

QUFA Salary Proposal

Faculty Salary Models

Two major components to each salary increase program:

- a) PTR (Progress through the ranks)/Merit increases
- b) Scale (Across-the-board, or ATB) increases

a) The PTR/Merit component

In all professions, salary rises over a person's career to reflect greater experience

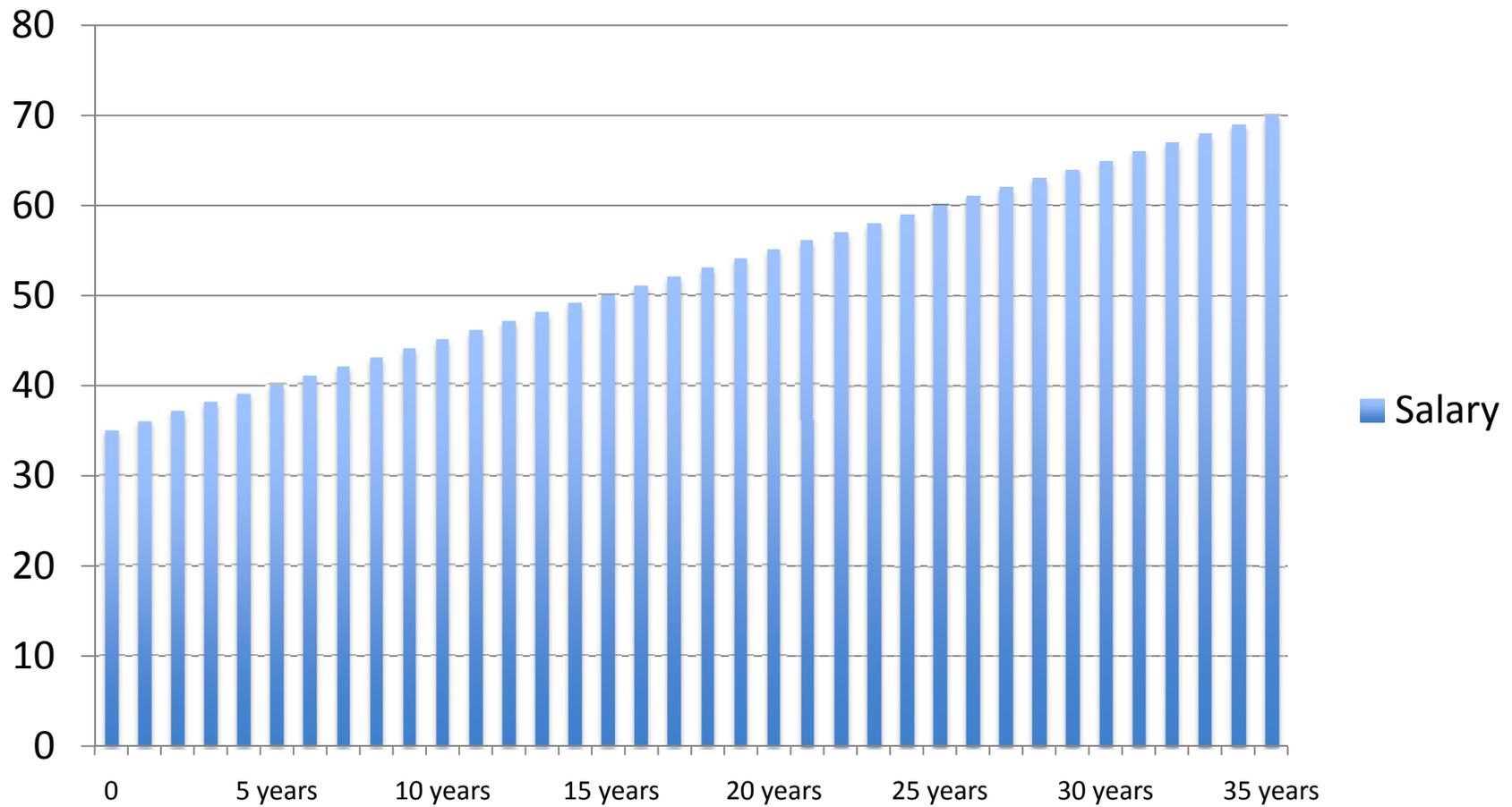
This is also true in the academic profession – we do not advance up a bureaucratic hierarchy through a series of discrete promotions, but instead are recognized for greater skill in our jobs (job content also shifts over time), which develops continuously every year

