For discussion at QUFA Fall General Meeting, Monday, November 28, 1983
7:30 p.m. Stirling Hall "B"

Report of the Task Force on Faculty Compensation

October 1983

Introduction

The Task Force was created by the Consultative Group to try to establish a procedure for dealing with discretionary ("merit") increases which could remain unchanged for several years, thus leaving only the issue of the "scale" or "economic" increase and possible issues of other benefits for annual discussion. As explained in a widely circulated Faculty Association Discussion Paper of November 9, 1982, a stable policy should help to assess the long-term effects of salary policy, to establish consistent treatment from year to year, and to create more general understanding of "merit" increments at Queen's. That Discussion Paper, prepared after discussion in the Task Force, was discussed at the Fall General Meeting of the Faculty Association and in QUFACTS. Last spring, a survey was conducted to discover the views of QUFA members. The policy which the Task Force here proposes is consistent with the majority view expressed in the response to that survey.

At the time of writing, the provisions of the Ontario government's wage restraint program for next year are not known. They may make it impossible to implement the proposed policy in 1984. If that is the case, it is proposed that the policy be implemented as soon as possible.

The Report has been discussed in the Consultative Group. The Report has the support of the QUFA Executive Committee. It has been discussed in the Committee of Deans and Vice-Principals. Since the issue is one of long-term consequence, it was agreed in the Consultative Group that the policy should be placed before the members of QUFA before a final decision is made.

Outline

The Report begins with a brief statement of some of the ideas underlying the policy. The proposed policy is then stated. A commentary follows, explaining some of the features of the policy and indicating why certain choices were made. The commentary is an essential part of the proposal, and readers are urged to consider it before forming an opinion of the proposal. Appendices 1, 2 and 3 show how the policy would work in 1984, and give some long-term salary projections based on the policy. Appendix 4 gives analogous information for a slightly modified policy.

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Faculty Salary Policy: some general statements

These general features were supported by the response to the QUFA questionnaire and are the basis for the proposal which follows.

1. Salary increments may include (a) "across-the-board," "scale" or "economic increases", (b) increments awarded to individuals in recognition of "career development" and "merit", (c) individual adjustments to rectify inequities, and (d) adjustments which take account of the "market demand" for certain individuals.

2. Individual increments ((b), (c), (d) above) should be determined by discretionary judgements by Heads, Deans and the Principal.

3. The amount of money allocated to individual increments should be consistent from year to year (except for inflation adjustments); the average increment should be related to the annual increment required to increase an academic's salary from the current average salary at age 30 to the current average salary at age 65.

4. An average individual's salary should increase most rapidly in the early years of his/her career. Once a professor's salary becomes high relative to the general salary structure of professors at Queen's, it should be recognized that his/her current salary already includes recognition of very good performance, and accordingly that the average rate of further individual increase should be reduced. Except for these two qualification, the merit increments should be distributed on the basis of "equal dollars for equal merit."

Faculty Salary Policy: a proposal

I Duration

The policy will be used in 1984, 1985, 1986. A review will be conducted starting in January 1986 to determine whether to extend the use of the policy or to change it in time for the 1987 salary decisions.

II The Components of Salary Increments

There will be (1) "merit increments," applied first, (2) an "economic increase," applied next, and finally (3) increments from an "anomalies fund" to recognize both inequities and the need to respond to market pressures.

III Merit Increments and Individual Adjustments

1. Size of the Merit Pool

Each Faculty will have a merit pool equal to the number of its full-time equivalent continuing faculty multiplied by the floor salary for Assistant Professors in the current year times 3.6%. The dollar figure produced by multiplying this floor by 3.6% will be referred to as the average merit increment.

2. The Allocation of Merit Increments

(a) Heads and Deans will make recommendations as to the allocation of the pool, based on judgements of individual performance and development. In faculties with departments, the Dean may hold up to 20% at the Faculty level in order to be able to provide larger increments in a department with a large number of highly meritorious faculty members; any variations of this kind are to be based on judgements of individuals rather than on judgements of department members as a group.

