QUFA PENSION NEWS
Queen's University Faculty Association Pension News

Exploring Outcomes from the Ratification Vote

What would happen under three different ratification scenarios?

In QUFA's view, based on our bargaining experience of the last eight years, framing the upcoming ratification vote as a choice between the University Pension Plan (UPP) and the Queen's Pension Plan (QPP) status quo is a serious mistake. The choice is between UPP consent with the offsets QUFA has won, and either UPP conversion without those benefits, or a protracted battle in which we are likely to see disadvantageous changes to the QPP, and lower or no salary increases.

Review of Outcomes

Beginning on 9 February 2019 and closing on 15 February 2019, QUFA Members will vote on whether to ratify the tentative Collective Agreement (CA) and instruct QUFA to consent to the conversion of the QPP to the UPP. As has been explained elsewhere, ratification and conversion are tied to one another in the ratification vote because the university agreed to all the terms of the tentative CA on the condition that QUFA consent to pension conversion on behalf of its Members. If the vote at Queen's is fifty percent plus one for "yes," then we will have a new three-year CA, and the QPP will merge with the UPP, probably on 1 July 2021, providing the UPP is created. (The UPP is fully designed, but its inception is still subject to the results of consent votes at the University of Guelph and the University of Toronto, and final regulatory approval.)

But what happens in the event of a "no" vote, or if the UPP is not, in the end, created? Let's look at some scenarios.

1. Queen's (Including QUFA) Votes "Yes," but the UPP Is Not Created.

Let's consider this scenario first, since doing so involves the least speculation. All the terms of the proposed CA are contingent on QUFA's giving *consent* to the pension conversion, but some terms—those that are specifically pension conversion offsets—are also contingent upon the actual inception of the UPP. Were the UPP not to be created, then QUFA would have a three-year CA with the across-the-board increases of 1.6%, 1.6%, and 1.9%. However, the pension conversion offsets would not come into effect. Those included the early unreduced and phased retirement schemes and the 1.5% increase to base salary upon inception. We assume this scenario is unlikely because the employees of the University of Guelph and the University of Toronto are likely to vote "yes"—the merger involves very little change to their existing plans—and the UPP has been carefully designed to meet regulatory requirements. QUFA Members will know the outcome of the Guelph and Toronto votes before our voting opens.

2. QUFA Votes "No," but Two-Thirds of QPP Members Vote "Yes"

QUFA can't block the conversion to the UPP on its own: pension conversion will occur if two-thirds of QPP members vote for consent. The members of the United Steel Workers (USW) and the unrepresented staff total 68% of Queen's employees, while QUFA Members of the QPP total only 21%. If the other plan members were to vote "yes," our pension would still be converted to the UPP despite QUFA's "no" vote. However, because QUFA had not consented, we would have no CA and no offsets to compensate us for pension conversion. We would then need to restart bargaining a new CA. It is possible that the bargaining we would have to do might not be as rough as it would be under scenario 3 (below), because the university would be relieved of solvency payments, but any agreement we might win would be much less attractive than the current one because of our much-reduced leverage.

3. QUFA Votes "No" and Contributes to Blocking the Conversion of the QPP to the UPP

This outcome would occur if QUFA's "no" vote is supplemented by a "no" vote either from USW or a substantial number of the unrepresented employees. (CUPE and other union groups represent a relatively small number of employees at Queen's, at 11%.) In that event, QUFA would have an open CA as of 30 April 2019, and no leverage with respect to pension conversion consent. The university would be left with its $317,000,000 solvency deficit, the pressure of the required solvency payments on the operating budget (currently there is a 6% tax on unit budgets to cover these), and now, the effects of the government-imposed 10% tuition cut. In short, QUFA would be in a significantly weaker bargaining position than we were in December 2018.

