



BOARD OF GOVERNORS

POLICY ON EXECUTIVE COMPENSATION

[To be compliant with Ontario Regulation 304/16, effective September 6, 2016 made under the Broader Public Sector Executive Compensation Act, 2014]

APPROVED by Board: 22 Nov 2016

Background

The Province of Ontario introduced The Broader Public Sector Accountability Act in 2010 (BPSAA), which introduced controls on compensation, expenses, perquisites, business documents and procurement in the Broader Public Sector (BPS). This included an immediate freeze on certain executive compensation. In 2012 the Act was amended to extend the freeze to all elements of compensation for designated executives and certain office holders. This 2012 amendment was made to apply until a new provincial compensation framework for the BPS becomes effective. The BPSAA applied to all public designated employers including universities, colleges, hospitals and school boards. This included the University of Windsor.

In 2014 the Province began the process of developing public sector compensation frameworks to manage executive compensation in the BPS. The Broader Public Sector Executive Compensation Act of 2014 (BPSECA) authorized the government to establish frameworks, and set out principles that all designated employers must follow. These included ensuring that there is a consistent and evidence-based approach to setting compensation, ensuring that there is a balance between managing compensation costs while allowing employers to attract and retain the talent they seek, and ensuring that there is transparency in how executive compensation decisions are made.

Following consultation with multiple stakeholders in the BPS, in 2016 the Province introduced Ontario Regulation 304/16 in support of the BPSECA, effective September 6, 2016. This Regulation lays out the details and implementation timelines for executive compensation for all employers within the BPS.

The Regulation states that all BPS employers must have a compensation framework in place for designated executives within a maximum of one year of the Regulation coming into effect, meaning September 5, 2017. The framework must be compliant with the Regulation, and have been available for community feedback for a thirty-day period. Upon the date that the employer's framework becomes effective, there is a three-year Transition Period during which all designated employees must transition to the framework if their current compensation package is not compliant. On the date that the final compensation framework is publicly posted, University employees other than the designated executives who were subject to the constraints imposed by the 2012 amendment to the BPSAA (for example deans) will no longer be subject to those 2012 constraints.

The requirements of the BPSECA and Ontario Regulation 304/16 have been considered, and the following Policy developed to ensure that the University of Windsor is compliant with the requirements.

POLICY

Designated Executives

This Policy applies to the following designated executives at the University of Windsor:

- i) President and Vice-Chancellor
- ii) Provost and Vice-President, Academic
- iii) Vice-President, Research and Innovation
- iv) Vice-President, Planning and Administration
- v) Vice-President, Human Resources

For individuals currently holding these positions at the time this Policy comes into effect, any elements of their compensation that exceed those in this Policy and in Regulation 304/16 after the three-year Transition Period will be rolled back to the point where they are compliant. As of the date this Policy comes into effect, all new incumbents to these positions will not be eligible to use the Transition Period, and will begin their employment with terms that are consistent with this Policy and the Regulation.

Ineligible types of compensation

The following items are not eligible:

- i) Payments or other benefits provided in lieu of perquisites
- ii) Signing bonuses
- iii) Retention bonuses
- iv) Cash housing allowances
- v) Insured benefits not generally provided to non-executive managers
- vi) Termination payments, including payments in lieu of notice of termination, and severance payments that in total equal more than 24 times the average monthly salary of the designated executive
- vii) Termination or severance payments that are payable in the event of termination for cause
- viii) Paid administrative leave, unless provided to the head of a college or university or another designated executive who is part of or will return to the faculty at a college or university
- ix) Payments in lieu of administrative leave

In addition, no designated employee shall receive an element of compensation, other than salary and performance-related pay, unless the element is also generally provided, in the same manner and relative amount, to non-executive managers. The only exception to this is if the element is required for the performance of the designated executive's job, or is otherwise required for critical business reasons.

Eligible types of compensation

Compensation of designated executives will include salary, as well as all University of Windsor benefit and pension provisions available to non-executive managerial staff. In addition, designated executives who are a part of or will return to the faculty at a university will accrue administrative leave at a rate not to exceed 1.6 months for each year of service. Designated executives will also be entitled to be reimbursed for all reasonable moving expenses, limited to travel costs and costs for moving personal belongings.

