

MUFA

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McMASTER UNIVERSITY
FACULTY ASSOCIATION

Memorandum

March 14, 2002

TO: Members of the McMaster University Faculty Association on the Career Progress/Merit Plan

**FROM: Bernadette Lynn,
Chair, Remuneration Committee**

**RE: Joint Committee Remuneration Agreement, July 1,
2002 to June 30, 2005**

Attached you will find a copy of the Agreement negotiated in the Joint Committee. Before the MUFA representatives on the Joint Committee agreed to this on March 4, 2002, we consulted the Remuneration Committee and received unanimous endorsement of the position. Furthermore, the Agreement was approved unanimously by the MUFA Executive on March 6, 2002. We believe that we have been able to negotiate an excellent Agreement for MUFA members which achieves many of the goals that were set out in our initial position.

The specifics of the Agreement and how they apply to faculty members — time frame, changes to CP/M, base salary and benefits — are described below.

TIME FRAME

The negotiated Agreement is for a three-year period — July 1, 2002 to June 30, 2005. Although MUFA began negotiations with a one-year time frame for an agreement, we argued that, if we were able to achieve sufficient monetary incentive, we would consider a three-year agreement, which we did in February. We recognized that a multi-year agreement gave the Administration some stability in budget planning and relieved them of having to negotiate with several major University groups in the same year (e.g., MUSA's contract ends in June 2003).

MUFA stipulated that there would have to be equal Across the Board (ATB) in all years of a multi-year agreement. We argued that the last multi-year agreement was unacceptable in the way it was structured. We believe that the current agreement overcomes our objections because the ATB and market adjustment are consistent in each year (3% + \$500).¹

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¹The ATB increase is quoted as 3.6% based on the average faculty salary of \$83,333.33 (3% + \$500/\$83,333.33). In fact for a faculty member earning \$60,000, the \$500 market adjustment is worth 0.84%. MUFA agreed to convert the \$500 to a percent based on average salary.

CAREER PROGRESS/MERIT (CP/M)

The CP/M has been implemented at 120 par units per 100 faculty members in each year of the Agreement. This is the normal standard. As well, the CP/M base salary, par value and breakpoints will be adjusted on June 30, 2002 by 6.4% before the monetary values of CP/M awards are calculated for 2001 (included in the July 1, 2002 salaries). What this means is that the breakpoints and values to be used for CP/M awards will be revised as follows:

TABLE 1*
Revised Breakpoints and Par Awards as at June 30, 2002

	Current CP/M Breakpoint	Revised Breakpoint at June 30, 2002 (+6.4%)	Revised Par Value (Current Value)
Range 1	<\$78,967.66	<\$84,021.59	\$2,504.36 (\$2,353.72)
Range 2	<\$96,620.40	<\$102,804.11	\$1,878.27 (\$1,765.30)
Range 3	<\$102,504.66	<\$109,064.96	\$1,252.18 (\$1,176.86)
Range 4	>\$102,504.66	>\$109,064.96	\$ 626.09 (\$ 588.44)

*Breakpoints as at June 30, 2003 will be (1) <\$87,046.37; (2) <\$106,505.06; (3) <\$112,991.30; and (4) >\$112,991.30. Revised par value for Range 1 as at June 30, 2003 will be \$2,594.52. The revisions at June 30, 2004 will be (1) <\$90,180.04; (2) <\$110,339.24; (3) <\$117,058.99; and (4) >\$117,058.99. Par value for Range 1 will be \$2,687.92.

As well, the base salary for an assistant professor will be increased by 6.4%.

MUFA agreed with the Administration that the CP/M scheme had become less motivational and attractive because the breakpoints and the par values were not as high as they should be. MUFA argued that if ATB increases had kept pace with inflation in the past, then the CP/M scheme would not have "slipped" in value. MUFA agreed that an additional indexing to CP/M values beyond ATB was a good move (it had been done previously in the Agreement reached for 1997-1999). Effectively, the 6.4% in the CP/M will keep people within ranges longer, thus receiving higher value for their CP/M increases. For example, someone currently making \$80,000 would be beyond the current first breakpoint (\$78,967.66) and would receive only 75% of full par (\$1,765.30). Under the new contract, with the 3% + \$500 scale increase, this faculty member would be making \$82,900 and **move back** to the revised first breakpoint (\$84,021.59) and would get 100% par (\$2,504.36). In a similar fashion, a faculty member who was paid \$103,000 (currently above the fourth breakpoint) and was receiving only a quarter par (\$588.44), would receive \$106,590 (3% + \$500) and be below the final revised breakpoint (\$109,064.96) and, hence, would receive half par (\$1,252.18) under the new contract.