All Canadian universities have a PTR/Merit scheme (sometimes called Career Development Increment, or CDI), and have had for many years – it is the accepted norm in the profession, which all faculty members expect to benefit from

Alternative Rationales for PTR/Merit

- a) Higher salary in later years is deferred payment for work in earlier years (cf. Japanese lifetime employment system) – reward for loyalty
- b) A way of providing performance pay/incentives (does not displace other rationales)

A Career Salary “Ladder”



The Queen's Salary Model

Current model introduced in 1984 – codified past practice (see 1983 Task Force report)

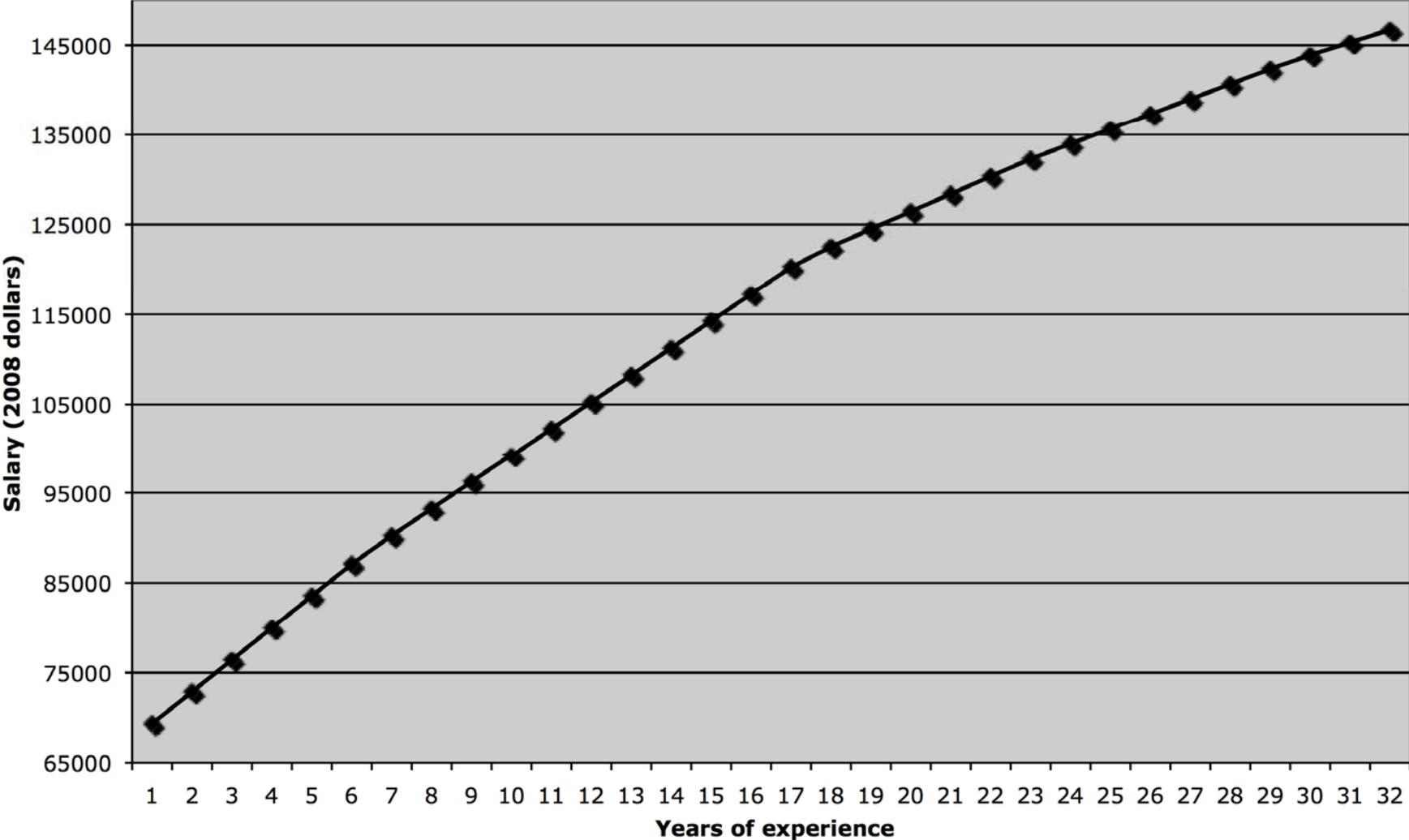
Basic principle: salary increases on average 2.15 times over a 35-year career, from age 30 to 65

