news from cuasa

BCUASA NEWSLETTER FOR CUASA NEWSLETTER

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UNIVERSITIES CAUGHT IN FEDERAL-PROVINCIAL CROSS FIRE

Les Copley
President

The one feature that is most characteristic of Ontario's universities, one that makes "role differentiation" an abstract consideration, is prolonged, and perhaps endemic, underfunding. The problem has become sufficiently obvious that even one of Ontario's university presidents has publicly recognized it. H. Ian MacDonald of York University, in describing the response of his administration to the creation of the Minister's Committee of enquiry into the role and objectives of the Ontario university system, has stated clearly that underfunding is the problem and "rationalization" is a convenient label for not facing up to it. President MacDonald and I are in complete accord.

Whenever the problem is discussed, we normally lose sight of the fact that the funding for our universities has more than one source. Extrapolating from 1975/76 data under the most reasonable assumptions, CAUT estimates that 91.2% of the total of all university operating grants provided by the Ontario government in 1979/80 was covered by federal transfer payments intended for support of university education. The transfer payments are governed by the Established Programmes Financing Act. Its introduction in 1977 allowed the federal government to withdraw from a rigid shared-cost approach to financing three major program areas: hospital care, medicare, and post-secondary education. In return, it instituted a system of transfer payments to the provinces made partly in cash and partly in personal and corporate tax points. The payments increase by an escalator based on the year to year growth in the nominal Gross National Product per capita. In addition, they are not earmarked for any particular program and so can be used in any way that a particular provincial government sees fit.

This latter point would appear to rule out any attempt to identify a particular component of the transfers as being intended for support of a given province's universities. However, if we assume that the relative costs among the three programs (hospital care, medicare and post-secondary education), as well as the level of expenditures on universities relative to other post-secondary institutions, have remained constant since 1977, one can readily calculate how much of the federal transfer to a given province in a given year should be allocated to universities. Empirical evidence indicates that these are not unreasonable assumptions. The numbers they generate, for Ontario, are shown in the table below.

RATIO OF FEDERAL TRANSFERS TO ONTARIO FOR UNIVERSITIES TO OPERATING GRANTS TO ONTARIO'S UNIVERSITIES

1976/77	1977/78	1978/79	1979/80
67.7% (-2.6%)	78.0% (15.2%)	84.6% (8.5%)	91.2% (7.8%)

The figure in brackets is the percentage increase in the ratio from one year to the next.

These figures, and their counterparts for the other provinces, are striking for two obvious reasons. First, although the national government has no say in the shaping of Canada's post-secondary education policies, it is absorbing an overwhelmingly large part of the costs associated with those policies. Indeed, in 1979/80, the total federal transfer to the

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provinces for post-secondary education amounted to $2.775 billion, while the total operating income for Canada's universities in that year was $3.15 billion. Second, federal funding of universities has clearly kept pace with inflation and then some. Thus, Queen's Park is even more deserving of opprobrium for their funding policy than we might previously have thought.

Recently, a third reason for pondering these figures has come to the fore. The federal government is giving active consideration to revisions of the Established Programmes Financing legislation that will effect an annual saving to the federal treasury of about $1.5 billion in cash transfers alone. To make matters worse, Health Minister Monique Bégin has assured the provinces that no cuts will be made in medicare or hospital care. That leaves only post-secondary education to absorb the full impact of what for it is a funding cut of truly draconian proportions. For Ontario alone, the shortfall in funds for the universities will be of the order of half a billion dollars. Past experience does not justify an expectation that Queen's Park will be either willing or able to make good such a loss.

If this plan goes forward, the universities will be caught in a financial cross fire. Moreover, it will happen at the same moment that the universities are expected to deal with a second instance of the federal and provincial governments at cross-purposes: federal plans for the universities to play a larger role in research and development and provincial plans for university objectives that more closely relate to (under)funding. And, of course, for Ontario's universities, it is the same moment at which we must wrestle with the problem referred to at the beginning of this article. In short, and to borrow a phrase used by CAUT, the planned cuts constitute a "recipe for disaster"

In seeking a solution, we should not lose sight of the fact that the federal government currently receives little or no public recognition for shouldering an ever increasing share of the costs of post-secondary education. Also, its large investment does not bring with it the right to police how the money is spent or even to ensure that national goals and expectations in higher education are met. The provinces clearly regard the transfer payments as general revenue which may as readily be spent on highways as on education.

Thus, discussion of Established Programmes Financing must take account of the expectations that both levels of government have of the role of universities, and must take account as well of the obligations of both levels of government in ensuring that the universities have the funding needed to fulfil that role. Such discussions should also have the benefit of full participation by the university community. To date, neither the universities nor the major associations of universities or university faculty have been consulted.

CAUT and the Institute for Policy Analysis at the University of Toronto are sponsoring a conference on the EPF crisis on March 3, in Toronto. The principal question which will be addressed is who should finance the universities and how should it be done. CUASA is sending two delegates, Professors Bailetti and Bennett, of the School of Commerce and Department of Geography, respectively, to the conference. Through this conference, and our participation in a CAUT-organized lobby, we will be able to keep you informed of the principal events in the crisis as they unfold.

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PARTIAL EARLY RETIREMENT: ONE-HALF WORKLOAD AT TWO-THIRDS SALARY

Barry Rutland, CUASA Information Officer

We are pleased to announce that the form of partial retirement, outlined in an earlier newsletter (Vol. 10, No. 9, May 1980), has been approved by the Board of Governors, and is now available to those members of the CUASA bargaining unit who qualify. In essence, it is a special "reduced-time appointment" arrangement for long-service employees, to enable them to drop to a fifty percent overall workload, with an actual salary of up to sixty-five percent of nominal, but with contributions to the pension plan remaining at the full nominal rate.