For the President and Vice-Chancellor, there are some elements of compensation that the Board will, at its discretion, make available. These elements are ones that reflect the unique responsibilities of the President within the institution. They include the following:

- i) Automobile allowance – The President and Vice-Chancellor is the one designated executive whose role necessarily includes many external functions and obligations across the community and province, on behalf of the University of Windsor, which frequently require travel by automobile.
- ii) President residence – The University of Windsor has a house that is made available as a residence for the President and Vice-Chancellor during the term of office. This home is frequently opened up for University-related functions. In addition, the relocation of a new President and Vice-Chancellor to Windsor comes with the realization that the appointment is term-limited at the discretion of the Board of Governors, and that when it ends it will likely necessitate further relocation by the President and Vice-Chancellor. The ability to offer a residence could be a determining factor for a prospective President. In recognition of the reality that the President and Vice-Chancellor must vacate the President's residence at the end of the term of office, the University will offset the cost of relocation of the President and Vice-Chancellor from the President's residence to a maximum of ten thousand dollars. It is understood that under CRA rules the President's residence is considered a taxable benefit, and the President and Vice-Chancellor pays personal income tax on the deemed annual value of living in the residence.
- iii) Supplementary pension – The President and Vice-Chancellor is a member of the University of Windsor Retirement Plan for Faculty and Certain Employees, which is a hybrid plan that has a minimum guaranteed benefit on retirement. The Board of Governors can, at its discretion, make a supplementary pension available for the President and Vice-Chancellor. This will be done if the Board deems it

necessary to be competitive to obtain the preferred candidate for the position of President and Vice-Chancellor, because that candidate can best confront the challenges, opportunities, and strategic goals (including fiscal and other business goals) of the University of Windsor.

Determining compensation levels

Compensation philosophy

The University of Windsor must be able to be competitive as it seeks to attract and retain individuals who will hold designated executive positions. It must also ensure that the approach to executive compensation is consistent with the University's values of equity and fairness.

By way of important context, the University has a tradition of ensuring that its faculty members are compensated at a level that is at the median in the province. This tradition is captured by the provision of the Windsor Salary Standard in the Windsor University Faculty Association Collective Bargaining Agreement with the Board of Governors of the University of Windsor, which ensures that the salaries for each faculty rank will be adjusted to be at the median of salaries for comparable ranks at universities across Ontario.

Designated executives will be given the same consideration, and Regulation 304/16 provides a clear path to do that. It asserts that compensation levels must be determined by selecting a minimum of eight comparator institutions, and pegging the salary of designated executives to be at a level not to exceed the 50th percentile of the comparator group. The approach in the Regulation thus is strikingly similar to the commitment behind the Windsor Salary Standard, and provides a fair strategy for setting designated executive salaries.

In establishing the salaries for designated executives, the comparator institutions that are used, pursuant to the requirement of Regulation 304/16, will be identical to the list of comparator institutions used in the calculation of the Windsor Salary Standard. These include the following twenty institutions, all within Ontario, in alphabetical order: Algoma University, Brock University, Carleton University, Laurentian University, Lakehead University, McMaster University, Nipissing University, Ontario College of Art and Design University, Queen's University, Ryerson University, Trent University, University of Guelph, University of Ontario Institute of Technology, University of Ottawa, University of Toronto, University of Waterloo, University of Windsor, Western University, Wilfrid Laurier University, and York University.

The specific requirement in Regulation 304/16 regarding how to select comparator institutions refers to five factors that must be considered. They are the following:

- A. The scope of responsibilities of the organization's executives.
- B. The type of operations the organization engages in.
- C. The industries with which the organization competes for executives.
- D. The size of the organization.
- E. The location of the organization.

In selecting the University of Windsor comparator group, all of these factors were considered. With respect to the scope of responsibilities, all of the comparable executives in the comparator institutions have similar roles, regardless of what city the institution is in or its size. The roles of a President and Vice-Chancellor, and the roles of the Vice-Presidents, are similar. With respect to the type of operations, all of the comparator institutions are in the business of university education, research, and community service, and must provide services for students, faculty and staff that are compliant with laws and regulations within the Province of Ontario. With respect to the industries the University of Windsor competes with for executives, almost all executives recruited come from the same university sector, and the search firm options for comparator institutions to use are generally comparable. With respect to the size of the organization, the philosophy of using the same approach as is used for our faculty through the Windsor Salary Standard reflects the belief that the size of the institution is secondary to the common purpose that all share, and that by using the mid-point of the comparator group we strike the right balance between large and small universities. Regarding the location of the organization, all of the comparator group sits within Ontario and works with the same government officials, the same tuition framework, the same funding formula, and the same regulation and legislation that governs us.

