Dal, faculty seek change on pensions

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Dalhousie University administrators and faculty found common ground in arguing for a change in the proposed Pension Benefits A this week.

Representatives of both groups told the legislature's law amendments committee that the university's plan shouldn't be held to the same solvency test as private-sector plans, since there's little chance the university will shut down.

The solvency test looks at whether a plan has enough money to pay all its obligations if the plan wound up.

Information on Dalhousie's plan from the end of September showed a deficit of $270 million.

Ken Burt, the university's vice-president of finance and administration, told the committee Friday that having to fund that gap under current rules would mean the university would have to contribute an extra $50 million a year to the plan.

"Under such a burden, Dalhousie would have to close programs and faculties, and have to lay off a substantial number of people," he told the committee.

Burt said $50 million is the equivalent of the faculty of medicine, plus half the programs in the faculty of health professions.

The province has already given a three-year exemption to 2013, but the university would then have seven years to meet the solvency test. Burt said market performance has been good since the bottom fell out in the fall of 2008, but low interest rates are affecting actuarial calculations.

Burt and Anthony Stewart, president of the Dalhousie Faculty Association, who spoke to the committee Thursday, said the universi doesn't have the same risk of closure as a private business.

"It is not realistic to impose a solvency test that presumes that Dalhousie University would close tomorrow," Stewart said.

"As an economic driver of the province and with a student population that has just exceeded 17,000, this is not going to happen an time soon."

Even if it did, Burt said Dalhousie would have enough assets to pay off pension obligations. He listed off 32 hectares of land on peninsular Halifax, $1.6 billion in buildings, and $400 million of endowed assets.

Administration and faculty association officials also noted that four other provinces have granted solvency exemptions to universities.

The university and its faculty part ways on how the plan should be structured in the future.

Currently, the university is the plan's sponsor, meaning it covers shortfalls. Officials want to move to a jointly sponsored plan that would have plan members share in funding shortfalls.

The change is now being discussed at the collective bargaining table, but faculty are resisting it. They say that type of plan would inevitably lead to smaller benefits.

Jointly sponsored plans would get solvency relief in the legislation, having to be 80 per cent funded.

New Democrat committee member Howard Epstein said that Burt and Stewart raised a "serious point" about solvency, and he doesn't want to see the quality of university education affected by stock market fluctuations.

The committee will discuss possible amendments early next week, but Epstein said he doesn't see their request getting in the legislation.

"It may be determined later on, and it may be determined in regulation, but I don't think we're going to see any final resolution of th one on Monday," he said.

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