the first \$400 and 100% of the remainder every benefit year	
Stockings	100%	
Continuous Glucose Monitors (CGM)	\$4,000 per benefit year	
Vision Care (Contact Lenses, Prescription Glasses, Laser Eye Surgery)	100% to a maximum of \$400 every 24 months	
Eye Examinations	100% to a maximum of \$100 every 2 benefit years	
<b>Paramedical Practitioners</b>		
Physiotherapist	100% to a maximum of \$500 every benefit year	
Massage Therapist	100% to a maximum of \$500 every benefit year	
Chiropractor	100% to a maximum of \$500 every benefit year	
Mental Health	100% to a maximum of \$3,000 per benefit year	
Mental Health Eligible Providers	Psychologists, Social Workers, Psychotherapists	
Speech Therapist	100% to a maximum of \$500 every benefit year	
Osteopath	100% to a maximum of \$500 every benefit year	
Podiatrist / Chiropodist	100% to a maximum of \$500 every benefit year	
Naturopath	100% to a maximum of \$500 every benefit year	
Christian Science Practitioner	100% to a maximum of \$500 every benefit year	
Occupational Therapist	100% to a maximum of \$500 every benefit year	
<b>Dental</b>		
Allow Assignment of Claims	Yes	
Deductible	None	
Fee Guide	Current Fee Guide	
Preventative Procedures	100% Unlimited Maximum	
Basic Procedures	85% Unlimited Maximum	
Major Procedures	70% to a maximum of \$2,500 every benefit year	
Orthodontic Procedures	50% to a lifetime maximum of \$2,500	
Complete Exam / X-ray frequency	1 every 48 months	
Recall Exam Frequency	1 every 6 months for children under 15 and every 9 months for any other person	
Bitewing Frequency	1 every 9 months	
Polishing and Topical Fluoride Treatment	1 treatment every 6 months for children under 15 and every 9 months for any other person	
Implant Surgery	Covered	
<b>Out of Country Emergency Travel (Employer Paid)</b>		
Duration	120 days (extension available for Research Leaves)	
Maximum	\$3,000,000 lifetime maximum	
Out of Province referred services	80% to a lifetime maximum of \$10,000	
<b>Salary Continuance (Employer Paid)</b>	Salary continuance provides 100% of salary for a period of up to 26 weeks in which an employee is unable to work due to illness or disability.	
<b>Long Term Disability (Employee Paid)</b>		
Elimination Period	6 months	
Probationary Period	None	
Definition of Benefit	85% of net income	
COLA	Lesser of CPI or 3%	
Non-Evidence Maximum	\$10,000	
All Source Maximum	85%	
Definition of Disability	2 years own occupation, any occupation thereafter	
<b>Basic Life Insurance (Employer Paid)</b>		
Amount	175% of annual basic earnings capped at \$150,000	
Maximum	\$262,500	
<b>Optional Life Insurance (Employee Paid)</b>		
Amount	25% up to 1,000% of annual basic earnings capped at \$100,000	
Maximum	\$1,000,000	
<b>Optional Accidental Death &amp; Dismemberment (Employee Paid)</b>	Optional benefit covers members against death or dismemberment as a result of an accident up to a maximum of \$500,000.	
<b>Post Retirement Benefits (Employer &amp; Employee Paid)</b>	Faculty hired on or after July 1, 2006 require at least 10 years of employment to be eligible for retiree health and dental benefits upon retirement. Faculty retiring after July 1, 2012 contribute towards their post-retirement benefits through copay of premiums. Copay amount is dependent on years of cumulative service.	
<b>Child Care Allowance (Employer Paid)</b>	Maximum amount allowable for the Child Care Allowance benefit is \$2,500 per benefit year for each dependent under the age of 7.	
<b>Professional Development Allowance (Employer Paid)</b>	McMaster is committed to promoting the professional development activities of its faculty members. An annual professional development allowance is made available. The annual PDA amount is \$2,600 for Faculty and \$2,150 for Librarians.	
<b>Tuition Assistance &amp; Bursary Benefit (Employer Paid)</b>	Tuition assistance and bursary benefits are intended to help employees and their dependents achieve their professional potential through academic credit education. The amounts for each benefit are:	
	Tuition Assistance Amount	\$3,573.18
	Tuition Bursary Amount for programs at McMaster	\$2,325 per academic term
	Tuition Bursary Amount for programs externally	Benefit calculated based on eligible applicants within tuition bursary pool
<b>Pregnancy / Parental Leave (Employer Paid)</b>		
Pregnancy Leave	11 weeks @ 95% of salary (less EI benefits)	
Parental Leave	19 weeks @ 95% of salary (less EI benefits)	
<b>Compassionate Care Leave (Employer Paid)</b>	McMaster provides 100% salary for 2 weeks compassionate care leave following the death or major medical event occurring in an employee's immediate family.	
<b>WSIB (Employer Paid)</b>	Amount	85% of net income

