

## Memorandum on Merit Incentives

From: Merit Sub-Committee  
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To: Executive Committee

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### Background

Article III.12 of the Collective Agreement details the long-standing process for the distribution of bonus step increases to a limited number of members each year on a competitive basis. Appendix R suspended Article III.12 requiring that TUFA and the Employer establish a joint sub-committee “to review the existing merit system and determine whether it can be modified to improve alignment with the Academic Plan.” This joint sub-committee met and it is the view of TUFA’s members on the sub-committee (hereafter “TMotSC”) that we should propose a Memorandum of Agreement with the Employer to declare that the objective of Appendix R (a report to the Provost) is no longer of value and that the issue should be referred to bargaining.

Absent further action by the parties in negotiations, the provisions of Article III.12 will come back in force effective 1 July 2016. As a result of our review of Trent’s merit system, the feedback we have received from members, scholarship on merit incentive plans, and the evolving position of our affiliates, the TMotSC are of the opinion that a return to the status quo would not be optimal for TUFA members.

Below, we provide some thoughts on what a merit system is intended to accomplish, the problems we have identified with our current system, and possible solutions to those problems.

### Purposes of Merit

The TMC identified two objectives potentially served by having a merit incentive plan.

1. to foster an environment in which strong performance is valued and in which individuals are rewarded for exceptional achievement.
2. to maximize Trent’s impact in teaching, research and service to the community by fairly rewarding individual achievement and thereby creating an incentive for all members to strive for the highest level of performance.

Problems with current system

1. Unfair distribution. Five significant inequities were identified in our current system.

a) Merit awards have overwhelmingly recognized research over teaching and service and consequently may have served as a disincentive to high performance in either service or teaching. Between 2009 and 2013, merit for research (alone or in connection with service or teaching) was recognized 3 to 4.25 times more often than merit for teaching or service alone or in combination. Over that 5-year period, 98 merit awards involving research were distributed compared with 27 awards that were not based wholly, or in part, on research.

	<u>Approved</u>							
	Research	R+Teaching	R+Service	Teaching	T+Service	Service	R+T+S	TOTAL
2009	12	5	6	2	2	2	0	29
2010	19(18)*	1	2	1	0	5	0	28(27)*
2011	17	0	0	2	0	1	1	21
2012	13	2	3	2	1	3	0	24
2013	14	2	2	4	0	1	0	24

	<u>Denied</u>							
	Research	R+Teaching	R+Service	Teaching	T+Service	Service	R+T+S	TOTAL
2009	5	1	0	1	0	1	0	8
2010	2(3)*	0	0	1	0	1	0	4(5)*
2011	2	0	1	1	2	2	0	8
2012	4	1	0	1	2	2	1	11
2013	1	0	0	0	0	0	0	1

\* In 2010, one research-based merit award denial was reversed following a TUFA grievance.

b) LTA members do not receive merit awards. The costs (both opportunity and direct) of having a merit system are borne by all TUFA members; however, the 20% of the membership holding limited term appointments are not eligible even to apply for merit increases.

c) Merit awards skew by gender. We determined this fact by looking at a longitudinal sample of 267 members that included all members (retired or current through 2015) who received merit awards, and all tenure/permanency stream faculty members and librarians, as well as academic administrators employed in 2014/15 who never received a merit award. Women comprised 45.3% of the sample, but received only 39.8% of the total merit awards granted between 1999 and 2013. Within the sample, 56.7% of women received at least one merit award as compared to 67.6% of their male colleagues. Although we do not have sufficient data to address other equity considerations, the CAUT recently changed its “Policy Statement on Pay Equity” to explicitly advise member associations to avoid merit increases because they have been shown to be “inherently discriminatory, particularly against members of historically disadvantaged groups.” *See table on next page.*

