



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: Business Board

SPONSOR: Claire Kennedy, Chair of the Governing Council
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PRESENTER: As above.
CONTACT INFO:

DATE: June 12, 2018 for June 15, 2018

AGENDA ITEM: 1

ITEM IDENTIFICATION:

Annual Report of the Senior Appointments and Compensation Committee for 2017-2018

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] (June 15, 2018)
2. **Business Board [For information] (June 19, 2018)**

PREVIOUS ACTION TAKEN:

The 2016-17 *Annual Report* of the Committee was received for information by the Business Board at its meeting of June 15, 2017.

Earlier that year, Ms Shirley Hoy, Chair of the Governing Council, 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, 2017 to May 1, 2018. [Any activity of the Committee between May 1, 2018 and June 30, 2018 will be included in the 2018-19 Annual Report.]

FINANCIAL IMPLICATIONS:

N/A.

RECOMMENDATION:

For information

DOCUMENTATION PROVIDED:

- *Annual Report of the Senior Appointments and Compensation Committee for 2017-2018*



Memorandum to: Members of the Business Board

From: Claire Kennedy
Chair of the Governing Council

Date: June 12, 2018

Re: **Report of the Senior Appointments and Compensation Committee
for 2017-2018**

A. Background

Policy Context

The following report covers activities of the Senior Appointments and Compensation Committee (SACC) during the academic year 2017-2018 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 2017-2018, the Committee comprised the following:

Ms Claire Kennedy
Ms Jane Pepino
Mr. Keith Thomas
Ms Zabeen Hirji
Mr. Andrew Szende
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

(1) Executive Compensation

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 set 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. The Committee was actively engaged in the development of the University of Toronto's framework. Further to the requirements set out by the government, the draft executive compensation program was posted online (on the Senior Appointments and Compensation Committee webpage) for 30 days to allow for feedback. Following the consultation phase the University submitted its framework to the government for approval on May 3, 2018.

(2) Professional/Managerial and Confidential Staff Salary Structure

The Committee approved modifications to the salary range structure to better reflect role accountabilities and responsibilities, and to address emerging compression issues. For the PM group this involved the addition of two salary levels for PMs (expanding salary levels from PM 1-9 to PM 1-11).

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 2017-18 the relevant positions were:

- Vice-President and Principal, University of Toronto Mississauga
- Associate Vice-President, Research Oversight and Compliance
- Vice-President and Principal, University of Toronto Scarborough
- University Ombudsperson

(2) Performance Assessments and Compensation Adjustments

The Committee considered the President's Annual Activity Report for 2016-17. 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. The Committee also decided that, effective July 1, 2018, the annual performance assessment period for President Gertler would be July 1 to June 30 thus aligning it with the start of his second term. (The previous assessment period had been November 1 to October 31 based on the effective date of President Gertler's initial appointment). The Committee noted that the transition to the new time period would result in a shorter time period for assessment for 2017-18 (November 1, 2017 to June 30, 2018).

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 reviewed the 2016-17 *Academic Salary Report* in March 2018. The *Report* noted that the most recent academic salary data demonstrated that U of T academic salaries are competitive both in Canada and with peer public universities in the US and that the University remains committed to a compensation scheme which recognizes meritorious performance.

The Committee also received the 2016-17 *Principals and Deans Salary Report* in March 2018. The *Report* noted that as a result of the public sector salary restraint legislation which had been in place since 2012, sitting Principals and Deans had not received any salary increases – merit or otherwise – since 2011, and newly appointed Principals and Deans were not compensated at an amount higher than their predecessors in the same role. With the approval of the Committee, the base salaries of Principals and Deans were reviewed against their faculty colleagues in June 2017, resulting in anomaly adjustments to base in some cases. Also with the approval of the Committee, Principals and Deans received merit increases for the first time in seven years, based on their annual ratings as determined by the Provost in consultation with the President.