(b) The allocations to individuals will be based on the principle of "equal dollars for equal merit."

(c) So that the judgements may be clearly understood, each increment will be some integral multiple of 10% of the

average merit increment. In 1982, most faculty members (approximately two-thirds) received 80%, 90%, 100%, 110% or 120% of the average.

3. Additional Increments for Junior Faculty

An additional increment in the amount of 1% of the floor salary for Assistant Professors will be awarded to each faculty member who fulfills all three of the following criteria:

(a) at the time of salary review has been a faculty member at Queen's for fewer than 10 full years, and

(b) has a current salary less than 1.65 times the floor salary for Assistant Professors, and

(c) is receiving a merit increment of at least 70% of the average merit increment.

4. Abatement of "Progress Through the Ranks Component"

(a) If a faculty member's current salary is more than 2.3 times but not more than 2.5 times the floor salary for Assistant Professors, the amount of 0.5% of the floor salary for Assistant Professors will be subtracted from the merit increment.

(b) If a faculty member's salary is more than 2.5 but not more than 2.7 times the floor salary for Assistant Professors, the amount of 1% of the floor salary for Assistant Professors will be subtracted.

(c) If a faculty member's salary is more than 2.7 times the floor salary for Assistant Professors, the amount of 1.5% of the floor salary for Assistant Professors will be subtracted.

Note: If an individual's merit award is very low, the abatement may result in a net reduction of salary before the scale increase is applied.

IV The Economic or Scale Increase

An "economic" or "scale" increase will be applied on a percentage basis to all salaries after the merit increments

and adjustments of section III have been applied. In exceptional cases, a part or all of the scale increase may be withheld; in such cases, the appropriate University officer will explain the decision to the individual affected.

V Anomalies Fund

Further increments may be awarded to individuals from an Anomalies Fund when

(a) review of salary statistics indicates that an individual is underpaid in comparison with colleagues of similar experience and performance, or

(b) the demand for an individual's expertise or accomplishment makes such an increment necessary.

Claims for such increments must be carefully examined, as they have been in the past. The total funds available for such increments should be the subject of annual review in the Consultative Group.

VI Publication of Information

Each faculty member will be informed of his or her merit increment and of the other adjustments that apply in his or her case. Statistics on the distribution of merit increments and of salaries will be published on the general pattern of recent years.

Commentary

II We propose that the merit increments be dealt with first for two reasons. First, we think it is correct to recognize that all previous merit increments are subject to the economic increase. Second, this procedure would allow the allocation of merit increments to proceed without delay while discussion on other salary matters proceeded in the Consultative Group.

III 1. The size of the average merit increment was chosen so as to carry an academic receiving the average increment every year from our current average salary for a 30-year-old to our current average retiring salary at age 65 (one must, of course, take account of the special features described in III 3. and III 4.). The difference between the proposed figure of 3.6% and the figure of 3.5% proposed in the discussion paper of November, 1982 represents the re-allocation to the general merit pool of the savings created by III 4. The considerations which led to the original figure of 3.5% were explained in the Discussion Paper: one way of stating the argument is to observe that in a steady-state situation, larger merit increments could be financed only by annually lowering all base salaries in order to finance the larger merit increments. Note also the commentary on IV.

In an ideal steady-state world, merit increments would cost nothing, being financed by "turnover savings," that is, by the difference in the salaries of retiring professors and their younger replacements. With our current age distribution, however, there are real additional costs associated with a program of merit increments, and this will continue for some years.

III 2. The method of allocating merit increases is the same as that used for the past two years at Queen's except for 2.(c), where certain percentages replace the $100 steps which have been used in the past two years. This is a trivial change but it contributes to year-to-year consistency.

