



Via Email

January 13, 2017

Deb Matthews

Minister of Advanced Education and Skills Development/Minister Responsible for Digital
Government/Deputy Premier
3rd Floor, Mowat Block
900 Bay Street
Toronto, Ontario M7A 1N3

Re: College Executive Compensation Program Consultation Submission

Dear Minister Matthews,

On behalf of the OPSEU CAAT-Academic Divisional Executive, which represents the almost 12,000 unionized faculty working in Ontario's colleges, I offer the following feedback regarding the Executive Compensation Program consultation process for Ontario colleges.

As faculty members, we recognize the need for competent and effective administration at our colleges. We accept that executive compensation should be fair and reasonable for the role. However, it is our observation through the Public Sector Salary Disclosure and other information that senior college administrator salaries have not been truly "frozen" as Ontarians have been led to believe. Compensation has been adjusted by way of title changes, reorganizations, promotions, spinoffs, new hires, and other activity.

We have a number of concerns with the executive compensation proposals as published online by the 24 Ontario colleges. We offer the following summary.

Classification of colleges by level

The proposed executive compensation plans indicate that "a sector-wide complexity and accountability matrix was developed in order to have an objective approach to ranking individual colleges into one of five levels."

One would expect a roughly equal number of colleges be placed at each of the five compensation levels. That is not the case:

- 7 colleges identified as Level 5
- 5 colleges identified as Level 4
- 5 colleges identified as Level 3
- 7 colleges identified as Level 2
- No colleges identified as Level 1

No college identified themselves as Level 1. Based on recent full-time equivalent student enrolment numbers, it would be realistic to expect Northern College, College Boréal, Sault College, Canadore College, and possibly Lambton and Confederation Colleges at Level 1. Should Lambton College not be considered Level 1, it is more realistic for it to be at Level 2 as opposed to their proposed Level 3.

There is also a disproportionate number of colleges identifying as Level 5. More realistically, Conestoga should be Level 4. Arguably Centennial should be Level 4 as well.

Selection of comparators

All colleges, with the exception of Sault and Loyalist, identified a number of public-sector organizations as comparators. Sheridan, Algonquin, George Brown, and Humber did not identify any other colleges as comparators. Seneca included University of Guelph and York University in their college comparators.

In many cases, the comparator groups are completely unrealistic.

It is clear that some colleges borrowed from templates produced for larger colleges. For example, 16 colleges all listed exactly the grouping of Conestoga, Humber, Seneca, and Sheridan as their comparators. This aspirational group included colleges as small as Northern, Boréal, Canadore, and Lambton. To put this in perspective, Conestoga's student population is nearly 10 times that of Northern's.

Seventeen colleges all listed exactly the grouping of uGuelph, uOttawa, uWaterloo, and York as comparable universities. Four colleges all listed exactly the grouping of uGuelph, uWaterloo, York, and the Southern Alberta Institute of Technology (SAIT) as comparable universities. To put this in perspective, York University has 53,000 students – almost 20 times the student population of Canadore, which uses York as a comparator.

Seventeen colleges included London Health Sciences Centre (LHSC) as a comparable hospital. LHSC had 14,668 employees, paid and unpaid, in 2015-16. The level of employment is several times greater than even the largest college. For example, Seneca College employed 1,474 fulltime employees in 2015-16, and even after adding an undisclosed number of non-full-time employees, does not come anywhere close to LHSC.

Five colleges (Algonquin, George Brown, Humber, Seneca, and Sheridan) opted to compare themselves to other Broader Public Sector (BPS) entities. They all listed the same four comparators: BEHP Mergeco, LCBO, MaRS, and Toronto Pearson. Toronto Pearson is responsible for the employment of approximately 40,000 people; we acknowledge that Ontario colleges are complex operations, but not on the same scale as Toronto Pearson.

Scale of increases

The scale of the suggested salary increases is large and in some instances truly stunning. Compared to the 2015 Public Sector Salary Disclosure, the increases are as high as 54 per cent for the president role. At maximum pay, seven college presidents would see increases in excess of 40 per cent compared to 2015.

We understand that colleges want to hire qualified people, and our faculty members want quality managers, too, but no evidence has been provided to us that would indicate a shortage of qualified applicants for these executive positions at their current rates of remuneration.

Pay at risk

The executive compensation proposals allow for a “pay at risk” component based on performance. Our view is that where there is “pay at risk,” it should be genuinely “at risk.” These must not become “automatic” payments. It cannot be permissible for boards to simply “rubber stamp” such payments.

We are not opposed to a “pay at risk” system. We see it as one mechanism that could promote positive change in the Ontario college system towards improving the quality of education for students. To accomplish that, it would be critical to base “pay at risk” on clear, objective metrics.

The following metrics are examples we recommend as effective measures for improving the quality of post-secondary education:

- Contribution to Overhead (CTO). Use of CTO as a metric would support maximizing the funding directed towards student learning. More funds should be directed to student learning and not administrative overhead;
- Improvement in the student to teacher ratio;
- Improvement in the Non-Full-Time to Full-Time faculty ratio;
- Verified implementation of collegial governance processes and comprehensive academic freedom, which would improve the international standing of Ontario's colleges.

Omissions

In addition to executive compensation, the Ministry of Advanced Education and Skills Development (MAESD) should be concerned about the growth in the number of administrative positions at colleges. The number of administrators has grown from 1,595 in 2002-03 to 2,825 in 2015-16, representing an increase of 77 per cent.

Furthermore, the CAAT Retirement Compensation Agreement (RCA) is not disclosed as a provided benefit in the executive compensation plans. We believe that it must be disclosed in the plans and reported separately in college financial statements. Unlike the CAAT Pension Plan, which operates on a shared-risk model as a Jointly Sponsored Pension Plan (JSPP), the RCA poses a separate and distinct risk to each institution.

We also note that the executive compensation of a number of college-related employers have not been included in this process. College-related employers include the College Employer Council (CEC), Ontario College Quality Assurance Service (OCQAS), Ontario College Application Service (OCAS), NORCAT, Higher Education Quality Council of Ontario (HEQCO) and OntarioLearn.

Conclusion

We believe in a fair compensation plan for Ontario college administrators, but the current framework does not meet this goal. It provides unrealistic comparator groups to inflate the overall scale. Ontarians deserve a college system where more of our precious resources are being directed where they belong: into the classroom and to the benefit of future generations of students.

I would be happy to answer any questions, or provide further feedback should you be interested.

Sincerely,

RM Kennedy

Chair, CAAT-Academic Divisional Executive, Ontario Public Service Employees Union

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Encl: Executive Compensation Plan Analysis

C: Chairs, Colleges of Applied Arts and Technology, Board of Governors

Liz Sandals, President of the Treasury Board

Warren (Smokey) Thomas, President, Ontario Public Service Employees Union