This plan is available on demand to any member of the unit aged sixty or over with at least ten years' full-time service at Carleton. It is also available, at the discretion of the employer, to anyone aged fifty-five to fifty-nine, with ten or more years of service.

The teaching load of the individual who enters into such an agreement will be reduced to an average of 1.25 courses per annum for the remainder of his/her career at Carleton, distributed so that it never exceeds 1.5 courses in any one year. The other components of normal workload as defined in Article 13 of the Collective Agreement (research, service, etc.), are all reduced, to result in a total workload of fifty percent of normal in each year. Compensation will consist of fifty percent of the individual's nominal salary, plus 1.5% of nominal salary for each year of full-time service at Carleton beyond ten to a maximum of twenty.

The "partial retiree" will continue to receive all the usual salary increments (scale and, where nominal salary indicates, CDI), prorated to his/her actual salary. He or she will also continue to receive the full benefits package, including any new benefits which may be negotiated. The partial retiree will contribute to the pension plan at the rate of six percent of actual salary; the university will pick up the rest of the cost to maintain joint employer-employee contributions at the full rate. Where the Minimum Guarantee is concerned, each year of "reduced-time service" will be credited as a full year. Thus, the partial retiree eventually will enter upon full retirement with the pension he/she would have received if a full workload had been sustained to normal retirement age.

Where sabbatical leave is concerned, the partial retiree will either take such leave in the usual way, i.e., after six years' full-time service, at the prorated stipend of eighty percent of actual salary, or exercise the privilege of delaying leave until eighty percent of nominal salary has been achieved. Where an individual already has sabbatical entitlement on the basis of a full workload at the time of entering into a partial retirement arrangement, such entitlement will be honoured.

The plan was devised by the joint CUASA-Administration Planning Committee, in partial fulfillment of an undertaking in the Collective Agreement (see Article 19.1(e)), to make early retirement a feasible option at Carleton.

The text of this arrangement has been signed by the parties as a Memorandum of Agreement and will be circulated to all members of the bargaining unit in the near future.

ANNOUNCEMENTS

CAUT CHINA TOUR

CAUT is organizing a tour of China, July 6-27, 1981, taking in Hong Kong, Kwangchow, Shanghai, Sian, Loyang, Peking, and, in the return flight, Tokyo. The cost (Vancouver-Vancouver) is $3,495.00, which includes travel, hotel, and most meals. Detailed information is available in the CUASA office, or at CAUT, 1001-75 Albert Street (Telephone: 237-6885).

TEACH ENGLISH IN CHINA

The Chinese Government has asked the Ontario Teachers' Federation to collect and forward applications from qualified personnel to teach English at secondary and post-secondary levels, in the People's Republic of China, on one or two-year contracts. Transportation, housing, medical and dental care, and an "adequate" salary are provided. For more information write or telephone Suzanne Fernandes, Ontario Teachers' Federation, 1260 Bay Street, Toronto M5R 2B5 (Telephone: 416-966-3424). A good deal for the adventurous.

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PENSIONS: A NOTE OF OPTIMISM

Mike Fox, CUASA Benefits Chairman

At a time when the general economic outlook is bleak, some encouraging news about pensions is a welcome relief. Our pension fund now shows a surplus which is projected to increase in the future. This surplus could be used to make improvements to benefits, without further increases in contributions.

An explanation of how the surplus originates and how improvements might be made is aided by a brief reference to the provisions of the pension plan. Since 1973 a retiree's pension has been determined as the greater amount of a "variable pension" and a "minimum guaranteed pension".

The variable pension amount at retirement is determined by applying actuarial conversion factors to the amount of money that has accumulated from matching employee/employer contributions in the individual's pension account (money purchase component account). Each year the variable pension is adjusted to reflect pension fund earnings or losses. The minimum pension amount at retirement is 1.75% of final average five years' earnings for each year of participation. The minimum pension is indexed each year for cost of living to a maximum of 2%. Each year the variable and minimum pensions are compared and the retiree receives the greater amount.

The introduction of the minimum guaranteed pension in 1973 produced benefits that, in the long run, could not be met by the contributions at the time (6% of the employee's salary matched by the employer). The minimum guarantee fund was established to cover these unfunded liabilities. The employer contributes 2.4% of total payroll to this fund. The unfunded liabilities have been written off more quickly than was originally projected, largely because of favourable returns. Therefore, a surplus has arisen in the minimum guaranteed fund.

What improvements might be made to pension benefits? There are usually two main areas of concern: the size of the initial pension and adjustments to that pension in subsequent years to compensate for increases in the cost of living. The size of the initial pension under the minimum guarantee formula might be increased by raising the so-called accrual rate from the current 1.75% to 1.85% or even 2%.

Under the current pension provisions annual increases in pension vary according to the type of pension received. Variable pensions are adjusted annually to reflect fund earnings. If the fund performs poorly, variable pensions have little growth and could conceivably decline. The minimum guaranteed pension is adjusted for cost of living to a maximum of only 2% per annum. Indexing could be improved, although full cost of living increases would be impossible without increasing contribution rates.

The pension fund surplus is not sufficient to implement all desirable improvements. Therefore, priorities need to be established. A questionnaire from the Pension Committee will be circulated shortly to all members of the pension plan to obtain feedback on possible improvements. You are encouraged to give the above issues some thought and to respond to the questionnaire.

NOTICE OF CUASA CONSTITUTION REVISIONS

It has come to the attention of the CUASA Executive that the Constitution has become badly outdated. A Constitution Committee has been established and would appreciate receiving any suggestions which the general membership has respecting the Constitution. Please submit your suggestions in written form to the CUASA office (Room 424 Herzberg Building) before February 13, 1981.