The Effect on Your Pay of

Base Pay Increases and Lump Sum Pay-Outs

The following chart is meant to show the cumulative effect of base pay increases on your paycheck and take-home pay over a ten-year period as compared to lump sum pay-outs based on the same percentage, on your take-home pay. (Note, this is a hypothetical employee and a hypothetical situation in which increases based on the entire CPI was granted. That was not always the case.)

Imagine an employee – let's call her Jane - in two different situations. In scenario #1, there is a pay range cap and Jane does not receive a base pay increase but only a lump sum pay-out. In scenario #2, there has not been pay range cap set and Jane continues to receive an annual base pay increase equivalent based on the CPI.

	Pay increases per year [if the increase matched the CPI that year.]*	Scenario #1: Jane's frozen base pay plus a lump sum pay-out each year.	Scenario #2: Jane's base pay grows with an annual increase.	Here's the difference. Freezing Jane's base pay results in a significant loss of income.
Yr0	**Both earn $50,000**	$50,000.00	$50,000.00	$0.00
Yr1	**FY 12/13 3.16% CPI**	$51,580.00	$51,580.00	$0.00
Yr2	**FY 13/14 2.07% CPI**	$51,035.00	$52,647.71	$1,612.71
Yr3	**FY 14/15 1.46 % CPI**	$50,730.00	$53,416.36	$2,686.36
Yr4	**FY 15/16 1.62% CPI**	$50,810.00	$54,281.71	$3,471.71
Yr5	**FY 16/17 0.12% CPI**	$50,060.00	$54,346.85	$4,286.85
Yr6	**FY 17/18 1.26% CPI**	$50,630.00	$55,031.62	$4,401.62
Yr7	**FY 18/19 2.13% CPI**	$51,065.00	$56,203.79	$5,138.79
Yr8	**FY 19/20 2.44% CPI**	$51,220.00	$57,575.16	$6,355.16
Yr9	**FY 20/21 1.81% CPI**	$50,905.00	$58,617.27	$7,712.27
Yr10	**FY 21/22 1.23%. CPI**	$50,615.00	$59,338.26	$8,723.26
	Totals and the difference	$508,650.00	$553,038.73	$44,388.73**

*- The Consumer Price Index (CPI) numbers here do not reflect the actual negotiated increases granted. Again, this chart is meant to show, through an example, the cumulative effect of a base pay increase could have on your paycheck and your take-home pay over a decade.

**- Compare this number ($44,388.73) to the beginning salary in Yr0 ($50,000). By receiving only a lump sum, Jane has effectively lost nearly an entire year's pay.

AFT Local 243 holds that freezing the base pay of long-term employees who are at the top of their pay ranges dishonors those employees. In effect, that freeze punishes employees for demonstrating their loyalty and commitment to the College, and demeans their work. All staff and faculty deserve to be properly recognized for their daily work, and for their loyalty to the College and their commitment to our students.