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. For 2017-18 the relevant positions were:

- Assistant Vice-President, Planning & Budget (renamed from Executive Director, Planning & Budget)

- Assistant Vice-President, Ancillary Services (renamed from Executive Director, Ancillary Services)

- Assistant Vice-President, University Development

(2) Compensation Decisions

The Committee received the *Administrative Salary Report for July 1, 2016 to June 30, 2017* at its meeting of January 18, 2018. The *Report* included information about the July 1, 2017 merit increases for PM6-9 staff and for Senior Advancement Professionals based on individual performance assessments. The *Report* also provided an overview of the PM Job Evaluation (JE) & Salary Administration Project.



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TORONTO

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POLICY ON APPOINTMENTS AND REMUNERATION

MAY 30, 2007

POLICY ON APPOINTMENTS AND REMUNERATION

Appointments, Suspensions and Removals

1. The Governing Council reserves to itself the appointment, suspension or removal of the President.
2. The Governing Council reserves to itself the appointment of the following University Officers on the recommendation of the President:

Vice-Presidents (including the Vice-President and Provost)
Secretary of the Governing Council
University Ombudsperson

3. Appointment of the following University Officers shall be recommended by the President to the Executive Committee of the Governing Council for approval and reported for information to the Governing Council:

Deputy Provost, Associate and Vice-Provosts
Chief Financial Officer
Senior Legal Counsel
Deputy Secretary of the Governing Council

4. Appointment of the following University Officers shall be recommended by the President to the Senior Appointments and Compensation Committee of the Governing Council (defined in Section 13 below) for approval and reported for information to the Governing Council:

Assistant Vice-Presidents
Assistant Secretaries of the Governing Council
Associate Vice-Provosts

5. Appointment of the heads of the following units shall be recommended by the President to the appropriate Board of the Governing Council for approval and reported for information to the Governing Council:

Internal Audit (Business Board)
Hart House (University Affairs Board)

The appointment of all other administrative officials at the level of Assistant Vice-President or in the highest Professionals/Managers category shall be reported by the President to the appropriate Board for information.

6. Appointment of academic administrators, as defined by the Policy on the Appointment of Academic Administrators, as amended from time to time, and the heads of the University Library and the School of Continuing Studies shall be recommended by the President to the Agenda Committee of the Academic Board for approval, confirmed by a committee consisting of the Chairman of the Governing Council, the President of the University and the Chair of the Academic Board, and reported to the Governing Council for information.

[Appendix A](#) attached hereto summarizes the authorities for appointments described in the clauses 1 through 6 above.

7. Academic appointments with tenure, at any rank, shall be made by the President and reported to the Academic Board for information.
8. All other academic appointments, to any rank and for any term, shall be made by the President, or by the Vice-President and Provost, or by the Principals, Deans and Directors, as may be designated by the President, in accordance with established policies and procedures.
9. All other appointments shall be made by the President or for him or her by the appropriate administrative official, and in accordance with establishment policies and procedures.

10. Suspension and Removal

- a. The Ombudsman and the Secretary, Deputy Secretary and Assistant Secretaries of the Governing Council may not be suspended without the approval of the President and the concurrence of the Chairman of the Governing Council, who shall report the reasons therefor to the Governing Council, nor removed without the approval of the Governing Council on the joint recommendation of the President and the Chairman of the Governing Council.
- b. Otherwise, the suspension or removal of a person appointed under clauses 2, 3, 4, 5 or 6 shall be authorized by the President, who shall report the reasons therefor to the Governing Council through the Executive Committee, in the case of persons appointed under clause 2, 3 or 4 or to the appropriate Board, in the case of persons appointed under clauses 5 or 6.
- c. The suspension or removal of other appointees shall be authorized by the President or, if so designated by the President, the appropriate Vice-President or other appropriate administrative official, except in the case of

members of the teaching staff for which approval of the President shall be required.