It is understood that the decisions about merit increments will be based on the individual's contributions in teaching, in scholarly work and research, in various forms of service to the university community and, where appropriate, to professional bodies to which the individual may belong. It does not seem sensible to try to codify something like a point system—it is a discretionary system and judgements will have to be made. It is worth noting, however, that in the 1982 merit awards for 653 full-time faculty, excluding Deans, Heads and clinical medicine, only 14% received $600 or less (the average award was $1000); this suggests that such an award represents a judgement that the individual's performance was below reasonable expectation. It should be noted, however, that a typical academic performing in an entirely satisfactory way might receive a merit increment less than the average merit increment: if large increments are to be given to outstanding individuals, simple arithmetic dictates smaller increments for others.

III 3. and 4. These procedures are simple, clear ways of achieving the goals set out in their titles. They have the very considerable advantage that the merit judgements are carried out in a uniform way for all faculty members. It is important to realize that features III 3. and III 4. are independent: one could have only feature 3, or only feature 4, or both, or neither in a policy. A possible sample worksheet is appended to show how the calculations would proceed.

III 3. Reasons for a policy of more rapid increase for junior faculty which have been suggested in the Discussion Paper and subsequent discussion include the following:

- It provides some reward for the considerable development that should occur in the early years of a career.
- It creates salary vs. age/experience curves which are somewhat more similar to those outside the university than would otherwise be the case.
- It is desirable to move competent young professionals' salaries up quickly from the very low starting point.

The Discussion Paper suggested that age be used as a criterion for terminating these additional increments. The use of age would probably contravene the Ontario Human Rights Code and it is easy to imagine cases where an age criterion would in fact work unevenly. Years of service on faculty at Queen's is readily determined; years spent on "non-tenure-track" appointments before the person began a renewable or tenured appointment would be dealt with for this policy in the same way that they are for sabbaticals, etc. Persons appointed at a higher rank and salary would not be eligible for the extra junior increment for long, if at all, because of the salary cut-off.

A merit increment of less than 70% of the average for a young faculty member indicates some disappointment at his/her rate of development and level of performance. The extra increment does not seem appropriate in this case.

III 4. Almost 70% of faculty responding to the questionnaire favoured some form of decreased rate of increase of salary once the salary had reached a high level relative to university norms. Ceilings (used at many other universities) seem too rigid. "Capping of scale" on a regular basis has consequences that cannot be predicted very precisely.

A policy of the sort proposed here can be rationalized as follows. Our "merit increments" are built into salaries and thus have an essential role in determining an individual's salary curve over time. They thus have to play the role of providing for "progress-through-the-ranks" (PTR) or "career development." By the time one approaches the average retirement salary (and, of course, some individuals at Queen's reach and pass this level many years before they actually retire), one may be said to have "progressed through the ranks."

If one views the "merit increments" as including a PTR component, then the deductions described here might be thought of as "PTR abatements": beyond some level, further

individual increases ought not to include much recognition for PTR: rather such increases should be for performance clearly above the average.

A salary of 2.7 times the Assistant Professor floor in 1983-84 is $65,475. This is above the current average retiring salary and it is hard to see why such a salary should be further increased by merit increments unless performance continues to be at a high enough level to earn greater than average merit increments. In fact, the highest abatement of 1.5% is about 40% of the average merit increment. Thus, even a person in this group would experience no reduction in salary (before the scale increase is applied) unless his/her merit increment was less than 40% of the average, and varying real increases (before scale) if his/her merit increment was above 40% of the average.

It is very important to recognize that the "savings" from this policy are fed back into the "merit pool," and permit a slightly larger average merit increment than would otherwise be possible.

The effects of this policy in some hypothetical cases are shown in Appendix 3. For comparative purposes, Appendix 4 shows the effects of using higher abatements and a higher average merit increment.

