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# The Right Flier

## The Newsletter of AAUP-WSU

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Editors: Marty Kich and Linda Farmer

### Merit Pay and Minimum Salaries at WSU

by

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#### History

Before the faculty had a union at WSU, we did not receive raises every year because without a union we were the “residual claimants.” The administration was free to ignore faculty recommendations and to allocate resources based on its priorities, and only when there was leftover revenues did the faculty receive raises.

Before we had a union at WSU, 100% of all raises were discretionary, a.k.a. “merit” raises. Each college’s dean was given a pool of money, a “college raise pool,” based on a percentage of total faculty salaries in the college. This college raise pool was distributed by the dean or by the college’s chairs or by some combination of the two. But, there were no criteria for annual evaluations and, more importantly, there was nothing linking one’s annual evaluation to a raise. Chairs could give everyone glowing annual evaluations and (as was the case in Lake Woebegone) most of the faculty were above average. But *your real evaluation was your raise*. Chairs and deans were not required to justify their decisions on raises, and there was no grievance procedure. Deans and chairs were free to reward their supporters and to punish their critics. Some chairs and deans were fair, but many were not. Moreover, without any criteria for evaluation nor any tie between evaluations and raises, women and faculty of color were more likely to be victims of conscious or unconscious bias. There was a salary-inequity appeals procedure, but for the entire time it was in effect, there were exactly two successful appeals.

When we prepared to negotiate our first collective bargaining agreement (CBA), we surveyed our members and found that the majority wanted a combination of across-the-board and merit raises. At that time, we had only about 50% membership; so our position at the negotiating table was not strong. Consequently, in negotiating for merit raises, we were not really in a position to change in any radical way how merit raises were distributed. We inherited a merit system that is fundamentally flawed, but over the ensuing years, we have done our best to lessen the flaws.

## **The Current Merit System, Step 1: Performance Determines Annual Evaluation Scores**

In the current merit system, each department chair assigns two annual evaluation scores (three for TET BUFMs) to each BUFM in the department: one score for teaching, one for service, and (for TET BUFMs) one for scholarship. The chair does so by comparing the actual performance of BUFMs in each area (teaching, service, scholarship) with written criteria. The criteria are specified in the CBA or, for scholarship, in departmental bylaws. So, these scores cannot be assigned arbitrarily.

Then, for each BUFM, these evaluation scores are combined into a single overall score. Again, *how* the individual scores are combined is not arbitrary but specified in the CBAs.

In summary, there is now a direct tie between one's performance and the ensuing overall annual evaluation score, whereas none existed before we had a union.

## **The Current Merit System, Step 2: Annual Evaluation Scores Determine Merit Raises**

Each department is assigned a pool of money, a "department merit raise pool", based on a CBA-specified percentage of total BUFM salaries in the department.

☞ Here and below, for TET BUFMs in CoNH or Lake, and for all NTE BUFMs, replace *department* by *college*.

This raise pool is then distributed to the department's BUFMs by a mathematical formula that depends only on the annual evaluation scores and the current base salaries of the department's BUFMs. Specifically, one half the raise pool is distributed so that two BUFMs with equal annual evaluation scores receive the same percentage raise, and the other half so that two BUFMs with equal annual evaluation scores receive the same dollar raise. Chairs and deans and other administrators have no influence whatsoever in this second step.

## **The Current Merit System is Fundamentally Flawed**

The performance of BUFMs relative to written criteria determine annual evaluation scores. And, annual evaluation scores determine merit raises. Before faculty had a union, neither of these was true.

*But the current system is still flawed and fundamentally so. Why?* In a phrase, the current system is a *zero-sum game*: that is, the department merit raise pool is fixed: it remains the same regardless of whether all departmental BUFMS perform brilliantly, all are comatose, or somewhere in between. So, *for you to get a bigger merit raise, your colleagues must get less*. In addition to performing (relatively) well yourself, you must hope that your colleagues perform (relatively) poorly. In the current system, faculty, in effect, battle one another for pieces of the merit raise pool. What kind of merit system is that? It's one in which Department A, full of brilliant, hardworking faculty, winds up giving average merit raises to each faculty member; and Department D, full of moribund slackers, likewise gives average merit raises to everyone.

So, the current system does not really reward meritorious performance; it recognizes only differences in performance within a department, as illustrated in Departments A and D above. Moreover, the current system discourages collegiality and cooperation! After all, if you help colleagues in any way, their annual evaluation scores might go up and thus your "merit" raise might go down.

