

TO: All MUNFA Members

FROM: The MUNFA Executive

DATE: January 15, 2018

SUBJECT: “Budget Cuts” at Memorial

MUNFA has been receiving queries from Academic Staff Members about a new \$6 Million cut to Memorial’s operating budget. University administrators are attributing this “budget cut” to the restructuring of Memorial’s pension plan. We would like to clarify the situation.

Payments to our pension plan do not represent "budget cuts." They are legal obligations of the employer to plan members under the *Pension Benefits Act* in the event of a funding shortfall. While Memorial University is ultimately responsible to make these payments, in the past, the Government of Newfoundland and Labrador has paid pension shortfalls with special grant increases to the University. Since 2015 the Province has ceased these special payments and is requiring the University to find savings in order to make their legally required pension payments.

Here are the facts:

- 1) The University, on direction from Government, has asked MUNFA, NAPE and CUPE to assume half of future pension plan deficits under a governance model known as Joint Sponsorship. This will relieve Government of future pension plan responsibility.
- 2) Memorial has agreed that it will address existing pensions plan deficits prior to entering into Joint Sponsorship. The University calculates the value of this deficit at \$156 Million. The three unions contend that the actual sum is a matter for formal negotiation. Nevertheless, the University has made its assessment and is presenting that figure to ASMs as a fact that is not in contention.
- 3) The University contends that the pension plan deficit can be addressed through debt-servicing payments of \$6 Million annually to the future Jointly Sponsored plan. MUNFA has not endorsed this proposal and has very serious doubts about its financial soundness.

MUNFA is dismayed that the University is presenting this debt-servicing plan to ASMs as a fait accompli before substantive negotiations have started. We see this entire affair as a failure of leadership on several fronts. By presenting the \$6 Million annual payment as a “budget cut,” administrators are advancing an austerity narrative that justifies cuts in the core areas of teaching and research as if they “have no alternative.” ASMs should join their union in resisting such cuts and insisting on a budget driven by the core mission of our public university.

For its part, the Province seems perfectly able to find funding to fully address shortfalls in the pension funds of public sector unions. MUNFA therefore urges our administrators to fight for fair, equitable and reasonable treatment for Memorial University employees.