Other features:

- a) “Equal dollars for equal merit”: each merit increment is a dollar amount, not a percentage of member's salary
- b) junior increments and senior abatements modify this principle – not all steps are same

- c) Annual merit assessments are reflected in PTR/Merit awards that are higher (or lower) than the average (10 merit points were average to 1999; from 1999, 10 is the modal value, while the average is 10.6-10.9)
- d) Model is self-funding in steady state (if a retiree is replaced by a member with no experience, salary difference between them funds the 34 merit steps for the other members of faculty)
- e) However, starting salaries remain open to individual negotiation (subject to floors for rank and years of experience)

The Queen's Salary Model



This salary model has been implemented in every year from 1984 to 2010, with the sole exceptions of 1994 and 1995, when Social Contract legislation prevented it (half of the standard PTR/Merit was paid out in those years, and the gap was partly “backfilled” in 1996)

Changes have been incremental and consistent with maintaining the ratio of 2.15:1 between starting and final salaries

These quotations from a joint QUFA-University Task Force report, which was adopted by both parties, sum up some of the essential points of the PTR/Merit model:

“The view of ‘progress’ increments described here suggests that the allocation between ‘merit’ and ‘scale’ components should not be a subject of annual negotiation. Rather, we try to identify an appropriate amount for ‘merit’ on an ongoing basis: to reduce this amount is to deny individuals ... the real progress they are entitled to expect for good performance [T]he scale increase may be viewed as the best indicator of the *group’s* increase, provided the progress scheme is appropriate”

“In ideal circumstances, progress through the ranks should have no net cost for the employer, or at least very small net cost.”

(Report of the Task Force to Review Faculty Compensation Policy [Nov. 1986], p. 19)

b) The Scale (ATB) Increase

Two purposes of scale increases:

- i) maintain the real value of the salary ladder in the face of inflation
- ii) give faculty members a fair share of real economic growth