The roles of designated executives are unique and complex, and there may be times when the challenges to be addressed are of an urgency and a magnitude such that exceptional efforts on the part of a designated executive are required. In those cases, what those challenges are will be identified as being special performance objectives that when met justify one-time performance-related pay in addition to the normal salary of the designated executive. The magnitude of performance-related pay will not exceed the 50th percentile of performance-related pay provisions for equivalent positions across the comparator group.

Salary for President and Vice-Chancellor

The salary for the President and Vice-Chancellor will be at a maximum within the range of the 50th percentile of salaries of the President and Vice-Chancellor, or equivalent position, at the twenty comparator institutions. The minimum salary will be 80% of the value of the 50th percentile. The following table shows the comparator group of universities ranked in ascending order with respect to the 2015 publicly reported salaries of the President and Vice-Chancellor or equivalent. The current position of the University of Windsor within this comparator group is highlighted in bold, and the two shaded entries straddle the 50th percentile.

<i>Publicly Reported 2015 Salaries of Comparator President and Vice-Chancellor positions</i>	
Algoma	199,000
OCADU	283,250
Nipissing	292,023
Laurentian	301,155
Trent	307,000
Windsor	317,000
UOIT	325,172
Brock	333,576
Carleton	358,468
Lakehead	360,049
Queen’s	360,500
Wilfrid Laurier	371,418
Ryerson	376,713
Ottawa	395,000
Waterloo	400,000
McMaster	402,869
Guelph	423,648
Toronto	438,892
York	463,105
Western	479,600

Salary for Vice-Presidents

The salary for each of the vice-presidents will be determined based upon this same comparator group of twenty Ontario universities. For three of the vice-president positions at the University of Windsor – the Provost and Vice-President, Academic; the Vice-President, Planning and Administration, and the Vice-President, Research and Innovation – there are comparable positions at virtually all of the institutions in the comparator group.

Every university has the equivalent of a Provost and Vice-President, Academic. The role is similar across the university sector, and generally encompasses the providing of academic leadership and oversight of all of the faculties, learning and student support systems, registrar functions, and other areas involved in the overall academic mission of the institution. All Provosts and Vice-Presidents, Academic, or equivalent, are members of the Ontario Council of Academic Vice-Presidents, a committee of the Council of Ontario Universities.

As well, every university has the equivalent of a Vice-President, Planning and Administration. The title of this position varies somewhat from institution to institution, but in general across all twenty comparators there is a vice-president who has responsibility for the core portfolios of finances, facilities, campus services, and capital projects. Each university may or may not have other areas within this portfolio. At the University of Windsor, it is made very clear by the title of the position that this vice-president plays an important role in the long term planning that underpins decisions about resource allocation. At other universities, there may be other specific emphases, but the overall core responsibilities are similar across the comparator group. All Vice-President, Planning and Administration, or equivalent, are members of the Council of Senior Administrative Officers, a committee of the Council of Ontario Universities.

Almost every institution has a Vice-President, Research and Innovation, or equivalent. This role oversees the services that support research on campus, identifies and pursues sources of research funding, promotes the strategic research plan and research reputation of faculty and the institution, and assists with international collaborations that build on the strengths of the university. There is a high degree of consistency in this role across all comparators. All Vice-Presidents, Research and Innovation, or equivalent, are members of the Ontario Council on University Research, a committee of the Council of Ontario Universities.

Pursuant to Regulation 304/16, the salaries of the Provost and Vice-President, Academic; the Vice-President, Planning and Administration; and the Vice-President, Research and Innovation will be set to be at a maximum within the range of the 50th percentile of the twenty comparator institutions (nineteen in the case of the Vice-President, Research and Innovation). The minimum salary will be 80% of the value of the 50th percentile. The following table shows the comparator group of institutions ranked in ascending order of the 2015 publicly reported salaries for each of these three vice-president, or equivalent, positions. The two shaded entries for the Vice-President, Academic and the Vice-President, Planning and Administration, straddle the 50th percentile. The single shaded entry for the Vice-President, Research and Innovation, sits at the 50th percentile.

