

University of Saskatchewan Proposals

For Negotiation with ASPA

April 24, 2007

The following proposal is tendered on behalf of the University of Saskatchewan and replaces the language provided in the Offer to Settle dated April 16, 2007.

BENEFITS

After a further discussion of interests, the Employer is tabling a revised proposal on the realignment of benefits as outlined below. Our proposal has been designed in consideration of the union's expressed interests in:

- maintaining fair and reasonable coverage;
- minimizing plan design reductions;
- ensuring an appropriate Employer funding level and;
- payment of the accrued deficit

While we remain concerned with the future financial sustainability of benefit plans for ASPA members and feel that additional modifications may be needed over the long-term, we believe that our proposal will meet both parties' interests in the short-term.

Plan Design:

With our previously expressed benefit principles in mind our revised proposal includes the following adjustments to benefits for ASPA members:

Group Life Insurance

- **A Basic Group Life Insurance coverage increase to two times the ASPA member's annual salary, to a maximum benefit of \$500,000.** The premium for this benefit will continue to be 100% Employer paid representing an ongoing increase in costs of **\$123,445 bringing the total Employer contributions towards Group Life Insurance coverage projected at \$180,733.**
- The added protection with this enhanced Basic Group Life Insurance more adequately provides additional family protection and financial security to surviving family members. As a result of this change, the Death Benefit Article 12.11, which provides two-times monthly salary in the event of death, would no longer be available.

Extended Health Care

- **An increase in the annual maximum for eye examinations from \$45 to \$65, per person, every two years to assist in covering the increased cost of preventative eye health.**
- **A \$2,000 Prescription Drug maximum annually, per person and integration with the Special Support Program of the Provincial Government.** Drug costs represent the largest component of claim costs under Extended Health Care and continue to rise year after year. A capping of coverage, in combination with coordinating with the provincial drug

plan, will provide needed stability and cost control while maintaining reasonable coverage. (Note: Approximately 1.4% of members and dependents claimed more than \$2,000 for drugs in 2006).

Dental Care

- **Orthodontic Services increased to a lifetime maximum of \$1,500, and changed to cover only dependents as defined in the current plan contract.**

Benefits Funding Cap for Extended Health and Dental:

The Employer proposes to increase the Employer funding for the extended health and dental plans from 2.83% to 3.65% of salaries of members enrolled in the plans for an ongoing increase in costs of \$452,646 bringing the total capped Employer contributions to \$1,656,007 (based on payroll as of March 2007). The effective date of the funding increase will be the first of the month following the date of signing.

Accrued Benefits Deficit:

of the Collective Agreement.

The accrued deficit for the ASPA extended health and dental plan funding is growing at an average rate of approximately \$21,752 per month. The deficit represents the difference between the current employer cap (2.83%) and the required premium payments to Blue Cross to continue coverage for eligible ASPA members. If agreement is reached on a re-aligned benefit plan as defined in this proposal, then the Employer agrees to cover the cost of the accrued deficit for extended health and dental plans up to the first day of the second month following the date of signing but no later than August 1, 2007. **This represents an additional projected amount of \$475,311 (August 1, 2007) in Employer funding for benefits.**

If no agreement is reached then the accrued and on-going deficit (required funding above the Employer cap) will be charged back to the enrolled ASPA members beginning August 2007. **This will represent an average monthly payment of \$51.60 per enrolled member to recover the accrued deficit and on-going deficit (projected to December 31, 2007).**

Collective Agreement Language:

Add to Article 12.1- Benefits

Add to preamble:

The employer's total expenditure of Dental and Extended Health pursuant to this collective agreement shall be capped at 3.65% of base salary for those members enrolled in said plan(s) per year. (Note: The funding rate will change effective the first of the month following the date of signing).

The Employer specifically disclaims any responsibility to pay any premium shortfall which may ensue. In the event that the cost of Dental and Extended Health exceeds the 3.65% cap, the Employer will provide notice to the union and the shortfall will be borne immediately by the members enrolled in the plans until such time as the terms of said plan(s) may be adjusted.

In the event the actual premium is less than 3.65%, the resulting surplus will accumulate and be used to absorb future actual premium costs that may exceed the 3.65% cap.

MOU - Benefits

Delete. (Related to 12.1 above)

Article 12.11 Death Benefit for Permanent, Seasonal and Eligible Term Employees

Delete (Related to proposed plan design changes on group life insurance)

Revise Table 12 – revisions to Table 12:

Permanent/Seasonal and Term Employees Half-Time or Greater:

Basic Group Life Insurance [2 x annual salary (adjusted to the next higher \$1,000). Max of \$500,000]

Employees who are Term Less Than Half-Time:

50% of 2x annual basic earnings, adjusted to the next higher \$1,000 (if not already a multiple of \$1,000) to a maximum benefit of \$500,000

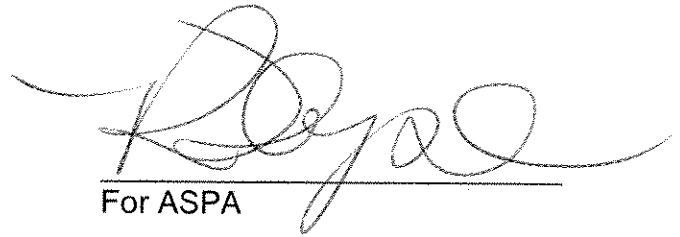
Casual Employees:

2x annual basic earnings, adjusted to the next higher \$1,000 (if not already a multiple of \$1,000) to a maximum benefit of \$500,000



For the University of Saskatchewan

April 24, 2007



For ASPA

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