Finally, it is important that each faculty member receive a statement each year indicating his/her merit increment and any adjustments due to III 3. and III 4. (see VI)

IV In recent years, one issue in the Consultative Group discussions has been the split between "merit" and "scale." It is worth noting that larger merit increments would come at the expense of slightly smaller scale increases. For example, an extra $100 in the average merit increment would result in about 0.2% less in scale. In proposing a "realistic" merit increment, this report thus opts for slightly better protection of the existing real salary base. Protection of this base is of course important for those

already at higher salaries, but it is also important for those being hired as Assistant Professors in subjects where external markets do not work to push up starting salaries.

If this proposal is adopted, it will be necessary to ensure that comparisons of increases with the increases of other groups at Queen's, or with the increases of academics at other universities, are made in an appropriate way, since these groups work with different salary models.

V It is perhaps worth remarking that external markets do create significant differences in starting salaries by discipline. The anomalies fund does give the University some flexibility to retain experienced people in areas of high demand.

Appendix 1

FACULTY SALARY CALCULATIONS FOR 1984-85

Note that Assistant Professor Floor is $24,250.

Hence average merit increment is (.036) x 24,250 = $873

The extra increment for junior faculty is (.01) x 24,250 = $243

The cut-off point for extra junior increments is

1.65 x 24,250 = $40,000

The trigger points for the PTR reductions are

2.3 x 24,250 = $55,775

2.5 x 24,250 = $60,625

2.7 x 24,250 = $65,475

The reductions are $121, $243, $364
(.5%) (1.0%) (1.5%)

Appendix 2

SAMPLE CALCULATION FOR PROFESSOR X

1. Merit increment is ( )% of $873 = _____
   (Note percent chosen must be a multiple of 10; the average percent for the Faculty is 100)

2. Current Salary is _____
   (excluding administrative supplement)

3. Does Professor X have
   (a) Merit award 70% or above? YES/NO
   (b) Current salary under $40,000? YES/NO
   (c) Less than 10 full years at Queen's at the time of salary review? YES/NO

   If NO to any of these, add $0, if YES to all three, add $243. ⟶ _____

4. Salary after increments (sum of the above) _____

5. If Current Salary (line 2) is
   between 55,775 and 60,624, subtract 121
   between 60,625 and 65,474, subtract 243
   above 65,475, subtract 364
   ⟶ _____

6. Salary after standard adjustments (line 4 - line 5) _____

7. Economic or scale increase is at s%.
   Salary after economic increase is

   (Line 6) _____ x $\left(1 + \frac{s}{100}\right)$ = _____

8. Anomalies adjustments (equity or market) _____

9. New salary (sum of line 7 and line 8) _____
   (excluding administrative supplement)

Appendix 3

Some hypothetical salary curves

Salary histories are created for eight hypothetical academics. The results are given in the columns of the following table and the resulting curves are shown on the graph. A bar graph compares the life-time earnings for the eight cases.

Professors A,B,C,D start at $25,000 at age 28 and receive 80%, 100%, 120%, 140% of average merit respectively, each year of their careers. Similarly, Professors E,F,G,H start at $30,000 at age 28 and receive 80%, 100%, 120% 140% of average merit each year. (Such histories are of course quite unlikely, but they are useful for illustrating average effects.)

Note that certain figures in the table are underlined; the lines indicate the end of the extra junior increment, or the beginning of a PTR abatement.

(Appendix 4 shows comparable data when PTR abatements of 1%, 2%, and 3% are used with an average merit increment of 3.7%.)

It is interesting to compare the curves of Appendix 3.3 with published salary statistics. Professor A would appear to be close to the 25th percentile, and Professor H close to the 75th percentile.

(Appendix 4 shows comparable data when PTR abatements of 1%, 2%, and 3% are used with an average merit increment of 3.7%.)

