

## MIL RATE PROPOSAL INFO SHEET

April 2018

### MIL RATE PROPOSAL

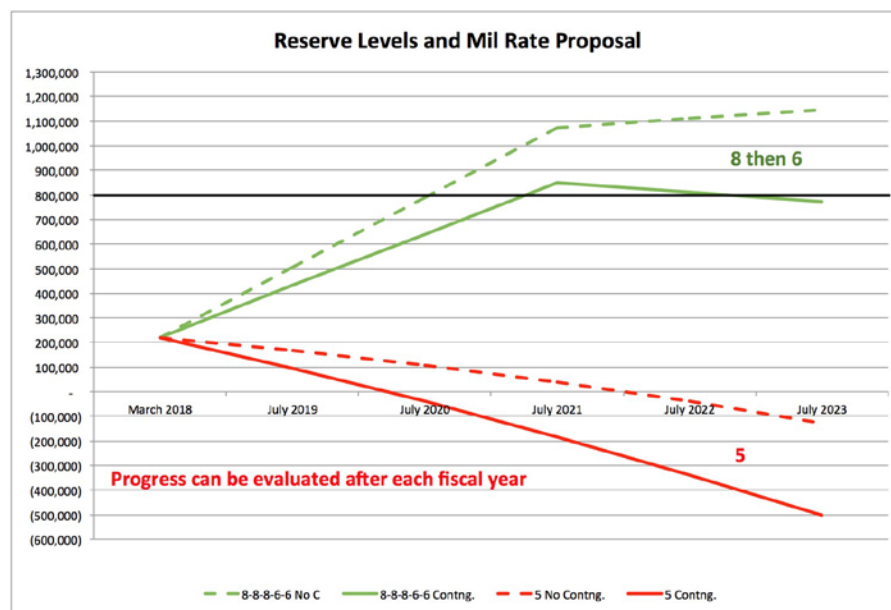
- The current Mil Rate Proposal is to raise the mil rate (MR) from 5 to 8 for three years, and then drop to (and remain at) 6, until altered by a future vote of the entire Membership.
- The proposal aims to build an \$800,000 Defence Fund, which is equivalent to 1 year's operating budget.
- The purpose of the Defence Fund is to cover extraordinary legal costs associated with Membership Services or bargaining. Under this proposal, it is intended that the targeted Defence Fund amount will be reached by the end of 2020 or 2021.

### MIL RATE VALUE

- A MR of 1 = 0.1%; a MR of 5 = 0.5%; a MR of 6 = 0.6%; and, a MR of 8 = 0.8%.
- A MR of 6 is equivalent to \$6 per \$1000 of salary, or 0.6% of your salary.
- The amount deducted from your pay at a MR of 8 for a salary of \$100,000 is an additional \$12.50 per payroll—for three years, under the current proposal.
- It then drops to a \$4.17 increase per payroll going forward, at a MR of 6.

### FISCAL RESPONSIBILITY

- The proposed increase to our MR is being put forward to ensure that the Association has sufficient reserve funds to handle unpredictable costs, such as the legal costs of arbitration.
- The current practice of the employer to prefer arbitration over informal resolution as a means of addressing concerns raised by Association Members has placed a significant strain on the Association's finances.
- The current proposal allows the Association to stabilize the rate in the long run (6 MR), while building a contingency (Defence Fund) that allows the Association to respond to immediate and unpredictable events (a large number of cases, a lockout, etc.) without going into debt, or having to constantly adjust the MR.
- The graph below illustrates where our reserve levels are expected to be by 2023 under the proposal, and where they are likely to be if we remain at the status quo of a MR of 5.



- Under the status quo, existing financial reserves would be exhausted (\$0) by 2020 or 2021.

## **LEGAL OBLIGATIONS**

- The Association is legally obligated to represent all members fairly, even under financial constraints. Given this legal obligation, the Association's budget is projected to be in deficit from the current fiscal period forward if we maintain the current MR.
- The ongoing professionalization of the Association has increased our in-house capacity to provide services to the Membership. The Association has also seen an uptick in the number of Members requesting support.
- The Association's practice is to exhaust all attempts at informal resolution before considering grievance and arbitration mechanisms.

## **MIL RATE PROPOSAL DECISION HISTORY**

- The Association's finances were carefully reviewed against a 5-year budget cycle.
- The Mil Rate Proposal was unanimously endorsed by the Finance and Investment Committee, who then presented it—as part of a package of options—to the representative Council.
- Council then recommended that it be presented to Members at the April 2018 Annual General Meeting (AGM), for consideration by the entire Membership.
- The 60 Members present at the AGM voted unanimously to seek approval of the proposal from the entire Membership by way of electronic ballot.