Options for revising our salary system
Bargaining Bulletin 2015-03-03

This is the second bargaining bulletin discussing our salary system. In the previous
bulletin, a description of the actual system at SFU was presented¹. A previous
bargaining bulletin outlined where our current system is deficient². Here various
options for changes to our salary system are presented.

Across the board increases
Across the board increases (ATB) represent increases in salary to compensate for
inflation and productivity increases. These across the board increases have been
mandated by the provincial government for more than a decade and these imposed
mandates will likely continue for the foreseeable future. These across the board
increases can be distributed in 3 general ways
- a percentage increase with the same percentage increase for everyone
- a fixed dollar increase for everyone
- a combination of a percentage increase and fixed dollar increase (hybrid)

Past settlements at SFU have used all of the above.

To illustrate how each scenario might look, suppose that the average salary of
members was $100,000/year with 1000 members in the bargaining unit. The total
salary mass is $100,000/year x 1000 members = $100,000,000. And suppose that a
2% ATB was achieved. The various options then correspond to
- % increase. Every one receives a 2% wage increase. If your salary was
$80,000/year, you would receive a 2% x $80,000 = $1,600 increase. If your
salary was $160,000/year, you would receive a 2% x $160,000 = $3,200
increase. A percentage increase gives a larger dollar increase to members with
larger salaries.
- Fixed dollar increase. The total amount available for an ATB is 2% x salary
mass = 2% x $100,000,000 = $2,000,000. This corresponds to
$2,000,000/1000 members = $2,000 per members. If your salary was
$80,000/year you would receive a $2,000 increase; if your salary was
$160,000/year, you would also receive a $2,000 increase. A fixed dollar
increase results in a larger relative increase for lower paid members and a
lower relative increase for higher paid members.
- Hybrid. In this option, the increase may be split into a 1% percentage increase
and a 1% fixed dollar increase. The fixed dollar increase would be
$1,000/member. So if you earned $80,000/year, you would receive 1% x
$80,000/year = $800 + $1,000 fixed dollar increase or $1,800. If you earned
$160,000/year, you would receive a 1% x $160,000 = $1,600 + $1,000 fixed
dollar increase = $2,600. This plan is leads to increases between the other two
options. It also gives a relatively larger increase for lower paid members.

Initial salary when hired

Most hires at SFU take place at the lower ranks after members complete their educational requirements. There are several models on how initial salaries are determined.

- **Wide open.** Under this model, initial salaries are determined completely by individual negotiations. They can vary between disciplines and within disciplines. There is no minimum and no maximum initial salaries. Under this model, disciplines that are perceived to be demand in the marketplace would likely receive higher initial salaries than disciplines that are not perceived to be in demand. Strong negotiators would tend to receive higher initial salaries than weak negotiators.

- Salary inversions can occur where newly hired members are paid more than previously hired members both within and among disciplines. In the past, the applicant often had little information about the typical range of salaries at the institution – however, now most institutions are required to publish salaries (e.g. the financial disclosure lists that appear in the Vancouver Sun) and faculty associations have this information that they can share with new applicants. There is no need for formal market differentials as this is captured in the initial salary. This is the system used at UBC and UVic.

- **Wide open with rank minimums.** This is similar to the above model except there are salary minimums for each rank that often depend on the years of experience. So even in disciplines that are perceived not to be in demand, salaries cannot “race to the bottom”. This is the system used by UBC in part of their collective agreement.

- **Fixed scale.** Under this model, there is a fixed salary scale and initial placement is determined by rank and years of experience. For example, an Assistant Professor with 4 years of post-doctoral experience would be placed on step 4 of the scale for this rank. All hires, regardless of discipline are placed on this fixed scale. So it may be more difficult to hire members in certain disciplines that are perceived to be in demand, but this may indicate that the departments need to search harder. This type of system is often used at smaller institutions. Across the board increases typically move the scales up similar to that of individual salaries. If the ATB increases are below inflation or market demand, the initial salary placements may become more and more unrealistic.

- **Fixed Scale with market differentials.** Under this model, there is a nominally fixed salary scale, but additional money can be received for disciplines that are perceived to be in demand. This is the system used at SFU where the initial rank and step placement is dependent on qualification and years of experience, but new members in disciplines perceived to be in high demand may negotiate additional monies (a market differential) that are kept “separate” from the amount on the scale. These market differential can be permanent (as is the practice at SFU) or for a fixed number of years (e.g. 5 years), or slowly decline over time. If the across the board increases do not track inflation, the fixed scale may become unrealistic and more and more members receive market differentials, such as is happening at SFU.
Progress through the ranks

Most salary systems recognize experience and merit in various ways. The combination of promotions, and experience (career progress) increment and merit increments is generally called the Progress through the Rank (PTR) system. There are various options. All of these options can be implemented with and without an explicit salary scale.