Merit 1999-2013

Gender

# of Awards	Women		Men	
	Recipients	Awards	Recipients	Awards
1	30	30	39	39
2	21	42	26	52
3	8	24	19	57
4	3	12	8	32
5	4	20	5	25
6	2	12	0	0
7	0	0	1	7
subtotals	68	140	98	212
0	52	0	47	0
total	120	140	145	212

d) The rewarding of merit is uneven across Trent’s academic departments. Some of this may be attributed to departmental age (Social Work and Nursing which are relatively young programs have not, for example, received any merit awards), but it is hard to explain why established traditional programs like Mathematics and Philosophy should be under rewarded relative to say Chemistry and Anthropology. *See table on next page.*

e) Our current merit system provides enormous lifetime benefit to members who obtain merit increases versus those who do not. Moreover, the impact of merit varies radically depending on when in your career you receive it. Consider the following hypothetical: three identical 35-year olds begin working at Trent on the same day. Each works for 30 years before retiring. Member A receives merit awards in years 5 and 7<sup>1</sup>; Member B receives merit awards in years 23 and 25; Member C receives no merit increases. If all three otherwise progress normally through the salary steps, Members A and B will have the exact same pension entitlements on retirement, but member A’s lifetime earnings will be \$90,090 higher than Member B’s (net of increased pension contributions). Member A will receive 120,120 more salary dollars than member C and Members A and B will both start out with a pension that is \$3,300/year higher than Member C’s.

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<sup>1</sup> Assumes the value of a step increase to be \$2,750 and member pension contributions to be 9% of gross pay.

<u>Departments</u> <u>Alphabetical</u>	<u>Total</u> <u>Awards</u>	<u>Total</u> <u>Members</u>	<u>Awards/</u> <u>Member</u>	<u>Departments</u> <u>Least to most successful</u>	<u>Awards/</u> <u>Member</u>
ADMN	7	12	0.58	NURS (0%)	0.00
AHCL	7	5	1.40	SWRK (0%)	0.00
ANTH	29	14	2.07	MODL	0.50
BIOL	19	15	1.27	PHIL	0.50
CAST	8	6	1.33	MATH	0.56
CHEM (100%)	15	7	2.14	ADMN	0.58
COIS	9	5	1.80	EDUC	0.82
CUST	13	11	1.18	LIBR	0.89
ECON	9	8	1.13	INDG	0.90
EDUC	9	11	0.82	ECON	1.13
ENGL	30	18	1.67	CUST	1.18
ERST	21	13	1.62	SOCI	1.21
FRSC	5	3	1.67	BIOL	1.27
GEOG	21	11	1.91	CAST	1.33
HIST	34	20	1.70	PSYC	1.37
IDST	14	6	2.33	AHCL	1.40
INDG	9	10	0.90	POST/GLPL	1.57
LIBR	8	9	0.89	ERST	1.62
MATH	5	9	0.56	PHYS	1.63
MODL	2	4	0.50	ENGL	1.67
NURS (0%)	0	6	0.00	FRSC	1.67
PHIL	4	8	0.50	HIST	1.70
PHYS	13	8	1.63	COIS	1.80
POST/GLPL	11	7	1.57	GWMST	1.80
PSYC	26	19	1.37	GEOG	1.91
SOCI	17	14	1.21	ANTH	2.07
SWRK (0%)	0	2	0.00	CHEM (100%)	2.14
GWMST	9	5	1.80	IDST	2.33

2. Workload. There are five significant concerns in regard to the additional work entailed by the current system.

- a) Many members reported spending an inordinate amount of time on their merit applications.
- b) Merit increases the work of departmental personnel committees and COAP
- c) Merit increases the work of department chairs.

d) Denial of merit awards often result in complaints to the Union and require additional work on the part of TUFA to investigate and, where warranted, to grieve.

e) It is a challenge to fairly evaluate faculty activities in a competitive context and if we are to balance the current system's regard for research with concomitant recognition of member contributions in teaching and service, we are likely to need additional peer-driven mechanisms for assessing member contributions in those areas.

