

Staff Salary Agreement

May 1, 2018 to April 30, 2021

A Joint Presentation by Human Resources and UW Staff Association

June 25 and 27, 2018



The Committee

- The Provost's Advisory Committee on Staff Compensation (PACSC) is a University-level committee with responsibility to make salary recommendations to the Provost, for approval by the Board of Governors
- PACSC membership:
 - Associate Provost, Human Resources (Chair)
 - Vice-President, Finance and Administration
 - Associate Vice-President, International
 - Executive Director, Human Resources
 - Four members of the Staff Association (including the President, President-elect, and Past President)
- PACSC resources:
 - Associate University Secretary, Secretariat
 - Director, Total Compensation, Human Resources

The Challenge

- PACSC met several times between January and April in order to reach a salary recommendation to the Provost; the challenge was that it needed to be:
 - Equitable with the Faculty agreement while addressing the results of the Staff Compensation Review and optimizing outcomes for Staff
 - Faculty agreement provides for the following relative to salaries:
 - Scale adjustments of 2% (May 1, 2018), 2.15% (May 1, 2019), and 2.15% (May 1, 2020)
 - An across the board adjustment of \$850 (after the application of the May 1, 2018 scale adjustment) to each Faculty member
 - Staff Compensation Review results: gap to 50P relative to job values was -2.1% on May 1, 2017 (this gap had widened to -4% as of May 1, 2018)
 - Aligned with expectations – Staff members expect the same scale increases (i.e. USG structure) in comparison with the Faculty agreement regardless of market position results

What does \$850 represent?

- For Faculty, \$850 per member applied after the scale adjustment equates to approximately 0.56% of aggregate salaries
- For Staff, this would equate to approximately \$415 per member; options available to provide it to employees:
 - ✗ ▪ As a lump sum one time payment subject to deductions
 - ✗ ▪ Addition to base salary which would be whittled away through future merit programs
 - ✓ ▪ Through additional scale adjustments while maintaining costs
- PACSC decided that the optimal delivery option was through additional scale adjustments

Approved Salary Agreement

- PACSC reviewed and discussed several different scenarios that would deliver an equivalent commitment from the University to Staff salaries through the structure and salary increase process
- Consensus among members led to the development of a recommendation to the Provost which was accepted and communicated to employees on May 8, 2018:
 - Scale adjustments of 2% (May 1, 2018), 2.15% (May 1, 2019), and 2.15% (May 1, 2020)
 - Additional scale adjustments of 0.75% on April 30, 2018 and April 30, 2019
- On June 5, 2018, the Board of Governors approved the recommendation
- Eligible employees will receive a salary increase in their June 2018 pay with a retroactive effective date of May 1, 2018

Impact to Gap to 50P

- Utilizing a conservative salary trend assumption, the gap to 50P is expected to be eliminated in the third year of the agreement ...

	May 1, 2018	May 1, 2019	May 1, 2020
Starting Gap to 50P	-4.0%	-1.25%	-0.10%
Trend Assumption	n/a	-1.75%	-2.0%
April 30 Scale/Range Adjustment (no Merit)	0.75%	0.75%	0%
May 1 Scale/Range Adjustment (with Merit)	2%	2.15%	2.15%
Ending Gap to 50P	-1.25%	-0.10%	0.05%

STAFF SALARY INCREASE PROCESS

An explanation of the mechanics – how salary increases are calculated and specifically, how the 0.75% scale adjustment on April 30 impacts Staff

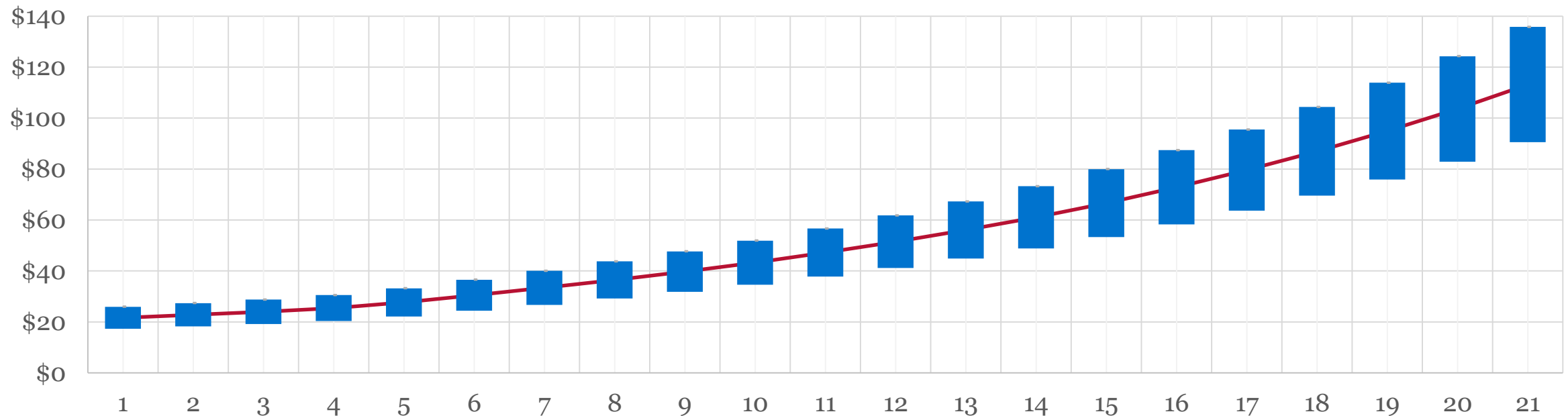
Staff Salary Increase (SSI) Process

- SSI is a merit based process – all increases are calculated using performance ratings; there are no scale or across the board cost of living increases
- Salary increases for each employee effective May 1 are calculated in 2 parts:
 - Basic increase – based on an employee’s compa-ratio as of April 30 and their performance rating from the previous calendar year
 - Supplemental increase – merit based distribution of funds remaining after basic increases are subtracted from funds available for each salary pool
- Basic increase cannot be adjusted but the supplemental amounts can be adjusted for each employee by the leader of the salary pool; the overall salary increase cannot exceed the employee’s target salary

SSI Component: Pay Ranges

- Job values are the midpoints of the pay ranges and are highlighted by the red line below; -2.1% gap from the 50P level in comparison with the market on May 1/17 ...

