



**FOR INFORMATION**

**PUBLIC**

**OPEN SESSION**

**TO:** Business Board

**SPONSOR:** Ms Shirley Hoy, Chair of the Governing Council  
**CONTACT INFO:** (416) 978-2117, [chair.gc@utoronto.ca](mailto:chair.gc@utoronto.ca)

**PRESENTER:** As above.  
**CONTACT INFO:**

**DATE:** May 25, 2017 for June 15, 2017

**AGENDA ITEM:** 1

**ITEM IDENTIFICATION:**

Annual Report of the Senior Appointments and Compensation Committee for 2016-2017

**JURISDICTIONAL INFORMATION:**

Under the *Policy on Appointments and Remuneration*, the Senior Appointments and Compensation Committee is responsible for attesting to the Governing Council, through the Business Board, that compensation policies and programs for particular categories of employees are appropriate, and that decisions about the compensation of individuals have been made in accordance with established policy and practice. The categories include members of the University's senior administration, academic division heads and administrative officers with special reporting arrangements with respect to the Governing Council, the President or the Provost.

In the *Policy on Appointments and Remuneration*, the Governing Council has also provided for delegation of its powers to appoint employees. Appointments under the authority delegated to the SACC are reported to the Governing Council through the Executive Committee.

**GOVERNANCE PATH:**

1. Senior Appointments and Compensation Committee [For review and approval] (May 25, 2017)
2. **Business Board [For information] (June 15, 2017)**

**PREVIOUS ACTION TAKEN:**

The 2015-16 *Annual Report* of the Committee was received for information by the Business Board at its meeting of January 23, 2017. At that time, the Chair advised that on a go forward basis the SACC Annual Report will be brought forward in Cycle 6. This change was to (1.) ensure that the individual who had served as Chair of the Committee would be the one reporting

on the activity of the Committee, and (2.) eliminate the gap between the reporting period and the presentation of the Report.

**HIGHLIGHTS:**

The *Report* provides background on the Senior Appointments and Compensation Committee's mandate and method of operation. It also presents summary information on decisions made by the Committee in the period July 1, 2016 to May 8, 2017. [Any activity of the Committee between May 9, 2017 and June 30, 2017 will be included in the 2017-18 Annual Report.]

**FINANCIAL IMPLICATIONS:**

N/A.

**RECOMMENDATION:**

No action required. The *Report* is for information.

---

**DOCUMENTATION PROVIDED:**

*Annual Report of the Senior Appointments and Compensation Committee for 2016-2017*



**Memorandum to:** Members of the Business Board

**From:** Shirley Hoy  
Chair of the Governing Council

**Date:** May 25 for June 15, 2017

**Re:** **Report of the Senior Appointments and Compensation Committee  
for 2016-2017**

**A. Background**

**Policy Context**

The following report covers activities of the Senior Appointments and Compensation Committee (SACC) during the academic year 2016-2017 as required by the *Policy on Appointments and Remuneration*. The *Policy* and its *Regulation #1*, which addresses decision-making and reporting on compensation, are attached as Appendix A.

Under section 13. (c.) of the *Policy* ‘...the Senior Appointments and Compensation Committee is responsible for attesting to the Governing Council, through the Business Board, that compensation policies and programs for employees appointed under clauses 1 through 6 (...) are appropriate, and that decisions about the compensation of individuals have been made in accordance with established policy and practice.’

**Committee Membership**

Section 13 (a.) of the *Policy* prescribes the membership of the Senior Appointments and Compensation Committee.

In 2016-2017, the Committee comprised the following:

|                                  |                         |
|----------------------------------|-------------------------|
| Chair, Governing Council         | Ms Shirley Hoy          |
| Vice-Chair, Governing Council    | Ms Jane Pepino          |
| Chair, Business Board            | Ms Claire Kennedy       |
| Member, Business Board           | Ms Zabeen Hirji         |
| Alumni Member, Governing Council | Mr. Keith Thomas        |
| President                        | Professor Meric Gertler |

The Secretary of the Governing Council serves as secretary of the Committee and maintains its files. The Vice-President and Provost and the Vice-President, Human Resources and Equity serve as non-voting assessors and are excluded from the Committee’s deliberations as appropriate.

