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Deb Matthews, Minister

Ministry of Advanced Education and Skills Development
14th Floor, Mowat Block, 900 Bay Street
Toronto ON M7A 1L2

January 12, 2016

Subject: College Executive Compensation Program Consultation

Dear Minister Matthews,

On behalf of the members of OPSEU Local 110 (Fanshawe College Faculty Union) and in consultation with the OPSEU CAAT Academic Divisional Executive, 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 Ontario colleges. Executive compensation should be fair and reasonable for the role.

It is our observation, through the Public Sector Salary Disclosure and other information, that senior college administrator salaries have not been truly "frozen." Compensation was adjusted in the case 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. In the course of our analysis, we summarized the proposals and that information is attached as an appendix. Our concerns are as follows.

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 5 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 FTE (full-time equivalent) student population, 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 are 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, 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.

17 colleges all listed exactly the grouping of uGuelph, uOttawa, uWaterloo, and York as comparable universities. 4 colleges all listed exactly the grouping of uGuelph, uWaterloo, York, and SAIT as comparable universities. To put this in perspective, York University has over 40,000 full-time undergraduate students. That is nearly 15 times the student population at Canadore College.

17 colleges all 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 full-time employees and even after adding an undisclosed number of non-FT 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. To my knowledge, BEHP Mergeco is intended to be a merged utility company that does not yet officially exist. 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% for the President role. At maximum pay, 7 college presidents would see increases in excess of 40% compared to 2015.

We understand that colleges want to hire good people, and our faculty members want good managers too, but no evidence has been provided to us that would indicate that there is a shortage of qualified applicants for these executive positions.

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.

Any “pay at risk” compensation is by definition ineligible to be included in pensionable earnings for both the CAAT Pension Plan and the CAAT Retirement Compensation Agreement (RCA).

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.

We recommend the following metrics as examples of metrics that effectively measure of progress towards quality:

- Contribution To Overhead (CTO). Use of CTO as a metric would support maximizing the funding directed towards student learning. 20% CTO is the target in social services. For example, Fanshawe College used to be in the 18% range in the mid-1990s. Today it is over 30% CTO with one academic schools as high as 51%;
- Improvement in the student to teacher ratio;
- Improvement in the Non-FT to Full-Time faculty ratio;
- Verified implementation of collegial governance processes and comprehensive academic freedom.

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.

The RCA retirement plan 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 JSPP (Jointly Sponsored Pension Plan), the RCA poses a separate and distinct risk to each institution.

We 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.

Next Steps

I would be happy to answer any questions or provide further feedback, should you be interested, as would the members of our Divisional Executive.

Sincerely,

Darryl Bedford
President, OPSEU Local 110 (Fanshawe College Faculty Union)

Encl: Appendix, Executive Compensation Plan analysis