Appendix 3-2

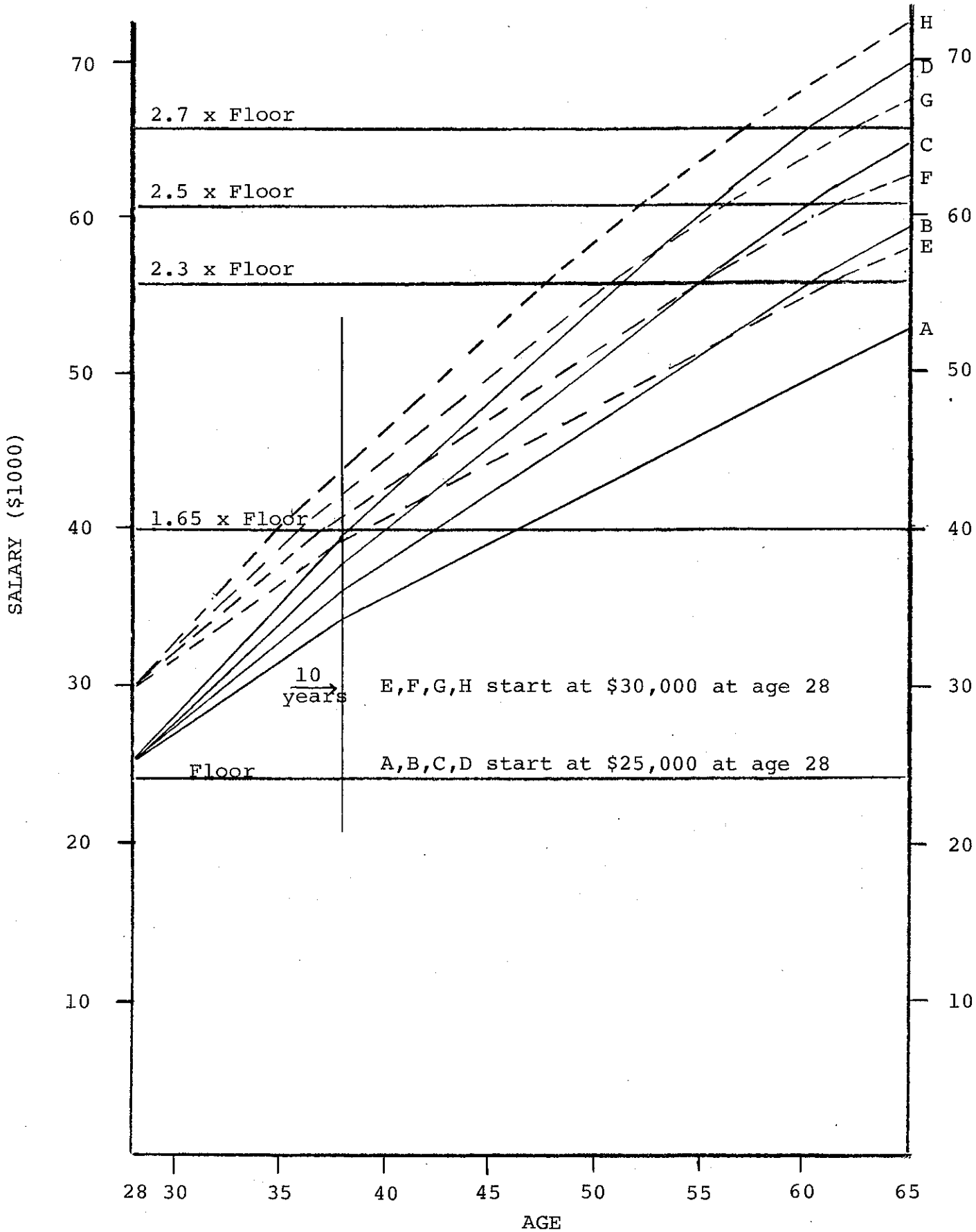
ILLUSTRATIVE SALARY HISTORIES

(with Average Merit 3.6%, PTR Abatements of 0.5%, 1%, 1.5%)