3. Member morale. We note two important considerations in relations to perceptions of merit.

a) Our current system requires a degree of self-promotion that disadvantages certain individuals and can create/exacerbate tensions with departments. This has several manifestations including the development of resentment against members who are perceived to pursue merit at the expense of collegial service and a concomitant resentment against members who do not receive merit and are thereby seen as less productive.

b) Although the CA permits up to 35 members to receive merit each year, no more than 29 awards were made in any of the last 5 years in which merit was awarded and a significant number of members were turned down for merit with a correspondingly negative impact on their morale, exacerbated by the fact that these rejections were not based on limited supply, but were instead a clear judgement that they were not deserving. Perhaps as a consequence of all this, total applications for merit were trending downward in the years before its suspension (37 applications in 2009, 32 in 2010, 29 in 2011, 36 in 2012, and 25 in 2013).

4. Costs. For many years our merit system operated, essentially, without cost to the Employer: the accelerated pay increases enjoyed by merit recipients were matched by a corresponding deceleration of the across-the-board increases provided to all members annually by the parity formula. Put another way, the cost of each year's merit increases was offset the following year by the Disparity Correction (DISC) component of the parity formula which adjusts the annual across-the-board calculation by the extent to which the previous year's increase had resulted in a deviation of Trent salaries from the weighted system average salaries.

This was true until Statistics Canada ceased producing the data needed to perform the DISC calculation. By 2013, the DISC adjustment had to be set to 0.0% due to the absence of reliable data such that the merit increases in 2012 and 2013 were not offset by adjustments to TUFA raises in 2013 or 2014. Without such adjustments, however, the cost of merit to the University becomes very high. By way of illustration, the resumption of our merit system over a five-year period could result in a maximum increase to the total salary mass of \$481,250 going into the 6th year (assuming 35 merit awards were awarded annually, there were no DISC adjustments, all recipients progress annually through the salary steps, and the average step increase is \$2,750). Adding 15% for pension and payroll costs bring the year-six cost up to \$553,438. The cumulative impact of this is striking as the University would have spent \$1,660,313 more in salary and related costs over those years than would otherwise have been the case.

It is not clear whether the parties will be able to find a satisfactory data source to restore the DISC calculation. If it is not restored and we return to our old system, we will place an enormous new burden on the University and we should reasonably assume this will be costed against other things we might like to see at Trent, especially tenure-track hires. If the DISC is restored and we return to our prior system, the salary mass will not increase as a result of merit, but annual raises for everyone will be lower going forward than would otherwise be the case.

### Possible Approaches

Option: eliminate the merit system. The feedback received from members from our 2014 survey on merit and other fora suggests that opinion is divided on the value of having such a system at all, with many members arguing for its elimination. Certainly, this is one approach that the TUFA membership could take in bargaining with an eye to finding an appropriate quid pro quo (commitment to new TT hiring, improved professional support and funding, etc.) Alternatively, we could seek to resolve some of the problems identified above by significantly modifying the merit system we have along the lines suggested below.

Option: establish quotas. Certain problems relating the the [in]equitable distribution of merit could be addressed through multiple overlapping quotas to ensure that awards were balanced among research, service, and teaching, thereby creating some incentive for members to invest greater effort into these last two (and especially service which seems to have suffered under the previous system). Quotas could also address gender and divisional inequalities.

Option: limit the scope of applications. The work involved in pursuing merit could be ratcheted down in several ways: whether by making merit a lower-stakes game, by stipulating a narrower range of materials on which merit decisions should be based, and/or by basing merit decisions simply on members' annual performance reviews.

Option: add provisions for decanal recommendations. The problem of some individuals' reluctance to promote themselves could be mitigated by permitting decanal nomination of members for merit based on the dean's annual performance reviews of the members in their divisions. Such a mechanism could be tied to quotas to ensure that the applicant pool would be sufficiently robust to support a more varied distribution of awards than was previously the case.

Option: change the nature of the award. Finally, the cost of a merit system could be significantly constrained by moving from a system of applying awards to base salary to one in which members receive a one-time (or possibly multi-year) stipendiary payment or other benefit(s) (release time, research funds, EYS credit, etc.)