## **The Current Merit System: the Latest Changes**

The most recent CBA introduced three new features to the current merit system.

First, the annual evaluation criteria in teaching and service now reside in the CBAs, rather than in individual department bylaws. This insures that expectations do not vary substantially from one academic unit to another.

Second, the maximum annual evaluation scores in teaching and service are now 3 rather than 4; and likewise, the scholarship scores, though still with a maximum of 4, are converted so that 3 is the max. Further, when chairs do annual evaluations, there is a presumption that everyone starts out with a 2 in teaching and service. *Although there is no quota on how many 0's, 1's, 2's, and 3's a chair may assign*, it is expected that the overwhelming majority of scores will be 2's.

Third, chairs assign teaching and service scores by looking at performance over the past three years. We made this change because in years with little or no merit pay (e.g., all three years of the previous TET CBA), high performers had no chance to be rewarded, so *when* one performed well had an undue impact on one's merit raise. Likewise, the last three years of TET scholarship scores are averaged (and, to repeat, then converted—multiplied by  $\frac{3}{4}$ —so that 3 is the maximum).

For years, the system for scores has tended to produce little variation in overall annual evaluation scores. The most recent changes further reduce the variation.

### **The Current Merit System Summarized**

The current merit system is a waste of everybody's time: your time when you prepare your annual professional activity report and your chair's time in assigning annual evaluation scores. The system does not really reward merit at all. Further, it tends to give everyone nearly the same overall annual evaluation scores and thus has produced little variation in merit raises. Don't be surprised if your overall score is close to 2! This system is *not* designed to validate your hard work and professional contributions. Instead, it is designed to let the administration tell the Board of Trustees that we have merit pay at WSU.

### **An Actual Merit System**

There is a way in which individual faculty could be rewarded for performance: to offer additional opportunities for major raises, like those that accompany formal promotion in rank. An individual would receive such a raise only after a careful review of performance by faculty as well as administrators, parallel again to the Promotion (and/or Tenure) process.

*Such raises would not be a zero sum game.* They would go to those who meet written criteria analogous to those for P&T and not to anyone else. But everyone could earn such raises without taking money away from others!

In fact, AAUP-WSU has proposed a real merit system like the one described above on at least three separate occasions. Each time, the administration has rejected the idea. The administration has not argued that the problems that we have pointed out don't exist, nor has it argued that our proposal would fail to reward performance in a meaningful way. The administration has simply rejected the idea, hiding behind some belief that the Board of Trustees would never approve of such a system or claiming that hardly anyone else rewards performance in this manner. Isn't that ironic for an administration that allegedly prides itself on innovation?

### **Minimum Salaries**

When collective bargaining started at WSU, the salaries for the lowest-paid faculty were very low indeed. One of our union's most substantial achievements was to negotiate an article on Minimum Salaries that resulted in raises for these faculty, above and beyond the across the board, market/equity, and merit raises that have been negotiated for all bargaining unit faculty.

At the time we negotiated our first article on Minimum Salaries, we may have had Ohio's only CBA in which the minimums actually resulted in raises for faculty. Most CBAs in Ohio had minimum salaries, but they were usually so low that they were not binding, i.e., they resulted in raises for no one.

But at WSU, many BUFMs have benefited from our Minimum Salaries article, particularly at the time of promotion. Moreover, on a few occasions people have been hired at salaries below the minimum, and in these cases the AAUP-WSU has made sure that these new BUFMs received the applicable minimum salary required by the CBA, even though they had individually negotiated below-minimum starting salaries when they agreed to come to WSU.

Most recently, many NTE faculty benefited when we negotiated their first CBA in 2014. In that CBA, the administration agreed to a 2% across the board raise, but then also agreed to a pool of money equivalent to 1.25% of base salaries that would be used to implement binding minimum salaries.

Minimums have raised the salaries of the lowest paid faculty at WSU, narrowing the gap between faculty in the highest paid disciplines and those in the lowest paid disciplines. For example, for NTE BUFMs alone, the minimums provided raises to individual faculty between AY2014-15 and AY2015-16 *as large as \$9,300*. In other years, *some raises due to minimums have exceeded \$10,000*. These are *above and beyond* the raises that would otherwise have been received.

### **How do the Minimums Work with Other Raises?**

Several questions have been posed about how minimums work in conjunction with across the board, market/equity, and merit raises. Here is how.

When raises are calculated, the starting point is last year's base salary.

