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November 2017



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## Background Information

The 72 Ontario school boards of the four publicly funded education systems worked through a Steering Committee to develop a Province-wide sector-based proposed Executive Compensation Program for Directors of Education, Associate Directors, Supervisory Officers, and other executive positions, as per the Act and the Government Regulations.

The Steering Committee was comprised of leadership from the following groups:

- Association des conseils scolaires des écoles publiques de l'Ontario ("ACEPO") Association des gestionnaires de franco-ontarienne ("AGEFO")
- Association franco ontarienne des conseils scolaires catholiques ("AFOCSC"),
- Conseil ontarien des directrices et des directeurs de l'éducation de langue française ("CODELF")
- Council of Ontario Directors of Education ("CODE")
- English Catholic Council of Directors of Education ("ECCODE")
- Ontario Catholic School Trustees' Association ("OCSTA")
- Ontario Catholic Supervisory Officers Association ("OCSOA")
- Ontario Public School Boards' Association ("OPSBA")
- Ontario Public Supervisory Officers Association ("OPSOA")
- Public Council of Ontario Directors of Education ("PCODE")

The school boards across the province and our Board, Kawartha Pine Ridge District School Board, are committed to supporting and ensuring the goals of the Act are met, including:

- Standardization - providing a consistent, evidence-based approach to setting compensation, based on research and consultation;
- Balance - managing compensation costs while allowing the school boards to attract and retain the talent necessary to deliver high quality public services; and,
- Transparency - enhancing the transparency of executive compensation decisions through public consultation and posting.

The Executive Compensation Program developed for all Ontario school boards is intended to be transparent, evidence-based, and meets the requirements of the Act and the Government Regulation. At Kawartha Pine Ridge District School Board, the Executive Compensation Program applies to the following designated executives:

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Designated Executive	Executive Class
Director of Education	Director of Education
Superintendent, Business	Executive / Supervisory Officer
Superintendent, Education	Executive / Supervisory Officer

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## Key Considerations

The school boards considered the following in the development of the Province-wide Executive Compensation Program, including the Executive Compensation Philosophy and the proposed Executive Compensation Framework:

- The need for common, rational compensation tools and executive management compensation principles that provide consistency / fairness in executive compensation and guidance for individual school boards to make reasonable compensation management decisions
- The need to reduce the current compensation compression that exists between executives and Principals, as salaries negotiated through collective agreements continued to increase during the executive compensation freeze, making it difficult to attract individuals to take on executive level accountabilities
- The need to keep pace with the evolving Ontario market and remain competitive
  - During the public sector executive compensation freeze, Canadian salaries typically increased by 2% - 3% annually and pay structures or grids typically increased by 1% - 2% annually, as per Mercer’s Compensation Planning Surveys
  - Based on information from Mercer, over the past five years, salaries in Ontario have also increased by approximately 2% - 3% annually
  - Over the past five years, there has been over a 5% change in the consumer price index and an annual inflation rate of greater than 1.3%
- The need for external comparisons with the market to attract and retain high quality executive talent



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## Key Development Steps

Based on the identified key considerations and using common compensation design principles, the Steering Committee, working together with Mercer consultants, developed the Province-wide sectoral Executive Compensation Program.

The development process involved the following steps:

1. Formation of a Steering Committee with representatives across each of the types of school boards (e.g., Public, Catholic, English, French)
2. Collection of organization, job, and compensation information from Directors of Education, Associate Directors, Supervisory Officers, and other executives through the use of an Excel / online questionnaire
3. Development of a consensus-based Executive Accountability &

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when making decisions (i.e., spoken languages, socio economics, and differing abilities of students, parents, and other community members).

Directors of Education and Academic Supervisory Officers are typically recruited from the education sector (often within the school boards). Recently, there has been difficulty attracting and retaining executive talent at the school boards, due to the compensation compression resulting from executive compensation freezes and increasing Principal and Teacher salaries through collective bargaining. There have also been challenges

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The table below presents the five Core factors:

Core Factor Dimensions	Levels						
	1	2	3	4	5	6	7
	P1 < P20	P20 < P40	P40 < P60	P60 < P80	P80 < P99	P99 +	P99 ++
Projected Operating Budget (\$Millions)	\$1 - \$60	\$61 - \$140	\$141 - \$230	\$231 - \$380	\$381 - \$1,500	\$1,501 - \$2,500	\$2,501 +
# Schools	1 - 20	21 - 35	36 - 50	51 - 85	86 - 200	201 - 400	401 +



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## Comparator Organizations

The Government Regulations stipulate that a minimum of eight comparators must be used in the Comparative Analysis and development of the Executive Compensation Framework. In addition, all comparator organizations must be comparable with respect to three or more of the following factors:

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

Comparable positions generally include those that are similar with respect to essential competencies (knowledge, skills, and abilities), relative complexity, and the level of accountab



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## Executive Compensation Framework

The Executive Compensation Framework sets the base salary ranges for each of the school board's designated executives and was developed using common compensation management principles as well as the external comparators identified in section 7, Potential Comparator Organizations.

The base salary range maximums are less than the 50<sup>th</sup> percentile compensation cap. As per the Government Regulations, the compensation cap was calculated using the maximum total cash compensation provided to comparable positions at the proposed external comparator organizations. The base salary range minimums were developed using a relatively common percentage range spread from the minimum to the maximum of the range. The base salary ranges for the Directors of Education are \$12.921thp.sDn921thyP 36.48 431.8-1.36.48 431.aw



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The table below details the base salary range minimums and maximums for the Directors of Education, Associate Directors, and other executives (including Supervisory Officers).

*Base salaries are presented in CAD \$000's*

School Board Level	1	2	3	4	5	6	7
<b>Directors</b>	\$166 - \$198	\$176 - \$218	\$192 - \$237	\$208 - \$257	\$224 - \$277	\$239 - \$296	\$255 - \$316
<b>Associate Directors</b>	\$158 - \$166	\$167 - \$176	\$183 - \$192	\$198 - \$208	\$213 - \$224	\$228 - \$239	\$243 - \$255
<b>Executives</b>	\$140 - \$157	\$140 - \$166	\$140 - \$176	\$140 - \$185	\$140 - \$194	\$140 - \$204	\$140 - \$213

Our Board is accountable for determining the appropriate placement of our designated executives within the base salary range. The following criteria apply to the salary range:

- The scope of the executive work
- External public sector compensation as the levels directly above and below
- The tenure, experience, and performance of the executive

The table below details the Director of Education for Pine Ridge District School Board as of 2018.



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## Executive Pay Envelope and Maximum Rate of , Q F U H D V H

The Government Regulations requires the calculation of

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The table below details the rationale for maximum rate of increase relative to the factors outlined in the Government Regulations.

Factor	Maximum Rate of Increase
The financial and compensation priorities of the Ontario Government	The Government has identified a need to take a balanced approach to managing public sector compensation, recognizing the need to maintain a stable, flexible and high-performing public-sector workforce that supports the government's transformational priorities and at the same time ensuring