Under the CA, QUFA has a veto power over changes to the QPP, but as soon as the CA is open, the administration will have the ability to bargain changes to the QPP. "Bargain" and "changes" are deceptively neutral words for what this could look like, depending on how much turmoil the board and university would be willing to risk to get out from under solvency payments. The fundamental point is that the university can "propose" whatever changes it wants, including increased contributions, the elimination of the ability to activate the pension while continuing to work, or conversion to a defined-contribution plan,[1] to name a few possibilities. After some non-productive bargaining at the table, the university can lock out QUFA Members until it has won its desired concessions. This brass-knuckling is another way to win QUFA's "consent" to QPP pension conversion, either to the UPP, or to the Colleges of Applied Arts and Technology (CAAT) plan, or to something else. We hope that the university's concern about reputational damage might restrain it from this style of bargaining, but we aren't counting on it.

In 2011, the university aggressively pursued concessions, particularly with respect to the QPP but also regarding salary and some normative issues. Because our Members gave QUFA a strong strike mandate, QUFA had the leverage to *limit concessions* with respect to increases in pension contributions and the non-reduction fund for the money-purchase aspect of the plan, and reductions to compensation more generally. In other words, by showing our ability to engage in job action, we took a smaller hit than we might have. But to be frank, while we gained in solidarity, we made no gains whatever with respect to compensation, benefits, or working conditions.

In 2015, we had a more productive round. Perhaps this was because the university was chastened by the 2011 round, but more likely because the UPP project was underway and QUFA and OCUFA were actively engaged in it. The university made no major concessionary demands, and we worked more cooperatively on normative issues. Nevertheless, the only thing that kept us from the very low across-the-board salary increases of 0.5%, 0.5%, 0.5%, and 1.0% was QUFA's explicit reminder that if they wanted our cooperation on the UPP project, they had to offer a more reasonable increase. In the December 2018 round, QUFA won some significant improvements—unreduced early retirement and phased retirement—in exchange for pension conversion consent.

Conclusion

In the event that QUFA votes "no," the CA will be open as of 30 April 2019, and the university will be able to address its financial concerns arising from the pension through collective bargaining. In the last three rounds of bargaining, there have been two forms of leverage in play that have helped QUFA Members: job action, and pension pressures or consent. In the event that QUFA votes "no," the pension pressures remain on the university, but we will have to fall back on job action as our only leverage. Strikes are an unattractive prospect for our membership because, in addition to the loss of compensation that all workers incur during strikes or lockouts, the effect on research—particularly scientific research—can be devastating. It is hard to imagine, given the enthusiasm for the improvements that the UPP conversion brings for a substantial number of our Members, that if we go into a new round of bargaining based on a "no" vote, we are going to have the solidarity necessary to fend off unwanted concessions around the UPP.

Based on our bargaining experience of the last eight years, framing the upcoming vote as a choice between the UPP and the QPP status quo is a serious mistake. The choice is between UPP consent with the offsets QUFA has won Members, and either UPP conversion regardless but without those benefits (scenario 2 above), or a protracted battle in which we are likely to see disadvantageous changes to the pension and lower salary increases (scenario 3 above).

Note

[1]Under the defined-contribution (DC) model, pension benefits are based on accumulated contributions plus the return on investment. The value of the pension benefit is only known when the employee retires. If an employee retires during a market downturn, the impact on pension income can be very significant.

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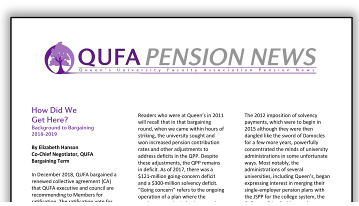
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How Did We Get Here?

Background to Bargaining 2018-2019

By Elizabeth Hanson
Co-Chief Negotiator, QUFA Bargaining Term

In December 2018, QUFA bargained a renewed collective agreement (CA) that QUFA executive and council are recommending to Members for

Readers who were at Queen's in 2011 will recall that in that bargaining round, when we came within hours of striking, the university sought and won increased pension contribution rates and other adjustments to address deficits in the QPP. Despite these adjustments, the QPP remains in deficit. As of 2017, there was a $121-million going-concern deficit and a $300-million solvency deficit. "Going concern" refers to the ongoing operation of a plan where the

The 2012 imposition of solvency payments, which were to begin in 2015 although they were then dangled like the sword of Damocles for a few more years, powerfully concentrated the minds of university administrations in some unfortunate ways. Most notably, the administrations of several universities, including Queen's, began expressing interest in merging their single-employer pension plans with the JSPP for the college system, the