\*Benefit Year is July 1st to June 30th

## Appendix B

### Summary of CP/M and Recent Settlements at the G6 Institutions

Institution	Term	ATB	Other	CP/M Program
McMaster University	July 1, 2019 to June 30, 2022	Adjustment to pay scale: July 1, 2019 – 1.5% July 1, 2020 – 1.5% July 1, 2021 – 1.5%	One-time adjustment added to base salary: July 1, 2019 – \$250.00 July 1, 2020 – \$500.00 July 1, 2021 - \$750.00 External Tuition Bursary Program effective July 1, 2019 (Pool capped at \$250,000 annually)	Annual steps in the par salary scale are equal over the first fifteen-year range (Range 1), then equal but lower over the next ten-year range (Range 2), and then equal but lower again until retirement (Range 3). The par increments in Ranges 2 and 3 are decreasing fractions of the Range 1 par increment, namely: Range 2: 0.75 of Range 1 par increment Range 3: 0.50 of Range 1 par increment A par increment shall equal the annual amount needed for a faculty member awarded par merit each year to reach 1.81 times the floor salary for an Assistant Professor at the end of 15 years
U2	May 1, 2021 to April 30, 2024	Adjustment to pay scale: May 1, 2021 – 1.0% May 1, 2022 – 1.0% May 1, 2023 – 1.0%	Effective May 1, 2021, salary ranges and PTR values to be indexed in accordance with the annual increases to salary scales for faculty.	Within each Faculty the Selective Increase Pool for members is determined as follows: 0.25 SIU for each FTE member + 0.25 SIU for each FTE member with salary below T2 + 0.5 SIU for each FTE member with salary below T1. Effective May 1/21 the PTR value will range from \$2,831 to \$5,345 based on salary.
U5	July 1, 2018 to June 30, 2022	Adjustment to pay scale: July 1, 2018 – 1.5% July 1, 2019 – 1.5% July 1, 2020 – 1.5% July 1, 2021 – 1.75%	One-time adjustment added to base salary: July 1, 2018 – \$750.00 July 1, 2019 – \$1,000.00 July 1, 2020 - \$1,000.00	PTR values based on salary grid ranges which are indexed in accordance with the increases applied to annually to the salary scales.

Institution	Term	ATB	Other	CP/M Program
U1	May 1, 2019 to April 30, 2022	<p>Adjustment to pay scale:</p> <p>May 1, 2019 – 1.6%</p> <p>May 1, 2020 – 1.6%</p> <p>May 1, 2021 – 1.9%</p>	<p>Merit ratings assigned to a faculty member will be averaged to determine a biennial merit score which will be applied to the merit-based salary adjustment in 2020 and 2021.</p>	<p>Junior Increments - 1% of the floor of the Assistant Professor (Floor F) salary added each year to salary of members with less than 10 years of service and with a salary less than 1.65 times Floor F.</p> <p>Senior Abatements - activated at 2.2, 2.4 or 2.6 times Floor F applied as follows:</p> <ul style="list-style-type: none"> <li>i) at 2.2 times Floor F, abatement of 1.9% of Floor F</li> <li>ii) at 2.4 times Floor F, abatement of 2.4% of Floor F</li> <li>iii) at 2.6 times Floor F, abatement of 2.9% of Floor F</li> </ul>
U3	July 1, 2018 to June 30, 2020	<p><b><u>ARBITRATION AWARD</u></b></p> <p>July 1, 2018 – 1.9%</p> <p>July 1, 2019 – 2.0% paid out as:</p> <p>1.0% ATB + 1.0% paid out as \$1,630 increase to base salary (pro-rated for P/T members)</p>	<p>Compensation program includes a 5% Deans Merit Pool which is separate from the PTR funds.</p>	<p>Progress through the Ranks (PTR)</p> <p>Designed to produce salary progress leading to a career end salary of 2.5 to 2.7 times a faculty member's starting salary assuming average PTR awards throughout career.</p> <p>Breakpoint is 2.2 times higher than minimum starting salaries and is intended to occur after about the 20<sup>th</sup> year of service.</p> <p>PTR for July 1, 2018 breakpoint deemed to be \$163,970.</p> <p>Effective July 1, 2019 breakpoints and increments will increase by 1.9% for the June 30, 2019 PTR process and by 2.0% for the June 30, 2020 PTR process.</p>
U4	May 1, 2021 to April 30, 2024	<p>May 1, 2021 – 1.0%</p> <p>May 1, 2022 – 1.0%</p> <p>May 1, 2023 – 1.0%</p>	<p>Salary scales have minimum and maximum and are adjusted in accordance with the negotiated salary adjustments</p>	<p>PTR values based on salary grid ranges which are indexed in accordance with the increases applied to annually to the salary scales.</p>

