



Date: June 9, 2011

To: All Members of TMG and their Supervisors

From: Mark Haley, Chief Human Resources Officer

Cc: Patrick Deane, President and Vice-Chancellor
Ilene Busch-Vishniac, Provost and Vice-President (Academic)
John Kelton, Dean and Vice-President (Health Sciences)
Mo Elbestawi, Vice-President (Research and International Affairs)
Roger Couldrey, Vice-President (Administration)
Mary Williams, Vice-President (University Advancement)

Re: **Annual Salary Review for TMG**

At the June 9th meeting of the Board of Governors, the recommendations for this year's Annual Salary Review for The Management Group (TMG) were approved.

The recommendations considered two aspects:

1. the change required to maintain the pay policy line (salary ranges) at the 60th percentile of the defined market; and,
2. the provisions for individual salary increases as part of the Annual Salary Review.

The recommendations were developed to ensure compliance with the *Public Sector Compensation Restraint to Protect Public Services Act, 2010* (Compensation Restraint Act) which came into effect March 24, 2010 and is set to expire on March 31, 2012. The Compensation Restraint Act impacts public sector employees who are *not* part of a group which bargains collectively. At McMaster University, that includes employees in TMG; the President, Vice-Presidents, and other Senior Officers of the University; and temporary and casual employees.

What does the Compensation Restraint Act mean for TMG?

- Pay policy lines (salary ranges) are frozen to April 2012;
- Across-the-board increases (ATB) are not permitted; and
- Performance based increases from a merit pool will be allowed.

As it relates to the pay plan for TMG, the most important features of the legislation mean that increases to an employee's rate of pay are allowed if the increase meets *all* of the following criteria:

- Falls within his/her current pay band;
- Is provided in recognition of performance/merit; and
- The criterion being used to justify the increase was part of the compensation plan prior to March 24, 2010.

Recommendations Approved by the Board of Governors:

1. Pay Policy Line (Salary Ranges) for 2011/2012

In order to comply with the Compensation Restraint Act, the salary ranges that were effective June 16, 2009 will be maintained at existing levels for the duration of the two year freeze ending March 31, 2012.

2. Salary Review Increases for TMG

The annual salary review is to consist of a 3.5% merit pool from which individual increases may be awarded based on performance with a maximum cost to the University of 3.5% of base salaries. Merit is to be awarded in accordance with the principles of the Framework for Merit Allocation that was introduced last year. A completed performance review is mandatory in order for an employee to receive a merit increase and objectives for the coming year must be documented and submitted to Human Resources with the performance review. This year, to assist in the University's future pension liabilities, the salary increases are to be deferred by approximately one month and to be effective July 10, 2011. In accordance with the Restraint Act, performance-based merit increases may not increase a salary beyond the High Performance Range Maximum (HPR Max).

Timing of the Salary Review Process

Information and instructions regarding this year's salary review for TMG will be sent from Human Resources Services to department heads the week of June 13th. In preparation, please be sure to complete a performance review for the past year for each person in TMG and establish objectives for the coming year. These documents are required to be submitted to the appropriate Vice-President with the salary and merit increase recommendations by Monday July 4, 2011.

The performance review tools are available for download on the Total Rewards webpage:
<http://www.workingatmcmaster.ca/link.php?link=comp:total-rewards-performancemgmt>

Additional Information

Information regarding TMG total rewards can be found on the following website:
www.workingatmcmaster.ca/totalrewards/

If you have any questions regarding the above, please do not hesitate to contact your Human Resources Representative as follows:

HR Services for All Other Faculties/Departments:

Telephone: 222-HR (22247)
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