Next, for those who have been promoted in rank, the 7.5% promotional increase is applied. (By the way, the practical impact of applying promotional raises first is that salary pools from which merit raises are drawn are larger than they otherwise would be.)

Then, across-the-board, market/equity, and merit raises are added in. One might call the resulting sum a "provisional base salary."

Finally, the Minimum Salaries article is applied.

For more than a few BUFMs, this final step provides a substantial additional raise, i.e., a "final base salary" that's considerably more than the "provisional base salary." Looking again at the most recent raises for NTE BUFMs alone, seven persons received additional raises due to the minimums between \$1,900 and \$9,300, and dozens of others received smaller additional raises.

### **Why Minimum Salaries "Wipe Out Merit"**

Some people have complained that the minimum salary "wipes out my merit raise." "I worked so hard to get a high annual evaluation score, but that didn't matter because I wound up with the minimum salary for my rank."

Here is a simple example of why the minimums tend to "wipe out" merit raises for low-paid faculty using our flawed merit system. In 2015-2016, the raises (excluding the minimum) have three components. First every BUFM, for whom the raise language applies, gets a 1.5% across-the-board (ATB) raise. Next there is a 1% pool for "merit" raises. Finally, there is a 1% pool for market/equity adjustments. So the total amount of raise money is 3.5%.

The market/equity adjustments generally go to a relatively small group of faculty in each college (they are distributed at the college level for both TET and NTE faculty and you can read about how this is done in 23.2.3 of the CBAs). For most people, the actual pool of money available for raises is therefore 2.5% (1.5% ATB and 1% "merit").

Since the merit system is flawed we have developed a system that does not result in much of a spread between the highest and lowest merit pay awards. So, a below-average performer might get a 0.75% “merit raise,” an average performer gets 1% “merit raise” and an above-average performer may get 1.25% “merit raise. So, if you are an above-average performer and you don’t get market/equity money, your combined ATB and “merit raise” raise would be 2.75%.

When we negotiate minimums, the total percentage increase in the minimum salary in a given year is equal to the percentage increase for all raises, i.e. 3.5% for 2015-16. So, if you are an above-average performer starting out at the minimum or close the minimum, your provisional base salary goes up by 2.75%, but since that increase is less than the increase in the minimum, which has gone up 3.5%, you get the larger of the two.

So what tends to “wipe out” merit, for people who are not being promoted, is the combination of having a flawed merit system combined with market/equity raises and minimum salaries. However, without the market/equity raises, the entire raise pool for 2015-16 would have been 2.5% rather than 3.5%, and since the minimums come on top of the total 3.5% that has been negotiated, the average raise for a bargaining-unit member is actually more than 3.5%. Clearly, as a collective we are better off with the higher percentage raises.

### **Are there Alternatives to the Current System of Minimum Salaries?**

What are the alternatives to the present minimum salaries article, merit-pay flaws notwithstanding? A, B, and C below summarize the main choices.

- A. Deleting the Minimum Salaries article (or making the minimums so low as to have no effect) would silence complaints like “the minimum salary wiped out my merit raise” but would yield substantially less total compensation for Bargaining Unit Faculty. That would clearly be foolish.
- B. What about changing the order in which raises are calculated, applying merit increases (and possibly other types of raises) only after the minimums are applied? If we were to try to negotiate a CBA with such a provision for minimums, the administration would be unlikely to agree without our accepting correspondingly less in across-the-board, market/equity, and merit raises. After all, the minimums would no longer in fact be minimums! As it is, in all our CBAs other than the first, we have been able to negotiate increases in the minimums, over those in the previous CBA, to match the total of across-the-board, market / equity, and merit raises; so, the minimums have continued to provide substantial increases for BUFMs overall, year after year, CBA after CBA.
- C. A third possibility is to try to devise an analog of sections 24.1 through 24.3 in the TET CBA that would apply to all BUFMs. As it is, those sections are exceedingly complex but if you are interested you should read them. Those sections are now applied *only to newly promoted* TET BUFMs; and, their sole effect (in comparison to simple minimums applicable to all other BUFMs) is to preserve the order among newly promoted BUFMs’ salaries before and after minimums are applied. (That is, if Jones made more than Smith before the minimums were applied, then Jones will still make more than Smith afterwards, though the gap between their salaries will have been reduced.) In truth, this option C is a subtler version of B and thus shares B’s shortcomings.

The most important message of all, though, is the one that always applies, no matter the issue at hand: members should ask questions of and express their preferences to Executive Committee members regarding this matter!