



McMaster University Faculty Association
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MEMORANDUM

March 17, 2017

TO: Members of the McMaster University Faculty Association on the Career Progress/Merit Plan and MUFA Librarians

FROM: Rafael Kleiman, Chair, Remuneration Committee

A handwritten signature in black ink that reads "Rafael D. Kleiman".

RE: Joint Committee Remuneration Agreement, July 1, 2017 to June 30, 2019

Attached you will find a copy of the Remuneration Agreement negotiated in the Joint Committee by the MUFA and Administration representatives. This Agreement was approved unanimously by the MUFA Remuneration Committee on March 13, 2017 and by the MUFA Executive on March 15, 2017.

Process

A survey of our members was conducted in October 2016, with a response rate of 44%, which helped us to understand the needs of our members, both in the aggregate and in the particular. Based on consultations with the MUFA Remuneration Committee and with the approval of the MUFA Executive, we submitted a Remuneration Brief on December 15, 2016 outlining our position on the central negotiation issues. A series of meetings between the MUFA negotiating team and three members of the Senior Administration followed, with a deadline of March 15, 2017. Agreement was reached at the table at our last scheduled meeting on March 13, 2017. This time-tested process was designed to find solutions through collegial discussions. This year, once again, we were able to compromise and find consensus, achieving an Agreement that we believe is fair, reasonable and in the best interests of the University.

Compensation

Our previous Remuneration Agreement had a duration of 4 years, anomalous at McMaster, where 2 or 3 year contracts have been the norm. Uncertainties in Provincial funding and looming increases in inflation led to a mutual desire for a contract duration of 2 years.

The net result of our deliberations on salary is a 1.7% ATB increase for each year of the contract. This increase is closely in line with increases at the G6 comparator universities¹ in their recent contracts.

¹ The G6 refers to the 6 Ontario universities of the 15 leading research intensive universities in Canada (U15), namely McMaster University, University of Ottawa, University of Toronto, Queen's University, University of Waterloo, and Western University.

At the Administration's request, the increases are expressed in percentage terms, as opposed to a blend of percentage and flat sum increases which has been a feature of many of our recent contracts.

The structure of the CP/M plan and par units allocated is preserved in its standard form.

Health benefits

While substantial maintenance was required in our 2013 Agreement to bring benefit levels up to date after significant erosion by inflation, the primary remaining concern was our vision care benefit which had not increased since 2005. As such, the vision care benefit has been increased from \$250 every 2 years to \$400 every 2 years. In addition, the anomalous omission of dependant coverage for optometry visits has been removed.

Family Friendly benefits

MUFA has felt strongly for many years that benefits such as child care and funded pregnancy/parental leaves are important both for creating a progressive workplace and in our competition for top candidates in the hiring process. Furthermore, the 2014 Yates Report on Gender Equity² underscored the inequities in career progress that may arise from providing insufficient support for women faculty members. As such, we are pleased to report the introduction of a new Child Care Allowance and improved pregnancy/parental leave benefits, especially for birth mothers.

The Child Care Allowance provides \$2500 per eligible child (under the age of 7) each year; an amount which would be reduced proportionally if there were more than 200 eligible children at McMaster. In order to reduce administrative costs, this benefit is being provided to all faculty members with eligible children, with no requirement to submit documentation. As such, the benefit is neutral with respect to the form of the child care delivery, be it a stay-at-home parent, another family member or a child care facility. Faculty members and their dependants must be enrolled in the Extended Health and Dental plan to be eligible for the Child Care Allowance.

The terms of our pregnancy/parental leaves and related benefits are embedded in SPS C4, *Pregnancy/Parental Leave Policy for Faculty and MUFA Librarians*. In general, Ontario statutes provide a 17 week pregnancy leave and a 35 week parental leave, with eligibility for Employment Insurance (EI) during these leaves. SPS C4 currently provides a top-up of EI to 90% of salary for either a 19 week pregnancy leave or a 19 week parental leave, but not both. In benchmarking our benefits, we found that the EI top-up for the combined pregnancy/parental leave of a birth mother was the lowest in the G6. By agreement, this has now been increased to a combined total of 30 weeks of EI top-up to 95% of salary for the combined pregnancy/parental leave of a birth mother, comparable to the benefit at the University of Toronto, and a bit below the benefit at the University of Ottawa.

The duration of the EI top-up for a standalone parental leave remains at 19 weeks, with an increase in level from 90% to 95% of salary.

Pension

Since our last Agreement, the outlook for the McMaster Pension Plan has improved significantly with new solvency relief measures announced by the Ontario Ministry of Finance and better rates of return on investment. Nevertheless, the Administration requested increased contributions to the plan to bring us to an Employer: Employee contribution ratio of 50:50, which is implemented for all participant groups in the Plan. The increase to a contribution level of 8% up to YMPE and 11% for pensionable earnings above YMPE brings us to the highest contribution level in the G6. Based on past precedents, we agreed to the change in contribution levels with an appropriately priced Pension

² http://www.mcmaster.ca/vpacademic/documents/Yates_Report_on_Gender_Equity_January_2014.pdf

Offset to base salary, which was determined to be \$1665. We anticipate that further increases are unlikely; however there is still some appetite in Ontario for a sector-wide jointly sponsored pension plan (JSPP), which could significantly alter the costs, benefits and risk profile of our pension plan.

You will note that the Pension Offset in the Agreement is \$1075, which is \$590 less than the agreed-upon Pension Offset valuation. We agreed to accept a lower than full Pension Offset to share the costs of the benefits described above and move them to a higher level than they would otherwise have been. This was done without prejudice to future negotiations and in light of our strong interest to introduce/improve these benefits.

The Increased Pension Contributions and Pension Offset will become effective July 1, 2018.

Finally, with an optimistic view as to the future financial condition of the Pension Plan, the Administration requested that we amend the language of Section 7.04 of the Pension Plan, which only becomes relevant if the plan moves into surplus. The language revises the text to reflect the understanding that the initially stipulated numbers should change as contribution levels change.

Professional Development Allowance

Our request to increase the PDA by \$100/year was accepted by the Administration.

Acknowledgements

The McMaster negotiation process is a well-conceived process for achieving consensus results in a limited timeframe based on agreed-upon principles. It has truly been an honour to lead the negotiation process for MUFA. I would like to thank my colleagues Martin Horn (MUFA President) and Laura Parker (MUFA Vice-President) on the negotiating team and other members of the Remuneration Committee – Narat Charupat, Anna Danielova, Gail Gauvreau and Marisa Young for their steady guidance and support. Thanks to Mara Giannotti and Jessica Weyman for their tremendous support through all phases of the negotiation process. Finally, I would like to thank our partners on the Joint Committee (David Wilkinson, Roger Couldrey and Susan Searls-Giroux) for their sincere efforts in working together with us to achieve an Agreement in the best interests of the University.

Summary

We have negotiated a Remuneration Agreement that on balance we consider to be fair and reasonable. It provides for comparator level ATB increases, continued support for a solvent pension plan, improvement of our vision care benefits and continued PDA increases. Most notable is the introduction of a new Child Care Allowance and an improved pregnancy/ parental leave benefit. The Agreement has been approved unanimously by the MUFA Remuneration Committee and the MUFA Executive. I ask for your endorsement of this Remuneration Agreement by voting 'YES' on the electronic ballot, by the deadline of noon on Monday, March 27, 2017.

Members may have questions about the Agreement – feel free to contact MUFA (ext. 20297, mufa@mcmaster.ca) with any questions that you might have. We also welcome you to attend the special Information Meeting at 9:30 am on Tuesday, March 21, 2017 in the Council Chambers (GH 111).