When compensation of the President is discussed, Committee members meet without the President.

## **B. Compensation Frameworks**

Executive Compensation at the University of Toronto has been frozen under the *Broader Public Sector Accountability Act, 2010*, which came into effect at the end of March, 2010. The government introduced the Executive Compensation Framework regulation on September 6, 2016 which sets out requirements that designated employers must meet with setting executive compensation programs. As this matter is in the jurisdiction of the Committee, the Committee received a number of briefings over the course of the year from Professor Angela Hildyard, Special Advisor to the President and Provost. As all the necessary information has not yet been received from the provincial government, a framework for the University of Toronto has not yet been considered by the Committee.

Pursuant to Section 13 (e.) of the Terms of Reference of the Committee, the Committee provided advice on recommended revisions to the University of Toronto Asset Management (UTAM) Senior Management Team Compensation System. The revised Compensation System was subsequently approved by the UTAM Board at its meeting on March 14, 2017.

## **C. Executive Appointments and Compensation**

### **(1) Terms and Conditions of Appointment / Reappointment**

Under the *Policy*, the President is required to bring to the Committee for consideration his recommendations on the terms and conditions of appointment for Vice-Presidents, Deputy and Vice-Provosts, and other administrative positions above the level of Principal or Dean. For 2016-17 the relevant positions were:

- Associate Vice-President & Vice-Provost, International Student Experience (new appointment)
- Dean, School of Continuing Studies
- Vice-President, University Operations and Vice-Provost, Academic Operations
- Associate Vice-President, International Partnerships
- Vice-President and Principal, University of Toronto Mississauga

**(2) Performance Assessments and Compensation Adjustments**

The Committee considered the President's Annual Activity Report for 2015-16. It also reviewed the annual performance evaluation for the President prepared by the Chair, assessed performance against key institutional goals and approved the overall evaluation rating.

In addition, the Committee considered the annual performance assessments for the Vice-Presidents and for the Secretary of the Governing Council.

**D. Faculty**

The Committee reviews the annual *Academic Salary Report* and the annual *Principals and Deans Salary Report*. It is expected that these reports will come forward prior to June 30, 2017.

**E. Administrative Staff**

**(1) Appointments**

Under Section 4 of the *Policy* the Committee has the authority to appoint, on the recommendation of the President, Assistant Vice-Presidents and Assistant Secretaries of the Governing Council. No appointments of this type were made in 2016-17.

**(2) Compensation Decisions**

Under the *Policy on Appointments and Remuneration* (section 13. (d.)(v.)), the Committee is responsible for approving compensation arrangements for individuals that have a special reporting relationship to the President. The Committee approved the terms and conditions of appointment for the Chief of Government Relations.

The Committee received the *Administrative Salary Report for July 1, 2015 to June 30, 2016* at its meeting of January 18, 2017.

**Senior Appointments and Compensation Committee of the Governing Council**  
**Regulation #1**

*(Formerly Regulation #1 of the Senior Salary Committee, approved by the Committee pursuant to its authority under the Policy on Appointments and Remuneration.)*

**Preamble**

This revised regulation reflects ongoing refinements in governance oversight of senior compensation decisions, updates practices that arise from negotiated agreements and current policies, and clarifies the Committee's continued decision-making authority for specific classes of positions or individuals.

**Delegation to the President**

The President is delegated the authority to approve individual initial compensation and subsequent changes as outlined below. The President may also sub-delegate his authority to Vice-Presidents and the Chief Financial Officer, individually or in combinations, provided such sub-delegations are in writing and reported to the Committee.

The President shall make an annual report to the Committee of all individual decisions made under this authority.

