



University of Toronto TORONTO ONTARIO M5S 1A1

OFFICE OF THE GOVERNING COUNCIL

Memorandum to: Business Board
For: Meeting of June 19, 2003
Agenda Item: 8

Item Identification: Report of the Senior Salary Committee for 1999-2000 to 2002-2003

Under the *Policy on Appointments and Remuneration*, the Senior Salary Committee is required to report regularly on compensation decisions for members of the senior salary group and others, including academic division heads with salaries below this level and administrative officers with special reporting arrangements with respect to the Governing Council, the President or the Provost.

Sponsor:

Thomas H. Simpson, Chair of the Governing Council, on behalf of the Senior Salary Committee which comprises the Chair and Vice-Chair of the Governing Council, the Chair of the Business Board, one additional alumni member of the Governing Council (currently Ms Jacqueline Orange), one additional member of the Business Board (currently Mr. John Petch) and the President.

Jurisdictional Information:

The Senior Salary Committee reports periodically on its activities to the Business Board, which is broadly responsible to the Governing Council for personnel policy.

Previous Action Taken:

In the *Policy on Appointments and Remuneration*, the Governing Council has provided for delegation of its powers to appoint employees and set compensation. Included in these arrangements is the establishment and terms of reference of the Senior Salary Committee. The last report was presented to the Business Board in January, 2000.

Action Sought:

No action required. Report is for information.

Highlights:

The Report provides background on the Senior Salary Committee's mandate and method of operation. It also presents information on the number and range of decisions made by the Committee in the period 1999-2000 to 2002-2003.

Financial Implications:

None.



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OFFICE OF THE GOVERNING COUNCIL

Memorandum to: Members of the Business Board

From: Thomas H. Simpson
Chair of the Governing Council

Date: June 16, 2003

Re: Report of the Senior Salary Committee for 1999-2000 to 2002-2003

A. Background

The following report covers the period from 1999-2000 to 2002-2003. As noted above, the Committee reviews the remuneration of University employees whose salaries are at or above a specified amount. The senior salary threshold for faculty and librarians is set from time to time through the salary and benefit discussions with the University of Toronto Faculty Association (UTFA). The Committee has used the same threshold salary level for administrative staff. Until the 1991-92 year, the threshold rose each July 1st by the value of the across-the-board economic increase received by faculty members and librarians. As a result of the settlement reached for 1991-92, the threshold was frozen and did not increase through the 1997-98 year. For the 1998-99 year, it was \$103,050, increasing to \$107,100 for 1999-2000, \$111,200 for 2000-2001, \$113,450 for 2001-2002 and \$115,150 for 2002-2003.

For the period since 1999, the following individuals have served on the Committee:

Chair, Governing Council	Thomas H. Simpson (2002-2003) Wendy M. Cecil (1999-2002)
Vice-Chair, Governing Council	Rose Patten (2002-2003) Thomas H. Simpson (2001-2002) Mary Anne Chambers (1999-2001)
Chair, Business Board	Amir Shalaby (1999-2003)
Member, Business Board	Jack Petch (2002-2003) Rose Patten (1999-2002)
Alumni Member, Governing Council	Jacqueline Orange (2001-2003) Brian Burchell (1999-2001)
President	Robert J. Birgeneau (2000-2003) J. Robert S. Prichard (1999-2000)

The Secretary of the Governing Council serves as secretary of the Committee and maintains its files. When compensation of the President is discussed Committee members meet without the President.

For persons in the senior salary category there is no entitlement to the across-the-board economic increase applicable to other members of the academic and administrative staffs. The invariable practice of the Senior Salary Committee is to award salary increases on the basis of merit alone. To assist in this process the overall performance of senior salary staff is graded into various categories. Attached as Appendix 1 are the memoranda from the Provost to division heads regarding the processes followed in the years 1999 to 2002. The memoranda describe the basic categories used and request recommendations and evaluative notes on each person in the senior salary group. The recommendations for academic staff are reviewed by

the Provost, then by the Provost with the President and finally presented to the Committee, along with recommended salary increases for each category of performance. The increases recommended for each category are stated as fixed dollar amounts, which results in the percentage increases being greater for those lower in the senior salary range.