- **Fixed career progress increments, no merit.** Under this system, every member receives a career progress increase each year unless the Administration documents an unsatisfactory performance. There is typically a fixed number of increments in each rank and once the member has received this number of career progress increments, no further increase is possible. This can be accomplished using either an explicit salary scale that shows the number of “steps” in each rank, or an implicit scale where each member has a fixed number of increments (e.g. 10) that are available after the initial salary is negotiated.

- **Fixed career progress increments; optional merit increments explicit.** Under this system, every member again receives an increase for career progress until the maximum number of career progress increments in rank is received. Members can also apply for merit increases and those who receive merit increase get additional increments. There is no requirement for members to apply for merit (they would simply get the career progress increment). Typically the amount of merit increments available is about 1/3 to ½ of the career progress step increments. Most salary systems under this model have no limit on the total number of merit steps that can be received over your career. This system is similar to the UBC and UVic models where merit increments are explicitly separated from career progress increments. Again, this can be accomplished with an explicit or implicit salary system. With an explicit salary system, you could separate placement on the scale to track career progress increments from merit awards (which are kept separate, much like explicit market differentials)

- **Career progress and merit increments combined.** This is similar to the SFU system where your biennial review assigns a step increase that is a combination of merit and career progress, but there is no explicit distinction. Because merit and career progress steps are combined, there are often complicated rules that try and limit the number of career progress steps received while allowing for additional merit steps (e.g. our career progress ceilings where you need 1.5 steps to receive a 1 step award). Again, this option can be implemented using an explicit or implicit scale system.

Merit increases are likely the most contentious part of progress through the ranks. Because of the limits on the number of merit steps that can be awarded, there will be competition and academic work is hard to compare among members, even within the same discipline.

Any increments can be awarded as a fixed dollar amount (similar to SFU) which tends to give relatively larger increment to lower paid members, or a percentage increase (e.g. one step is 1% of salary) which gives larger dollar increments for higher
paid members. Increment sizes can also be fixed (dollar or percentage) throughout the scale or larger for members first starting the rank.

**Promotions.** This is fairly standard across most institutions. Members can apply for promotion at any time. They present a portfolio that is reviewed. Members are placed a new spot on the new rank and then continue with progress through the next rank.

**Ceilings.** There is often a limit on the amount of salary increases that a member can received through progress through the ranks. There can be explicit ceilings (e.g. such as at SFU where once you hit the ceiling, there is no further movement), soft ceilings (where this limits the number of career progress increments, but doesn’t limit the number of merit increments; similar to our career progress ceilings at SFU), or implicit ceilings, often used where this is no explicit salary scale, but members are still limited in the total number of career progress and/or merit steps that can be received (such as at UBC).

**Costs of PTR.** As noted in the previous bulletin, how the budget of PTR is determined also is important.

Here at SFU the steps are fixed so the “cost” of PTR depends on how many members receive increments—there is a great incentive to have career progress and merit ceilings to keep costs low.

Under the UBC and UVic systems, the costs are known in advance (e.g. 2.5% at UBC) and the step sizes are adjusted to meet that cost target. Consequently, there is less pressure to have ceilings at UBC because it does not affect the “cost” of PTR as it is fixed at 2.5% of the salary mass per year. Similarly, the distinction between merit and career progress is unimportant under this system because it again all comes out of the 2.5% pool.

**Mid-career adjustments**

The academic career is typically 30 to 40 years and it may be necessary to make mid-career adjustments for various factors including retention. In the case of a member contemplating a move from SFU, the Administration may feel that it’s important to retain them. Or certain disciplines are perceived to suddenly be in high demand and the Administration wishes to retain members.

These are often done using a mechanism commonly called retention awards. Again there are several options:

- **No adjustments.** The Administration is unwilling to make adjustments, so the member must move to another institution to receive a salary increase.

- **Individual, permanent awards.** Each member negotiates an increase based, for example, a competing offer from another institution. The increase received depends on the willingness of the member to move and the negotiation skills
of the members. Any increase in permanent. There is often a limit to the amount of retention awards than can be awarded over the entire institution.

- **Individual, temporary awards.** Similar to above, but any increase is for a fixed term, e.g. 5 years and may be renegotiated at later time. Under this option, members should try and negotiate a larger increase to account for the uncertainty at the end of the term.

- **Discipline awards.** The Administration may feel that salaries for an entire discipline need adjustment and make an adjustment on a discipline basis. These can be permanent or temporary awards.