**1. Teaching Staff**

The compensation framework for members of the teaching staff is negotiated with the University of Toronto Faculty Association (UTFA) by the administration on behalf of the Governing Council. The administration may seek advice on proposed salary and benefit terms from the Business Board and the Committee. The agreement is approved by the Business Board on behalf of the Governing Council, subject to the specific provisions of the University's Memorandum of Agreement with the Faculty Association with respect to arbitration.

From time to time, the Committee will approve principles for compensation for particular groups of teaching staff that are affected by discipline-specific market factors. In such cases, the Committee will be provided with current, comprehensive market and comparator data.

For members of the teaching staff the President makes an annual report to the Committee on compensation decisions within the approved frameworks. The report, in form to be determined by the Committee from time to time, will include summary data and analyses such as:

- salary distribution by age, academic rank and discipline;
- distribution of PTR awards; and
- distribution of starting salaries.

The Committee will review and approve, at least every five years, a schedule of stipends for the holders of academic administrative appointments (department head and above). Once approved the President or delegate may implement the schedule, bringing only exceptions to the Committee for approval. Administrative leave provisions beyond those provided by established policy shall require the approval of the Committee.

## **2. Vice-Presidents, Deputy and Vice-Provosts and Other Administrative Positions Above the Level of Principal/Dean**

Compensation for these positions remains subject to Committee approval, on recommendation of the President relative to a set of principles or framework approved by the Committee from time to time. This framework will include, but is not limited to, the following components:

- base salary;
- administrative stipends;
- professional supplements;
- pension arrangements;
- supplementary arrangements; and
- merit provisions.

It is understood that the framework will be developed in reference to, and the Committee provided with current, comprehensive market and comparator data.

Across-the-board aspects of negotiated academic compensation and stipends that have been approved by the Committee as part of a general list may be implemented by the President.

### **3. Principals, Deans, University Librarian, Director, School of Continuing Studies, Director, Transitional Year Program**

Compensation arrangements for administrative positions under this clause are approved by the President. They take into account experience, academic rank, discipline and profession and are made relative to a set of principles or framework approved by the Committee from time to time. This framework will include, but is not limited to, the following components:

- base salary;
- administrative stipends;
- professional supplements;
- pension arrangements;
- supplementary arrangements; and
- merit provisions.

It is understood that the framework will be developed in reference to current, comprehensive market and comparator data.

The President will make an annual report to the Committee on decisions made under this clause.

### **4. Administrative Staff**

For administrative staff in classified positions the President is delegated authority to:

- (a) approve compensation, upon initial appointment, within the range established by policy.
- (b) approve annual adjustments arising out of performance evaluation processes as established from time to time within policy.
- (c) approve one-time-only bonus or stipend arrangements for the assumption of extra duties on a time-limited basis. Ongoing incentive arrangements that are exceptions to approved policy are approved by the Committee on the recommendation of the President. Once ongoing arrangements are approved by the Committee, the President may approve annual changes, with a report to the Committee.
- (d) The President will make an annual report to the Committee on decisions made under clauses 4(a), (b) and (c) above.



#### **4. Administrative Staff (cont'd)**

The Committee retains the authority to:

- (a) approve, both on initial appointment and for subsequent changes, compensation for members of the administrative staff that is outside the range established under policy approved by the Governing Council (e.g. Policy for Professionals / Managers).
- (b) approve, on initial appointment and for subsequent changes compensation for members of the administrative staff with a direct reporting relationship to the Governing Council.

#### **5. Other Compensation Matters**

The Committee retains its approval authority over compensation for senior salary staff with respect to items other than those outlined above.

Where Committee approval is required for the compensation arrangements of individuals, the Committee will be consulted in advance of offers being made in writing to individuals (in the case of new appointments) or in advance of individuals being notified of decisions. Exceptions may be approved by the Chairman at the request of the President.

*Revised March 7, 2007  
Effective May 30, 2007*