For administrative staff in the senior salary category, the process and the evaluative categories are similar (see Appendix 1), except that the Provost and Vice-President, Human Resources, have responsibility for the material that is assembled and presented to the Committee. The President assumes responsibility for recommendations for the Vice-Presidents and the Chief Financial Officer. The Chair and the President evaluate the performance of the Secretary of the Governing Council and make a joint recommendation to the Committee. With respect to the President himself, the Chair initiates discussion with Senior Salary Committee colleagues to evaluate the President's performance once all other decisions are made.

For several years, the Senior Salary Committee has periodically retained the services of external consultants on compensation. As a matter of good corporate governance, the Committee wishes to have external advice on whether compensation for the approximately 20 most senior academic and non-academic positions at the University of Toronto is appropriate and competitive. The advice received to date generally confirms the appropriateness and competitiveness of current compensation for each of these positions and, where adjustments were indicated, the Committee has had the benefit of comparative evidence in making its judgments. The Committee will continue the use of consultants from time to time in the discharge of its governance responsibilities with respect to the most senior central and divisional positions.

Most recently, in 2002, the University of Toronto participated in a confidential compensation survey of the G-10 universities, the group of Canada's research intensive universities. Coordinated through the University of Toronto's Office of Planning and Budget, the survey identified 15 senior positions for detailed analysis with respect to scope of responsibility and compensation. In addition to the president and chief executive officer, these included the chief academic officer, the chief planning officer, the chief student affairs officer, the chief research officer, the chief financial officer, the chief computing officer, the chief human resources officer, the chief administrative officer, the chief facilities officer, the chief development officer, other senior academic officers (e.g. Deans), the university librarian, the university registrar and the university secretary. The data included in the survey will be updated on a regular basis and will be used by the Senior Salary Committee as part of its decision-making processes.

The Office of Planning and Budget also prepared a similar analysis using 2001-2002 data for ten of the University's peer institutions in the United States. The data are available on a confidential basis from the Association of American Universities' Data Exchange program and are updated regularly.

B. Faculty

(1) Annual Reports from the President

As required by the *Policy*, the President reported on number and distribution of academic staff in the senior salary category, providing the Committee with a detailed list of the individuals, their performance assessments and their compensation. These data are summarized in Table 1 below.

The pool of funds made available for senior salary increases for members of the professorial staff is created by applying the across-the-board economic increase, if any, to their actual salaries, and then adding one above-the-breakpoint PTR unit (\$1380 for 2002-2003) for each FTE member of the category.

Table 1:

<i>Academic Year</i>	<i>Total Academic Senior Salaries.</i>	<i>Health Sciences</i>	<i>Other Professional Faculties</i>	<i>Arts and Science</i>	<i>Principals and Deans*</i>	<i>Special Salaries**</i>
2002-2003	497	102	144	221	25	5
2001-2002	419	89	124	179	22	5
2000-2001	385	105	102	151	28	10
1999-2000	407	111	92	178	26	5

* Includes Vice-Provosts.

** These individuals are division heads or University officers whose salaries are below the senior salary threshold. They are reviewed on the same basis as senior salary staff but are not included in the total academic senior salaries. In academic year 2000-2001, the list included individuals in "acting" positions for all or part of the year.

As noted previously, all awards from the pool are made on the basis of merit. Because of the level of salary involved, the total awards represent a lower percentage of salary than for staff below the senior salary threshold.

Under the *Policy*, the Committee is to receive annual reports on market and anomaly adjustments. The Provost has submitted comprehensive reports as required, providing the Committee with the rationale for the adjustments and the impact they would have. Most notably, in 1999-2000 compensation for faculty in the Departments of Electrical and Computer Engineering and of Computer Science, and in the Faculty of Law were adjusted to reflect market pressures after a systematic review conducted by the Provost. A similar exercise was conducted for the Department of Psychology in 2001-2002.