<i>Publicly Reported 2015 Salaries of Comparator Provost and Vice-President, Academic, or equivalent positions</i>		<i>Publicly Reported 2015 Salaries of Comparator Vice-President, Planning and Administration, or equivalent positions</i>		<i>Publicly Reported 2015 Salaries of Comparator Vice-President, Research and Innovation, or equivalent positions</i>		<i>Publicly Reported 2015 Salaries of Comparator Vice-President, Human Resources, or equivalent positions</i>	
OCADU	154,600	UOIT	185,000	Trent	160,000	Trent	154,829
Algoma	163,000	Algoma	186,158	Algoma	163,000	Brock	166,640
Trent	200,564	Nipissing	190,385	Laurentian	196,491	Ottawa	179,070
Nipissing	215,833	Laurentian	202,561	Lakehead	207,407	UOIT	186,514
Laurentian	223,650	Lakehead	215,987	Nipissing	215,833	Windsor	202,000
Ottawa	242,453	OCADU	220,000	Windsor	218,225	Waterloo	213,456
Brock	250,046	Ryerson	223,434	UOIT	224,732	Guelph	217,305
Carleton	251,698	Windsor	229,593	WLU	225,000	Western	232,233
Windsor	262,500	Trent	240,000	Carleton	228,228	Queen's	283,000
Lakehead	262,541	Waterloo	241,035	Brock	233,967	Toronto	309,103
UOIT	273,308	Brock	241,736	Guelph	262,000		
Queen's	300,000	Queen's	253,300	Queen's	265,905		
Waterloo	305,000	WLU	261,020	Waterloo	280,000		
WLU	308,575	Guelph	264,144	Toronto	283,180		
Guelph	318,956	Ottawa	270,000	McMaster	284,033		
York	337,500	Carleton	273,062	York	284,500		
McMaster	340,473	York	274,984	Western	291,500		
Western	343,000	Western	294,540	Ottawa	316,379		
Ryerson	350,000	Toronto	295,000	Ryerson	336,223		
Toronto	358,000	McMaster	301,450				

The University of Windsor also has a Vice-President, Human Resources. There is more variability across the comparator group with respect to where the human resources portfolio is positioned in the administration. At some institutions, such as the University of Windsor, it is a vice-president position reporting to the president. At others it is an associate vice-president position reporting to the vice-president of administration and planning, or equivalent. The University of Windsor places a very high priority on human resources, labour relations, and collective bargaining, and it is essential in the Windsor context that this position be at the vice-president level. This vice-president must be a member of the executive group, since human resources considerations permeate every decision that the institution makes. As well, at the University of Windsor the VP Human Resources has responsibility for a number of aspects of faculty relations related to the collective bargaining agreement with the University of Windsor Faculty Association. In recognition of the importance of the portfolio for Windsor, and the reality that across the comparator group the senior-most human resources position reports to either the President or the Vice-President of Administration (or equivalent), the salary for the Vice-President, Human Resources, at the University of Windsor will be set at a maximum of the 50th percentile of those institutions within the comparator group that have either a VP Human Resources, a Chief Human Resources Officer, or an Associate Vice-President, Human Resources. The minimum salary will be 80% of the value of this 50th percentile. There are currently ten such institutions within the comparator group, and they are shown in ascending order in the table.

Performance-related pay for Designated Executives

The Board may, from time to time, at its sole discretion, make performance-related pay available to the President and Vice-Chancellor. The President and Vice-Chancellor may, from time to time, recommend to the Board that other designated executives receive performance-related pay. The performance-related pay will be an annual payment based upon meeting performance objectives, payable effective on May 1 of any given year, and not a base salary adjustment. The determination of the amount of the performance-related pay will be determined using the same approach as is used for salary. That is, it will be no more than the maximum allowed, which in the case of the University of Windsor is the 50th percentile of the performance-related pay provided at institutions among the twenty comparators. The precise information about how many of the comparator institutions offer performance-related pay to designated executives, and what the magnitude of the performance-related pay is, will be collected in any of the years where it is determined that performance-related pay is warranted. Performance-related pay will only be considered when it is to recognize exceptional efforts that are required to achieve specific goals embedded within a provincial Strategic Mandate Agreement, which is a public document. The sum of salary and performance-related pay cannot exceed the range of the 50th percentile of the comparator group for each designated executive.

Annual salary adjustments for designated executives

Annual salary adjustments for the designated executives will be approved by the Board of Governors and made effective on May 1 of each year following the date at which this Policy comes into effect. Adjustments will be consistent with Regulation 304/16. That is, they will not exceed the annual adjustments made to non-executive managers and shall not exceed the maximum salary and performance related pay the University may provide pursuant to Regulation 304/16 and this Policy.

Remaining compliant

Recognizing that the University of Windsor must continue in the long term to provide fair, equitable, and competitive compensation for designated executives, as well as remain compliant with Regulation 304/16, on July 1 of the third year following the date at which this Policy comes into effect, and on July 1 every three years thereafter, the salaries of the comparator group will be revisited, again using publicly reported data, to determine whether the salaries paid to the University of Windsor's designated executives remain compliant and benchmarked at the 50th percentile, and adjustments made as necessary pursuant to this Policy.