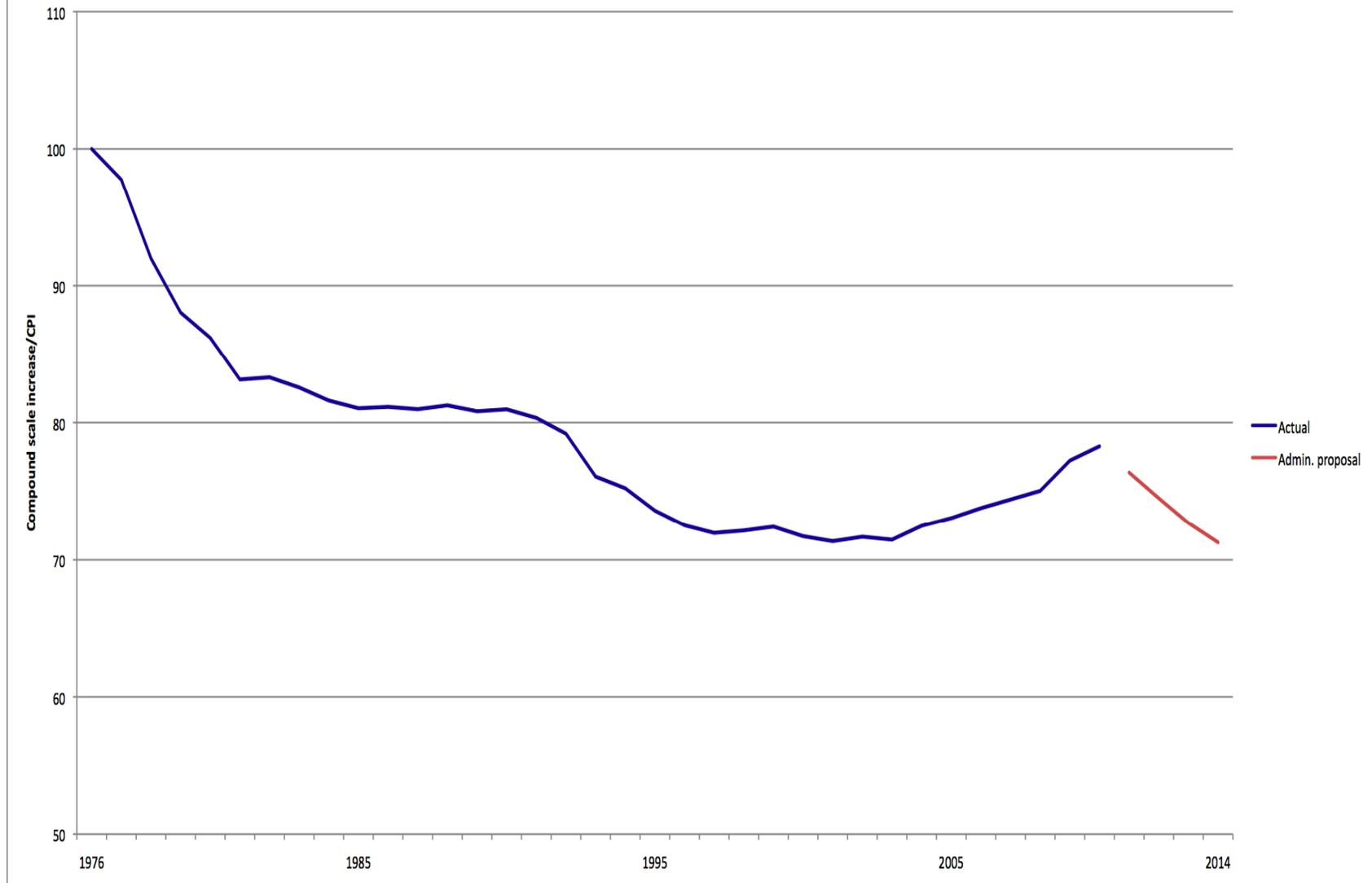
Also: adjust faculty incomes relative to comparable universities

However, over time scale has not even kept pace with inflation: the result has been that actual salary histories of faculty do not match the “ladder” set out by the PTR/Merit policy