(2) Compensation Exceeding 160% of the Established Senior Salary Threshold

Under the *Policy*, the President refers to the Committee for its consideration proposals which would result in annual cash compensation exceeding 160% of the established senior salary threshold. During the period of this report, the Committee was asked to approve compensation proposals as summarized in Table 2 below.

Table 2:

Year	160% of Threshold	Number of Faculty	Number of Faculty by Division
2002-2003	\$184,240	15	Arts and Science – 1 Law – 3 Management – 4 Medicine – 7 Office of the Vice-President and Provost – 2
2001-2002	\$181,520	14	Arts and Science – 3 Law – 2 Management – 4 Medicine – 5
2000-2001	\$177,920	10	Law – 2 Management – 1 Medicine – 7
1999-2000	\$170,360	11	Law – 1 Management – 1 Medicine – 9

In the years, 1999-2000 and 2000-2001, the Deans of Applied Science and Engineering, Dentistry, Law, Management, Medicine were included in the total. In 2001-2002, the Dean of Arts and Science was added to the group.

(3) Executive Compensation

The President is required by the Policy to bring to the Committee for consideration his recommendations on appointments for Vice-Presidents, Assistant Vice-Presidents, Vice-Provosts, and the Chief Financial Officer. Data on initial appointments, renewals and bonuses are summarized in Table 3. The President's recommendations for annual adjustments are also considered by the Committee and are based on the Vice-Presidents' reports to the President on achievement of their priorities for the year. Decisions on compensation, both at the time of initial appointment and subsequently, reflect market information on base salary, academic stipends, taxable benefits and considerations with respect to internal equity.

A recommendation for the President's annual adjustment is also considered by the Committee. Their decision takes into account a number of factors including both formal assessments of the President's performance as defined by his contract, consultation with members of the Governing Council and the University's academic and administrative leadership, and the performance of the executive team as a whole.

(4) Other Compensation Decisions

The Policy requires that the Committee consider the President's recommendations in several areas and, during the period 1999-2000 to 2000-2003, the Senior Salary Committee reviewed and approved various decisions for faculty and administrative staff in the senior salary category. These included: initial compensation for senior University and divisional officers, revisions to compensation of administrators, in-year market or anomaly and performance-based bonuses. Data on the number of decisions is given in Table 3 below.

Table 3:

	<i>Senior University and Divisional Officers – Initial Appointment</i>	<i>Senior University and Divisional Officers – Renewed Appointment</i>	<i>Market/ Anomaly Adjustment.</i>	<i>Performance Bonuses</i>
2002-2003				
Academic	8	2	4	
Non-academic			1	2
2001-2002				
Academic	3	1	7	
Non-academic	3		1	2
2000-2001				
Academic	6	7	4	2
Non-academic	1	1	2	5
1999-2000				
Academic	1	4	3	1
Non-academic				1

In 2000-2001, the Committee approved: revisions to the schedule of administrative stipends for Principals and Deans; a standard automobile allowance for Vice-Presidents; and the pensionability of incentive payments for two senior administrative staff.

C. Administrative Staff

(1) Approval of Annual Compensation Adjustments

Members of the administrative staff (previously the Senior Management Group and now the Professionals / Managers Group) in the senior salary category are assessed annually for merit-only increases. Table 4 below summarizes the increases awarded.

Table 4:

Year	Number of Staff	Size of Group*	Average Increase
2002-2003	15	638	4.93%
2001-2002	18	114	2.60%
2000-2001	16	110	3.34%
1999-2000	15	114	2.83%

* With the establishment of the USWA bargaining unit, two categories of non-unionized administrative staff were identified: confidential staff and professionals and managers. The latter subsumed the Senior Management Group, resulting in the large number for 2002-2003.

(2) Other Compensation Decisions

Decisions relating to initial appointments and annual bonus arrangements are included in Table 3 above.

Annual compensation adjustments for the Secretary of the Governing Council were considered by the Committee on a joint recommendation of the Chair and the President, and for the University Ombudsperson on a recommendation from the President.