11. Policies and Procedures for Specific Classes of Appointments

The Governing Council may establish detailed policies and procedures with respect to specific classes of appointments (e.g., the Policy and Procedures on Academic Appointments, the Policies for Librarians, the Policy on Appointment of Academic Administrators, Policies for Confidentials, Policies for Professionals/Managers). The Business Board may also establish such policies on behalf of Governing Council within its terms of reference. Where not provided for in a specific manner by the Governing Council or the Business Board, or herein, procedures with respect to appointments, suspension and removals shall be established by the President or by the Vice-President designated by the President, consistent with existing policy and/or contractual obligations.

12. Determination of Duties

The President, or any other officer or employee of the University designated by the President, shall determine the duties of appointees.

13. Remuneration

- a. There shall be a Senior Appointments and Compensation Committee, consisting of: the Chairman and the Vice-Chairman of the Governing Council; the Chair of the Business Board; the President¹; plus an alumni member of the Governing Council and a member of the Business Board selected by the Chairman of the Governing Council after consultation with the alumni governors and the Chair of the Business Board. If the Vice-Chairman of the Governing Council or the Chair of the Business Board is not available to serve during a particular year, a replacement(s) shall be appointed by the Chairman of the Governing Council from among the members of Governing Council in the Lieutenant Governor-in-Council or alumni constituencies.

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.

- b. The Senior Appointments and Compensation Committee is responsible for approving, on the recommendation of the President, the appointment of

Assistant Vice-Presidents
Assistant Secretaries of the Governing Council

¹ The President is a voting member of the Committee. As appropriate, the President is not present for deliberations related to his/her own compensation or appointment.

- c. 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 above are appropriate, and that decisions about the compensation of individuals have been made in accordance with established policy and practice.
- d. The Committee fulfills its responsibility for compensation matters in two principal ways, through review and, where required, approval of the principles of compensation programs/procedures and through the approval of individual compensation packages and adjustments, as needed.

Programs

- i. The Committee will give the President its advice on the implications of compensation programs which are negotiated in a collective fashion with employee groups. The President will take such advice into consideration as he exercises his responsibilities for the conduct of negotiations.
- ii. The Committee will review and make recommendations to the Business Board on the structure of compensation programs and compensation increase procedures for - staff whose compensation is not determined through collective negotiations.

Individuals

- iii. The Committee may approve [regulations](#) under which it delegates responsibility for individual senior compensation decisions to the President and, through the President, to others. The approval of all such regulations shall be reported to the Business Board as part of the Committee's Annual Report. All regulations shall include a requirement for regular reporting of individual decisions to the Senior Appointments and Compensation Committee. The Committee may revise previously approved regulations following consultation with the President.
- iv. The Committee may not delegate compensation decisions concerning the President, Vice-Presidents, Deputy and Vice-Provosts, nor any senior salary individuals directly accountable to the Governing Council.
- v. The Committee may also issue regulations or require individual approval of compensation arrangements for individuals where such individuals occupy academic administrative positions at the level of division head or above or administrative positions that have a special reporting relationship to the President or to the Governing Council.

- e. Where the University of Toronto has established corporations and where a majority of the members of the boards of such corporations are appointed by the Governing Council and/or the President, such corporations shall seek, through the President, guidance from the Senior Appointments and Compensation Committee on establishment of and changes to their senior executive compensation policies and practices prior to approval by the corporation's board.
- f. The Senior Appointments and Compensation Committee shall make an annual report on its activities to the Business Board.
- g. Except as provided in sections (a) through (d) above, the compensation of all other appointees shall be determined by the President or any other appropriate administrative official of the University designated by the President, within policies on remuneration established from time to time by the Governing Council.

Section 11 amended by Governing Council on February 27, 1995

Sections 11(b, c) revised and sections 11 (d-f) added by Governing Council, May 13, 1999
January 23, 2006, revisions to take into account the revised process for approval of
academic administrative appointments.

February 9, 2006, addition of reference to Senior Legal Counsel

May 30, 2007, replacing the Policy approved on February 9, 2006

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*