**Summary of Salary Floors and Ceilings at the G6 Institutions**

McMaster	<u><b>July 1, 2020 Floors by Rank (no ceiling)</b></u>  Lecturer - \$68,032  Assistant Professor - \$81,466  Associate Professor - \$101,857  Professor - \$125,819	<u><b>July 1, 2021 Floors by Rank (no ceiling)</b></u>  Lecturer - \$69,802  Assistant Professor - \$83,438  Associate Professor - \$104,135  Professor - \$128,456	
Queen's University	<u><b>Assistant Professor Floor (no ceiling)</b></u>  2019/20 - \$71,730  2020/21 - \$72,877  2021/22 - \$74,262  <b>No salary floor or ceiling stated for Lecturer, Associate Professor, Professor</b>		
Waterloo	<u><b>May 1, 2021 Floors by Rank (no ceiling)</b></u>  Lecturer - \$65,532  Assistant Professor - \$84,462  Associate Professor - \$106,305  Professor - \$135,431	<u><b>May 1, 2022 Floors by Rank (no ceiling)</b></u>  Lecturer - \$66,187  Assistant Professor - \$85,307  Associate Professor - \$107,368  Professor - \$136,785	<u><b>May 1, 2023 Floors by Rank (no ceiling)</b></u>  Lecturer - \$66,849  Assistant Professor - \$86,160  Associate Professor - \$108,442  Professor - \$138,153
Western	<u><b>2019/20 Floors by Rank (no ceiling)</b></u>  Lecturer - \$60,640  Assistant Professor - \$81,029	<u><b>2020/21 Floors by Rank (no ceiling)</b></u>  Lecturer - \$62,549  Assistant Professor - \$83,244	<u><b>2021/21 Floors by Rank (no ceiling)</b></u>  Lecturer - \$63,644  Assistant Professor - \$84,701

	Associate Professor - \$92,356  Professor - \$111,990	Associate Professor - \$94,741  Professor - \$114,670	Associate Professor - \$96,399  Professor - \$116,677
Ottawa	<b><u>May 1, 2021 Floors by Rank (min/max)</u></b>  <b>Lecturer - \$71,871 / \$95,066</b>  <b>Assistant Professor - \$87,856 / \$121,509</b> \$123,951  <b>Associate Professor - \$97,049 / \$168,530</b> \$171,917  <b>Professor - \$116,522 / \$203,422</b>	<b><u>May 1, 2022 Floors by Rank (min/max)</u></b>  <b>Lecturer - \$72,590 / \$96,017</b>  <b>Assistant Professor - \$88,735 / \$122,724</b>  <b>Associate Professor - \$98,019 / \$170,215</b>  <b>Professor - \$117,687 / \$205,456</b>	<b><u>May 1, 2023 Floors by Rank</u></b>  <b>Lecturer - \$73,316 / \$96,977</b>  <b>Assistant Professor - \$89,622 /</b>  <b>Associate Professor - \$98,999 /</b>  <b>Professor - \$118,864 / \$207,511</b>
Toronto	<b><u>July 1, 2018 Floors by Rank</u></b>  <b>Teaching Stream - \$84,200</b>  <b>Assistant Professor - \$62,100 / \$106,000*</b>  <b>Associate Professor - \$76,200</b>  <b>Professor - \$102,300</b>	<b><u>July 1, 2019 Floors by Rank</u></b>  <b>Teaching Stream - \$85,900</b>  <b>Assistant Professor - \$63,300 / \$108,100*</b>  <b>Associate Professor - \$77,700</b>  <b>Professor - \$104,300</b>	
	<b>*Assistant Professor is only rank that includes both a floor and a maximum.</b>		