	A	B	C	D	E	F	G	H
	80%	100%	120%	140%	80%	100%	120%	140%
Age 28	25000	25000	25000	25000	30000	30000	30000	30000
29								
30	26882	27232	27582	27930	31882	32232	32582	32930
31								
32								
33								
34								
35	31587	32812	34037	35255	36587	37812	39037	40255
36							40328	41477
37						40044	41376	
38	34410	36160	37910	39650	39410	40917		
39	35108	37033	38958	40872	40108			
40	35806	37906	40006	42094	40806	42663	44520	46365
41								
42								
43								
44								
45	39296	42271	45246	48204	44296	47028	49760	52475
46								
47								
48								56141
49								57242
50	42786	46636	50486	54314	47786	51393	55000	58343
51							56048	
52				56758			56975	60545
53				57859				61646
54								
55	46276	51001	55726	60061	51276	55758	59756	63604
56			56774	61162		56631	60683	
57			57701	62141		57383	61488	
58								66420
59								67278
60	49766	55366	60482	65078	54766	59639	63903	68136
61		56239	61409	66057				
62		56991	62214	66915	56162	61143	65513	
63					56739	61773	66197	
64								
65	53256	59247	64629	69489	57893	63033	67565	72426

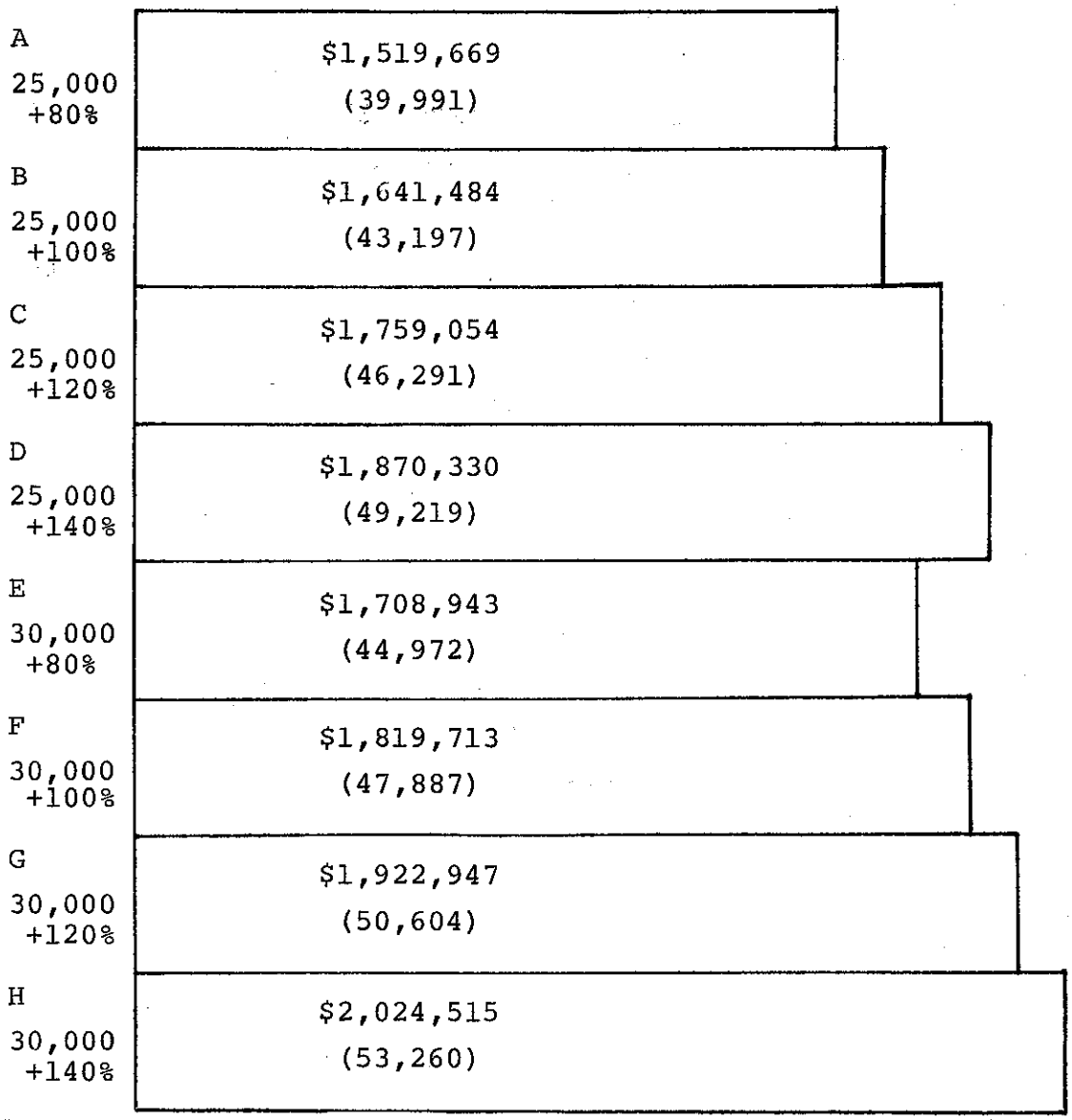
Appendix 3-3

ILLUSTRATIVE SALARY CURVES



Appendix 3-4

LIFETIME EARNINGS
(Average Annual Earnings Over Career)
FOR ILLUSTRATIVE CASES



Appendix 4

For comparative purposes, we show salary histories, curves and life-time earnings for the same hypothetical professors as in Appendix 3, with some adjustments to the model; the average merit increment is assumed to be 3.7% of the Assistant Professor floor (instead of 3.6%) and the PTR abatements are 1%, 2%, and 3% (instead of 0.5%, 1.0%, and 1.5%).