Staff Salary Structure
Pay ranges (hourly rates) for USG 1-21 effective May 1, 2017



SSI Component: Pay Position

- To calculate an employee's compa-ratio, divide the actual salary by the midpoint or job value of the assigned salary range

$$\text{Compa-ratio} = \frac{\text{Actual Salary}}{\text{Job Value}} \times 100$$

- Assuming the job value of a pay range equates to the 50th percentile position, an employee with a compa-ratio of 100% is paid at the median of what the market pays for that same position
- Employees' compa-ratio as of April 30 is used to calculate salary increases

SSI Component: Performance Rating

- Performance appraisals are conducted on an annual basis based on an employee's performance in the previous calendar year
- Completed paper forms are sent to Human Resources each March (retained for 5 years) and ratings are entered into the HR system (retained permanently)

Performance Rating	Description
5.0	Exceptional performance in all areas of the job requirements which is recognized throughout their unit or broadly throughout the University
4.0, 4.25, 4.5, 4.75	Performance significantly exceeded the requirements of the job in one or more key areas
3.0, 3.25, 3.5, 3.75	Performance was fully satisfactory in all key areas
2.0, 2.5	Need for recognizable improvement in one or more key areas
1.0, 1.5	Performance was significantly below job requirements in several important areas and improvements will be required or re-assignment or termination will be considered; ratings at this level are subject to disciplinary action

SSI Component: Target Salary

- Performance ratings determine an employee’s target salary in terms of pay position in the salary range – intended to be reached over a staff member’s career (not within one merit cycle)
- The following table highlights the target salaries for performance ratings of 3 or higher

Performance Rating	Target Salary
5.0	120% or 20% above the job value
4.75	118% or 18% above the job value
4.5	115% or 15% above the job value
4.25	112% or 12% above the job value
4.0	110% or 10% above the job value
3.75	108% or 8% above the job value
3.5	105% or 5% above the job value
3.25	103% or 3% above the job value
3.0	100% (equal to the job value)

SSI – Calculation of Basic Increases

- An employee’s pay position as of April 30 and performance rating from the previous calendar year against the grid developed based on the scale adjustment result in the Basic Increase calculation
- An accelerator exists for employees who are paid below job value; its purpose is to move their salaries towards to the job value quicker than the movement above the job value towards the maximum
- Examples of Basic Increases based on a 2% scale adjustment are as follows:

Pay Position (as of April 30)	Basic Increases <i>based on Performance Rating</i>		
	3	4	5
90%	3.50%	4.00%	4.50%
95%	2.75%	3.25%	3.75%
100%	2.00%	2.50%	3.00%
110%	1.00%	2.00%	2.50%

SSI – Calculation of Supplemental Increases

- Depending on the funds generated in each salary pool, a supplemental increase may also be extended to employees
- Salary pools to recognize performance are calculated through:
 - a) Total salaries and the job values in the pool
 - b) Total salaries and the job values for those below the job value for their positions
 - c) Adjustment to the job values

Note: the amount of money in a salary pool does not depend on the performance ratings assigned but performance ratings do determine the way the money is distributed

- Salary pools are first used to pay for basic increases and any remaining funds are equitably distributed to employees based on merit
- Leaders of the salary pools may apply further adjustments, taking into account factors such as equity within the pool; however, no supplemental increases may be awarded to individuals who are already at or above their target salaries

SSI – Impact of 0.75% on April 30

- By adjusting scales on April 30, 2018 with no adjustment to individuals' salaries, the impact is a lower compa-ratio for the May 1, 2018 salary increase process

Without 0.75% Adjustment

Pay Position (as of April 30)	Basic Increases based on Performance Rating		
	3	4	5
90%	3.50%	4.00%	4.50%
95%	2.75%	3.25%	3.75%
100%	2.00%	2.50%	3.00%
110%	1.00%	2.00%	2.50%

VS.

With 0.75% Adjustment

Pay Position (as of April 30)	Basic Increases based on Performance Rating		
	3	4	5
89.25%	3.61%	4.11%	4.61%
94.25%	2.86%	3.36%	3.86%
99.25%	2.11%	2.61%	3.11%
109.25%	1.08%	2.04%	2.54%

- In addition to a larger basic increase, the impact is additional funds in the salary pools for distribution through supplemental increases

OTHER ASPECTS OF THE AGREEMENT

Staff Salary Agreement – Other Approved Components

- Salary account funding to the healthcare benefits
 - Increased annual contribution of \$325 per non-retired staff member
 - Pension & Benefits Committee to consider options available
 - Target implementation date of January 1, 2019
- Continuation of \$250,000 per year contributed to the Staff Excellence Fund and a new process for the allocation of unspent funds
- Vacation exchange program extended to 30 April 2027 – for retirements on or before May 1, 2030
- Establishment of the following Working Groups:
 - Staff salary gender equity
 - Performance appraisal system

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QUESTIONS?