MUFA believes that this adjustment to the CP/M will be valuable to our members and, furthermore, reinforces our argument that the excellence of McMaster faculty should be appropriately rewarded through CP/M.

CHANGES TO BASE SALARY**Table 2**

Current 2001/02 Salary	\$60,000	\$80,000	\$100,000
YEAR 1			
3% ATB	\$ 1,800.00	\$ 2,400.00	\$ 3,000.00
Market Adjustment	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>
	\$62,300.00	\$82,900.00	\$103,500.00
1.0 CP/M	2,504.36	2,504.36	1,252.18
Salary at July 1, 2002	\$64,804.36	\$84,404.36	\$104,752.18
YEAR 2			
3% ATB	\$ 1,944.13	\$ 2,532.13	\$ 3,142.56
Market Adjustment	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>
	\$67,248.49	\$87,436.49	\$108,394.74
1.0 CP/M (+3.6%)	2,594.52	1,945.89	1,297.26
Salary at July 1, 2003	\$69,843.01	\$89,382.38	\$109,692.00
YEAR 3			
3% ATB	\$ 2,095.29	\$ 2,681.47	\$ 3,290.76
Market Adjustment	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>
	\$72,438.30	\$92,563.85	\$113,482.76
1.0 CP/M (+3.6%)	2,687.92	2,015.94	1,343.96
Salary at July 1, 2004	\$75,126.22	\$94,579.79	\$114,826.72

Table 2 shows the effect of the new Agreement on the \$60,000, \$80,000 and \$100,000 salary levels over the three years of the Agreement. As can be seen, all three salaries increase substantially over the life of the contract based on the 3% across-the-board (ATB) and the \$500 market adjustment and the CP/M awards, here at par (1.0). The values of the par award and the breakpoints are based on those calculated in Table 1.

MUFA believes that ATB must protect our salaries from current year inflation plus pay us a portion of "catchup" for lost ATB in previous years. Our initial brief argued that we should try to recoup 7.3% of lost inflation protection in a single year. The current Agreement returns us approximately 2.9% catchup in the first year (December 2000-December 2001 inflation was 0.7%; therefore, 3.6% - 0.7% = 2.9%). Assuming 2.0% inflation in the second and third year of the Agreement, then our "catchup" would be *roughly* 1.6% in each of those years or 6.1% over the three years. If we assume inflation will be on average <3% (which it has been over the last ten years) then our *real* increases are positive, i.e., the gross increases exceed expected inflation. Of course, predicting what inflation will be becomes riskier as we move further from the first year of the contract. MUFA felt, however, that the increases agreed on could give us reasonable comfort of inflation coverage in years 2 and 3 of the Agreement.

MUFA argued in its original brief that while we got merit in the last two contracts, our ATBs were the worst in the province over the last five years. The ATBs for the three years agreed to in the new contract are very good. The calculations in Table 2 show the way in which faculty will be affected by the new Agreement. Table 3 below shows the ATB settlements for universities which extend to 2002/2003 compared with our Agreement.

Table 3
2002/2003 Agreed ATBs as at March 6, 2002

University	Across-the-Board
McMaster (3.0% + \$500/\$83,333.33)	3.60%
Guelph	2.30%
Lakehead	2.26%
Nipissing	1.00%
Waterloo	2.65%
Windsor	2.50%
York	2.50%

As you can see, McMaster's new ATB agreement is greater than any of the existing agreements. Additionally, we know that Windsor agreed to 2.5% for 2003/04 and Waterloo settled for inflation. Thus, we believe our negotiated ATB in each of the three years is a good one and will provide us with inflation protection as well as some catchup.

BENEFITS

As MUFA argued in our initial brief, we believe that the McMaster benefit programme is, for the most part, an excellent one, and only minor changes, if any, are needed. MUFA negotiators, as instructed by the focus groups and the Remuneration Committee, concentrated on maximizing ATB. Consequently, most of the benefits from our initial brief were traded for ATB.

CONCLUSION

MUFA believes it has negotiated an excellent agreement. We have been able to improve the salaries across-the-board more in the first year (3.6%) than was done previously in three years (3%). As well, we have adjusted the CP/M Scheme so as to make it a better mechanism to reward career progress and merit. We urge you to attend the special information meeting on March 26, 2002 at 3:30 p.m. in Hamilton Hall 320 and, more importantly, to return your ballot by March 28, 2002 (marked of course!) in favour of the new Agreement.