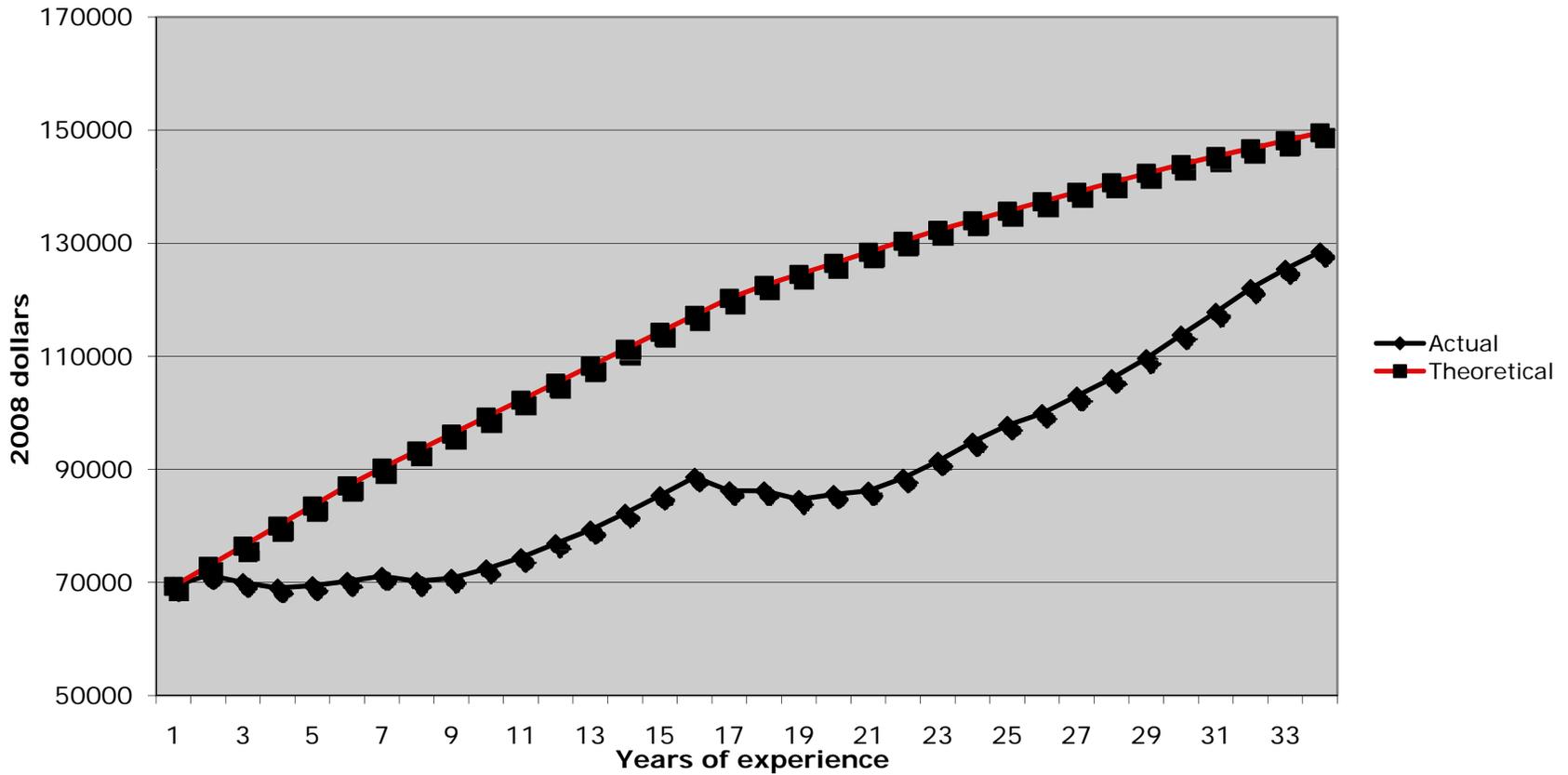
The following graph shows that compound scale increases at Queen's have not kept up with the Consumer Price Index. (The projected effect of the administration's current salary proposal on scale assumes that the PTR/Merit model will be maintained.)

The next graph shows the result of the combination of the PTR/Merit model and the failure of scale to match inflation: a typical faculty member hired in 1976 has had a career salary path (charted in constant dollars) that does not correspond to the salary model.

Scale Increases vs. Inflation 1976-2010



Actual vs. theoretical career history, 1976-2009



But starting salaries have increased by more than scale in recent years: this, along with the failure of senior members' salaries to fit the model, as seen in the previous slide, has given rise to salary compression and disequilibrium in the PTR/Merit scheme's self-funding feature

QUFA's Salary Proposal

- 1) Retain existing PTR/Merit scheme
- 2) Scale/ATB: inflation protection only
 - a) Forecast inflation (average of 5 major chartered banks' research units' June forecasts):

2011 2.8%

2012 2.1%

2013 2.1%

3-year compound increase: 7.2%

b) Average annual increases at comparator universities (McMaster, Toronto, Waterloo, Western) in settlements or awards over last 12 months: 2.33%

3-year compound increase @ 2.33% p.a.: 7.2%

c) QUFA proposal:

2011 2.1%

2012 2.5%

2013 3.0%

3-year compound increase: 7.8%

Bank forecasts and comparators'
settlements/awards were made before May
inflation announced (0.4% greater than
forecasts)