



McGill MEMORANDUM

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To: Academic Staff

From: Prof. Anthony C. Masi, Provost

Date: 17 March 2011

Subject: Changes to Effective Date of 2010-2011 Academic Salary Policy

Context

On 22 November 2010, I wrote to Academic staff outlining the components of the 2010-2011 Salary Policy due to take effect on 1 June 2011. This memo is a follow up to that announcement.

In 2008, under direction from the MELS, the University embarked upon a plan to achieve a balanced budget by FY2011. We are presently on track to meet this target. However, the University continues to face persistent financial challenges. Although McGill's revenues continue to increase, expenditures in several areas of our operations are expected to grow at an even faster pace. In addition, the effects of the economic downturn continue to have an impact on our payout from the endowment fund and other investments. The poor performance of financial markets over the last three years has also created some new financial obligations. Specifically, in order for the University to ensure the continued solvency and future financial health of our Pension Plan, we will have to infuse substantial sums into the pension fund for the next few years.

Unfortunately, the full impact of all of these obligations did not emerge until after the finalization of our agreement concerning the 2010-2011 Academic Salary Policy at the Committee on Academic Staff Compensation (CASC) a parity committee of the Administration and MAUT. The most recent budget projections for FY2012 indicate a projected deficit of \$17.5 million to \$19 million. Given the MELS directive and our commitment to the Board of Governors to maintain a balanced budget, such a large annual deficit is unacceptable.

In order to face this challenge, we must implement a number of cost-savings measures designed to realign revenues with expenditures for FY2012. As many of you are already aware, Deans and heads of all administrative units have been asked to contribute to this effort via a 2.5% cut in their operating budgets. To assist further in this effort, we have recently reached agreement with MAUT via our deliberations at the CASC to defer the effective date of the upcoming Academic Salary Policy (ATB and merit) from 1 June 2011 to 1 December 2011. It is important to note that this is not a permanent salary increase deferral. The reference year for the exercise will remain 1 January 2010 to 31 December 2010 and the effective date for the subsequent Salary Policy exercise remains 1 June 2012.

We recognize that this constitutes the second postponement of Academic Salary Policy within the three-year period initially set out for the multi-year framework developed by CASC, effectively extending the implementation of the framework to a four period. Unfortunately, the unprecedented economic upheaval experienced since 2008 was unforeseen at that time.

Future Commitment to Salary Policy

Despite the difficulty we have just experienced in executing our current multi-year framework and the uncertainties we continue to face with respect to the Quebec government in terms of funding and tuition increases, discussions between the administration and MAUT have emphasized the generally positive effects of having a planning window that extends three or more years out on salary policy matters.

The Principal and I, together with the executive of MAUT, remain committed to developing a sustainable multiyear framework for Salary Policy that will allow us to continue to work towards our shared objective of progressing our academic salaries relative to the top research-intensive universities in Canada, notwithstanding the considerable resource gaps between our situation in Quebec and those who are operating in less regulated environments.

To that end, and immediately after we have budget approval from the Board of Governors, the CASC table will begin to design a plan for FY2013 through FY2016. The major financial parameters will be modeled to allow McGill to continue to improve its relative position in comparison to peers with regard to academic salaries. However, our enthusiasm for seeing the path ahead must be tempered by our recent experiences. Circumstances vary, unanticipated consequences emerge, and so we must remain flexible in implementing even medium term salary policy.

In this regard, let me emphasize four things:

- First, the evaluation period for merit will remain unaltered over the next four years. That is, the evaluations for merit will continue to be based on the calendar year.
- Second, notwithstanding the delay that will be imposed from 1 June 2011 to 1 December 2011, the next salary policy will be scheduled for June 2012.
- Third, via the CASC, MAUT and the administration will outline a set of conditions that must occur in order for salary agreements to be reopened for discussion.
- Fourth, the CASC table will develop a flexible and adaptable set of principles for deciding on the size and modality of salary increases over the period FY2013 through FY2016.

In closing, we wish to recognize the collegial nature of our discussions at the CASC regarding the complex and serious financial challenges facing the University. We thank all academic staff for their understanding and support in these matters.

Details regarding the implementation of the 2010-2011 Academic Salary Policy are outlined below.

2010-2011 Salary Policy

Across-the-board increase

Effective 1 December 2011, there will be an across-the-board increase of 0.9% for all eligible academic staff members.

Merit award

An amount equal to 3.05% of the total academic salary mass has been allocated for merit increases for eligible academic staff. Merit increases will be awarded to individuals strictly on the basis of their academic performance during the period 1 January 2010 to 31 December 2010 based on the established practices in their respective academic unit(s). It will be based on one of five flat-amount categories (\$0, \$1000, \$2,000, \$3,000 and \$4,000). The merit increase will also take effect on 1 December 2011.

To be eligible for the across-the-board increase and merit award, staff members must have been officially appointed on or before 1 September 2010.

In addition to the above components, an amount equal to 1.6% of the academic salary mass is reserved for the Professional Development Fund for eligible staff members, for the University's contribution to the Faculty Club and for allocations for promotional, retention and anomaly adjustments. This brings the total salary policy envelope for FY2011 to 5.55% of McGill's current academic salary mass, compared to 5.15% in FY2010. Going forward, the allocation to the Professional Development Fund and the University's contribution to the Faculty Club will be considered as benefits and will not be included in the annual Salary Policy envelope.

Retention and Anomaly Envelope

A special envelope of 0.35% of academic salary mass has been set aside to address issues of retention and anomaly. This envelope is critical to sustain our ability to compete for and retain our academic staff in an internationally competitive environment and to make adjustments in cases in which inequities have been identified.

Promotional Increase Envelope

An amount representing 0.35% of academic salary mass has been allocated to cover salary increases for librarians and professors who are promoted to the rank of associate or full librarian/professor.

Professional Development

A "Professional Development Allowance" of up to \$500 is available, for eligible academic staff members, during the period from 1 June 2010 to 30 April 2011 to cover costs associated with memberships in scholarly societies, travel and registration for scholarly meetings, subscriptions to scholarly journals, and the purchase of scholarly books. In addition, the allowance may be used to reimburse expenses incurred for computer hardware and software. Financial Services administers the program.

Details regarding the program, including application forms and contact information, may be obtained at <http://www.mcgill.ca/financialservices/pdf/>

Note that the yearly \$500 allowance may be accumulated, to a maximum of \$1,500, over the three-year period from 1 June 2008 to 30 April 2011.

Salary Confirmation

Confirmation of individual salary increases will be available through MINERVA. The electronic confirmation will reflect the across-the-board and merit increases, including anomaly and retention adjustments, if applicable. Salary increases will appear on the pay cheque of 15 December 2011.