Appendix 4-2

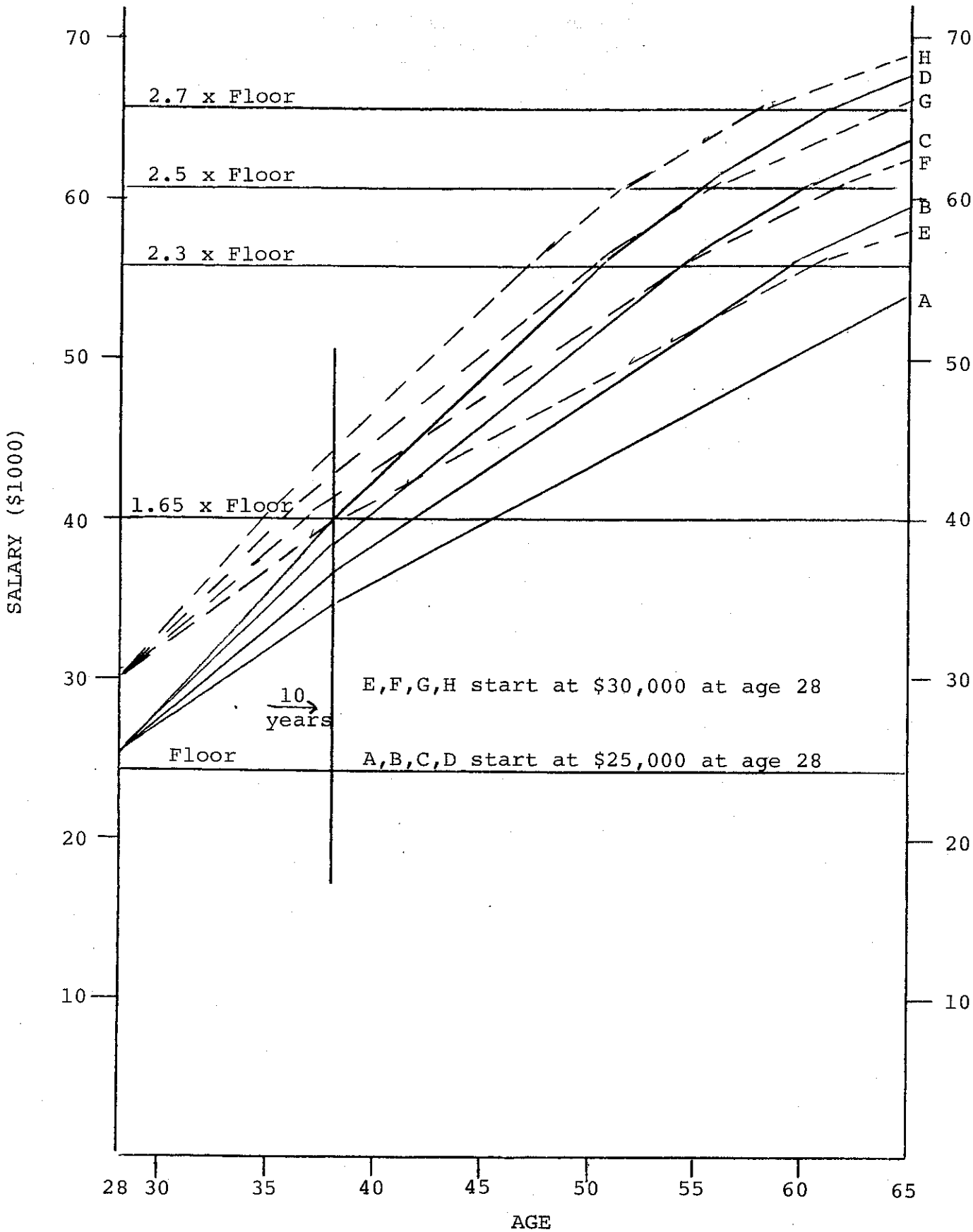
ILLUSTRATIVE SALARY HISTORIES

(with Average Merit 3.7%, PTR Abatements of 1%, 2%. 3%)

	A	B	C	D	E	F	G	H
	80%	100%	120%	140%	80%	100%	120%	140%
Age 28	25000	25000	25000	25000	30000	30000	30000	30000
29								
30	26922	27280	27638	27998	31922	32280	32638	32998
31								
32								
33								
34								
35	31727	32980	34233	35493	36727	37980	39233	40493
36							40552	41749
37						40260	41628	
38	34610	36400	38190	39990	39610	41157		
39	35328	37297	39266	41246	40328			
40	36046	38194	40342	42502	41046	42951	44856	46773
41								
42								
43								
44								
45	39636	42679	45722	48782	44636	47436	50236	53053
46								
47								
48								56821
49								57834
50	43226	47164	51102	55062	48226	51921	55616	58847
51				56318			56692	
52				57331			57525	60873
53								61644
54								
55	46816	51649	56482	60370	51816	56406	60024	63186
56			57315	61383		57060	60857	
57				62154			61448	
58								65499
59								66027
60	50406	56134	60647	64467	55406	59676	63221	66555
61		56788	61238		56124			
62				66009	56599	60984		
63				66537		61396		
64							65585	
65	53996	59404	63602	67593	58024	62220	65933	69195

Appendix 4-3

ALTERNATIVE MODEL: HIGHER MERIT, HIGHER ABATEMENTS



Appendix 4-4

ALTERNATIVE MODEL: LIFETIME EARNINGS
(Average Annual Earnings Over Career)
FOR ILLUSTRATIVE CASES USING AVERAGE MERIT 3.7%
AND PTR ABATEMENTS 1%, 2%, 3%

A	$1,533,729 (40,361)
B	$1,655,921 (43,577)
C	$1,768,408 (46,536)
D	$1,874,080 (49,321)
E	$1,721,299 (45,376)
F	$1,827,945 (48,104)
G	$1,924,904 (50,655)
H	$2,014,797 (53,020)