



Hamilton-Wentworth Catholic District School Board  
*Believing, Achieving, Serving*

**EXECUTIVE COMPENSATION  
PROGRAM FOR ONTARIO'S PUBLICLY  
FUNDED SCHOOL BOARDS**

DUE TO TITLE CHANGES ONLY  
AMENDED AUGUST 28, 2018

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Hamilton-Wentworth Catholic District School Board  
*Believing, Achieving, Serving*

*Chairperson of the Board*  
*Mr. P.J. Daly*

## 1. Cover Letter

Dear Catholic Community Member,

In 2014, the Government of Ontario began the process of developing public sector compensation frameworks to ensure a transparent and consistent approach to executive compensation. The *Broader Public Sector Executive Compensation Act of 2014* (“BPSECA” or “the Act”), introduced by the Ontario Government, applies to all Ontario public sector designated employers, including universities, colleges, hospitals, and school boards. This includes the Hamilton-Wentworth Catholic District School Board (HWCD SB).

In compliance with the *Act*, Ontario Regulation 304/16 – *Executive Compensation Framework*, and Ontario Regulation 187/17 (“the Regulations”), all 72 Ontario public sector school boards including the HWCD SB collaboratively developed a comprehensive proposed Executive Compensation Program to support executive compensation management across the Province. This work was completed in consultation with Mercer (Canada) Limited, an independent consulting firm that specializes in executive compensation. The proposed Executive Compensation Program sets out a rational compensation approach for executive positions across all school boards, including those in our Board. The HWCD SB is committed to meeting the intent and goals of the Ministry of Education and Treasury Board Secretariat to ensure responsible and transparent executive compensation management in the Ontario broader public sector.

The Hamilton-Wentworth Catholic District School Board throughout its history has required and been well served by faith filled, visionary, highly skilled and professional leaders who in collaboration with school leaders, teachers, other staff, parents, students and parishes will lead the school system in the realization of its mission. The Board’s Executive Compensation Framework will assist/enable it to attract, develop and retain faith filled leaders who will continue to promote the precious gift of publicly funded Catholic Education. Our proposed Executive Compensation Program balances the need to manage compensation costs and the need to attract and retain the executive talent we seek.

Key sections in our proposed Executive Compensation Program include:

- Executive Compensation Philosophy
- Executive Accountability & Complexity Matrix
- Proposed Comparator Organizations
- Proposed Executive Compensation Framework
- Executive Pay Envelope and Maximum Rate of Increase

As part of the Government Regulations, all Ontario broader public sector employers are required to conduct a 30-day public consultation on their proposed Executive Compensation Program. Following consultation and review of the input, the final Executive Compensation Program will be posted. If you have feedback on the Program, please email [feedback@hwcdsb.ca](mailto:feedback@hwcdsb.ca). We will be accepting public input until Friday, December 8, 2017. All feedback is appreciated and will be kept on record.

Thank you,

Patrick J. Daly, Chairperson of the Board

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## Introduction

The Hamilton-Wentworth Catholic District School Board serves Catholic ratepayers and students living in the greater Hamilton area. The Board has 56 schools and over 28,000 students from JK/Kindergarten to Grade 12 as well as many thousands of adult and school aged children at our 4 St. Charles Continuing Education Centres. Catholic faith formation and academic excellence are at the core of all programs and services.

The roots of Catholic Education in the Hamilton area trace back to 1852 when the Sisters of St. Joseph were asked by the vicar of St. Mary's Parish to establish education programs for Catholic children in the city. This was partly due to the large influx in the mid 1840's of Catholic families. The Hamilton Separate School Board was formally established in 1855 with approximately 4,000 Catholics in the area. In 1969, six county school boards and the city board amalgamated to form the Hamilton-Wentworth Roman Catholic Separate School Board. With the passing of Bill 160, in 1998, the Hamilton-Wentworth Roman Catholic Separate School Board became known as the Hamilton-Wentworth Catholic District School Board.

