



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: Business Board

SPONSOR: Mr. Richard B. Nunn, Chair of the Governing Council, on behalf of the Senior Appointments and Compensation Committee (SACC) which, for the reporting period, comprised the Chair and Vice-Chair of the Governing Council (Mr. Richard Nunn and Ms. Goldring, respectively), the Chair of the Business Board (Mr. John Switzer), one additional alumni member of the Governing Council (Ms Elizabeth Vosburgh), one additional member of the Business Board (Ms Zabeen Hirji) and the President.

PRESENTER: Ms Judy Goldring, Chair, Governing Council

CONTACT INFO: chair.gc@utoronto.ca

DATE: January 13, 2014 for January 27, 2014

AGENDA ITEM: 4

ITEM IDENTIFICATION:

Report of the Senior Appointments and Compensation Committee for 2012-2013

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. Business Board (January 27, 2014)

PREVIOUS ACTION TAKEN:

The last report was presented to the Business Board on January 28, 2013.

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, 2012 to June 30, 2013.

FINANCIAL IMPLICATIONS:

None.

RECOMMENDATION:

For information.

DOCUMENTATION PROVIDED:

Report of the Senior Appointments and Compensation Committee for 2012-2013



Memorandum to: Members of the Business Board

From: Judy G. Goldring
Chair of the Governing Council

Date: January 13, 2014 for January 27, 2014

Re: **Report of the Senior Appointments and Compensation Committee
for 2012-2013**

A. Background

Policy Context

The following report covers activities of the Senior Appointments and Compensation Committee (SACC) during the academic year 2012-2013 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 hereto as Appendix A.

Committee Membership

In 2012-2013, the Committee comprised the following:

Chair, Governing Council	Mr. Richard B. Nunn
Vice-Chair, Governing Council	Ms Judy G. Goldring
Chair, Business Board	Mr. John Switzer
Member, Business Board	Ms Zabeen Hirji
Alumni Member, Governing Council	Ms Elizabeth Vosburgh
President	Professor David Naylor

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.

B. Compensation Frameworks

Last year, the Committee considered two compensation frameworks and recommended their approval to the Business Board:

- *Compensation Increases for Professional, Managerial and Confidential Staff, and Advancement Professionals, and*
- *2013-14 Compensation for Research Associates / Senior Research Associates.*

It also considered and approved a third policy – *Rules on Perquisites* – which arose from the Provincial Government’s 2011 directive that stipulated that all broader public sector employers must set rules with respect to the allocation of perquisites. The approved *Rules* meet the requirements of the Directive and reflect the University’s current compensation practices which do not include provision of perquisites.

All decisions were made in the context of and in compliance with the *Broader Public Sector Accountability Act, 2010*, which came into effect at the end of March, 2010. Since then, the University of Toronto, along with the whole of Ontario’s broader public sector, has been subject to compensation restraint legislation that is part of the government’s efforts to reduce the Province’s deficit. Various amendments to the legislation have been made – for example, those relating to executive officers which were included as part of the Budget Bill in June of 2012. The Minister of Finance also issued a directive in July, 2012, that states the expectation that there will be no across-the-board and no net increases to compensation for two years for non-executive groups including Unions. Further constraints were included in the *Protecting Public Services Act, 2012*, which was announced, but never introduced.

C. Executive Appointments and Compensation

(1) Terms and Conditions of Appointment / Reappointment

Under the *Policy*, the Committee is responsible for approving the compensation of the President on the recommendation of the Chair of the Governing Council. Following the approval the Governing Council’s appointment of the new President, the Committee approved the terms and conditions of appointment.

Under the *Policy*, the President is required to bring to the Committee for consideration his recommendations on the terms and conditions of appointments for Vice-Presidents, Deputy and Vice-Provosts, and other administrative positions above the level of Principal or Dean. Data on the number of initial appointments, renewals and bonuses are summarized in Table 1 below. The relevant positions were: Vice-President and Provost (extension of appointment), Vice-President and Provost (new appointment), Vice-President, University Advancement (extension of appointment) and Vice-President, University Relations (extension of appointment). The Committee also approved the terms and conditions of appointment for the Vice-Provost, Academic Programs and the Vice-Provost, Students and First-Entry Divisions.

(2) Performance Assessments and Compensation Adjustments

The Committee considered the President’s Annual Activity Report for 2012-2013.

The Committee 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 considered and recommended approval to the Executive Committee of a revised process for annual evaluation of the President. It was approved by the Executive Committee in May 2013. Decisions were made in the context of and in compliance with the relevant legislation.

(3) Succession Planning

Last year's SACC Report noted that, as a matter of good governance practice, the Committee expects to receive annual updates on adjustments to succession plans for the Vice-Presidents' portfolios and the Secretariat that would address leadership transitions – both unanticipated and anticipated – in the short-, medium- and long-term. The Committee intends to follow this practice with the new President and his leadership team.

D. Faculty

(1) Academic Salary Report

The purpose of the annual *Academic Salary Report (AcSR)* is to present summary data showing current salary ranges for University of Toronto faculty by academic rank. The last UTFA arbitration award was issued in October 2010 and set out an award covering the period 2009-10 and 2010-11 and which was staged over four periods (July 2009, Jan 2010, July 2010 and Jan 2011). As indicated in last year's SACC Report, the Committee reviewed the Academic Salary Report 2010-11 at its meeting of February 6, 2013.

(2) Principals, Deans, University Librarian, Director, School of Continuing Studies and Director, Transitional Year Program

Under the *Policy*, the President is responsible for approving compensation relative to a set of principles or a framework approved by the Committee from time to time. The President is to make an annual report on decisions made under this authority. Also as indicated in last year's SACC Report, the report on these salaries for the period of January 1, 2010 to July 1, 2012 was considered by the Committee at its meeting of February 6, 2013.

Table 1:

	<i>Senior University and Divisional Officers – Initial Appointment</i>	<i>Senior University and Divisional Officers – Renewed Appointment</i>	<i>Market/ Anomaly Adjustment</i>	<i>Special Bonuses</i>
2012-2013				
Academic	3	1	0	0
Non-academic	1	2	0	0
2011-2012				
Academic	1	2	0	0
Non-academic	5	1	0	0

E. Administrative Staff

(1) Appointments

The Committee has the authority to appoint, on the recommendation of the President, Assistant Vice-Presidents and Assistant Secretaries of the Governing Council. During 2012-2013, three recommendations for appointment were brought forward for approval: Assistant Secretary of the Governing Council at the University of Toronto Mississauga, Assistant Secretary of the Governing Council at the University of Toronto Scarborough, and Acting Assistant Secretary of the Governing Council.

It also approved the establishment of the position of Assistant Vice-President, University Planning, Design and Construction.

(2) Compensation Decisions

For professional and managerial positions (normally in the PM 7, 8 and 9 categories) the President is delegated authority to approve compensation, upon initial appointment, within the range established by policy; approve annual adjustments arising out of performance evaluation processes as established from time to time within policy; and approve one-time-only bonus or stipend arrangements for the assumption of extra duties on a time-limited basis. The Committee received the Administrative Salary Report for July 1, 2012 at its meeting of November 27, 2012.

In addition to approving compensation arrangements that are outside of established policy, the Committee retains authority to approve, on initial appointment and for subsequent changes, compensation for members of the administrative staff with a direct reporting relationship to the Governing Council. The Committee considered no recommendations for arrangements outside of established policy for Professional / Managerial staff.

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*