If mid-career adjustments are not made, the institution may experience a higher turnover in certain disciplines and the loss of “key” personal, but at the same time, the integrity of the salary system is preserved. If mid-career adjustments are to be made, the key issues in these types of awards is openness and equity. Who decides how much to match a counter-offer? Does the institution want to encourage “job shopping”? If awards are made at the discipline level, how is the amount determined? How do you deal with salary inversions?

**Who controls the number and amount of market differentials and retention awards?**

Under our current salary system, the number and amount of market differentials and retention awards is outside SFUFA’s control. While many organizations are loathe to interfere with the amount of money that a member receives, there are a number of options on controlling these awards at a global level.

- **No control.** Similar to our system, the Administration is free to award market differentials and retention awards in any number or any amount. These are often determined by individual negotiations between members and the Administration.

- **No awards/equal awards.** The most severe form of control would be to ban such awards. A less controlling option is that any market differential must be equal for all members of a department.

- **Control over the total amount of awards.** It is quite common for agreement to limit the total amount of awards, e.g. to xx% of the salary base/year. The rationale being that if the Administration needs additional money to attract people, this indicates that the salary scale is generally too low and should be raised. By bringing in the amount of the awards into the collective agreement, it is possible to leverage these awards to improve salaries elsewhere.
Designing our system
There is no “one-size-fits-all” salary system. In a previous bargaining bulletin, I provided a comparison of the salary systems used in BC and it may be helpful to review that comparison.

It may be helpful to think of various objectives of your ideal salary system and then choose components that achieve these objectives.

**Large dollar increases for lower paid members.** To achieve this objective, a fixed dollar ATB would be preferable to a common percentage increase. Similarly, a fixed dollar increment rather than a percentage increment would be preferred for PTR.

**Transparent starting salaries.** The negotiations for your first jobs are between people with unequal power and information. A fixed-scale system with no market differentials makes it easy to predict your salary upon hiring. An individual-based system requires the member to be more active in obtaining information on starting salaries (e.g. by looking at publically disclosed salaries and by consulting the Faculty Association prior to accepting a job offer).

**Are academic jobs commodities?** If there is an oversupply of a product relative to demand, market forces would imply that price needs to drop. Should academic jobs be treated as commodities or should a minimum price be established?

**Equal pay across disciplines.** Are academic positions really subject to market forces? There are many other facets of an academic position that are alternate forms of compensation. Is there a reason why members in discipline X should be paid more than members in discipline Y. A fixed salary system with no market differentials would achieve this objective. At the same time, it may be more difficult to hire in certain disciplines unless there are discipline differentials. In the latter case, some system of market differentials are needed. These can be explicit (fixed scales with market differentials outside the system) or rolled into salary (no scale with individual negotiations).

**Equal pay within disciplines.** Should all members within a discipline receive equal pay? Should salary-inversions be allowed? Discipline-based market differentials are then required rather that applying them at the individual levels. Discipline-based retention awards are also required.

**Don’t close the door on the way out.** How should the institution respond to members who believe they need an increase in salary to be competitive? Perhaps increased turnover is helpful? Do you want to avoid the loss of institutional prestige when a “star” leaves? Perhaps some disciplines are just “unaffordable” to an institution, e.g. does every institution need a discipline X?

**Merit awards.** Can academic products be compared (even within disciplines) with a fine enough distinction that merit increments are needed? Or should all step increases be a fixed step increase each year without merit considerations (a pure seniority system).
**Salary Ceilings.** Salary ceilings can be explicit (e.g. with an explicit scale) or implicit (e.g. a maximum number of increments that can be received in a rank). Institutions without ceilings typically limit the number of career progress increments but don’t limit the number of merit increments.

**Equity issues.** Equity issues should be distinguished from “equality” issues (see above). Equality issues refer to different salaries among faculties or departments or individuals that are typically related to discipline. Equity issues refer to different salaries offered to two identical candidates that are based on attributes such as gender, nationality, etc.

A fixed salary system with no market differentials/retention awards makes it easier to avoid explicit and hidden equity biases. Better information for our members and more monitoring by the faculty association is required in the individual-based systems to avoid equity biases.

Please feel free to send comments and suggestions to the bargaining team (via myself, cschwarz@stat.sfu.ca), to the SFUFA Executive, or the Bargaining email discussion maillist (Join the sfufa-bargaining-discussion maillist). Members are also welcome to join the Bargaining Advisory Committee where specific proposals are discussed in more detail (contact Melanie Lam, Executive Assistant, sfufaee@sfu.ca, to be added to the email list.)