### ***Our Mission***

**The mission of Catholic Education in Hamilton-Wentworth, in union with our Bishop, is to enable all learners to realize the fullness of humanity of which Our Lord Jesus Christ is the model.**

The Catholic Community of Hamilton-Wentworth believes the learner will realize this fullness of humanity if:

1. the learning process:
  - begins at home and is part of family life
  - is nurtured in the Parish
  - is anchored in the Catholic Faith
  - takes place within the context of worship, sacraments, and the life of the Church is enhanced by the school community
  - is embraced by the learner as a personal responsibility for life
2. learning takes place in an appropriate and challenging environment:
  - in which members of the school community exemplify the teachings of Jesus Christ
  - which reflects Gospel values and responsible use of human, financial and natural resources
  - which promotes academic excellence and clear indicators of achievement

The vision of well-being in our Catholic schools has always been the education of the whole child (i.e., academically, socially, physically, and spiritually). Our schools exist to support parents in nurturing their children on their journey of faith as they grow in the image of Christ. This vision and learning over 40 years ago inspires the school Board's philosophy of "Each Belongs" where every child is welcomed into their neighborhood school.

The Hamilton-Wentworth Catholic School system is governed by 9 locally elected trustees and administered under the leadership and guidance of its Director of Education and Senior Administration, and employs approximately 3,175 full time equivalent staff. These dedicated men and women provide outstanding service to schools and students in the following areas:

<b>Instruction</b>	<b><u>2017/18</u> <u>Estimates</u></b>
Teachers	<b>1,785.0</b>
Educational Assistants	<b>572.0</b>
Early Childhood Educators	<b>129.5</b>
Professional & Para-Professionals	<b>79.7</b>
Principals & Vice Principals	<b>85.0</b>
Clerical/Secretarial Support	<b>129.7</b>
Coordinators & Consultants	<b>21.0</b>
Continuing Education	<b>14.3</b>
<b>Total Instruction</b>	<b>2,816.20</b>
<b>Central Administration</b>	<b>79.9</b>
<b>Transportation</b>	<b>2.6</b>
<b>Operations &amp; Maintenance</b>	<b>258.9</b>
<b>School Renewal</b>	<b>17</b>
<b>Total Staff</b>	<b>3,174.6</b>

## 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, the HWCDSB, 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 talent necessary to deliver high quality public services; and,
- Transparency – enhancing the transparency of executive compensation decisions through public consultation and posting.

The proposed 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 HWCDSB, the proposed Executive Compensation Program applies to the following designated executives:

Designated Executive	Executive Class
Director of Education	Director of Education
Associate Director of Corporate Services	Associate Director
Superintendent of Education	Executive/Supervisory Officer
Superintendent of Human Resources	Executive/Supervisory Officer
Assistant Superintendent of Education	Executive/Supervisory Officer
Controller of Business Services	Executive/Business

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## Key Considerations

The Hamilton-Wentworth Catholic District School Board considered the following in the development of its proposed Executive Compensation Program, including the proposed 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
- The need for internal equity and a common Framework across the 72 Ontario school boards
- The need to apply standards of accountability and complexity when determining the appropriate level of each school board, using a Province-wide Accountability & Complexity Matrix with a set of Core and Non-Core factors (*see section 6: Executive Accountability & Complexity Matrix*)
- The need for a balanced approach between affordability and attraction / retention needs
- The need for local flexibility and accountability to determine the placement of their specific executives within the base salary range
- The size, complexity and distinct mission of the Catholic school system as outlined in Section 2.

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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 proposed Executive Compensation Program.

The development process included 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 & Complexity Matrix, taking into consideration analysis on the data collected
4. Development of a consensus-based proposed Executive Compensation Philosophy through experiences from the Steering Committee as well as past recruitment practices
5. Development of a consensus-based proposed Executive Compensation Framework, using common compensation design practices and constructs
6. The Hamilton-Wentworth Catholic District School Board carefully considered the Provincial Executive Compensation Framework
7. The Hamilton-Wentworth Catholic District School Board developed and approved a number of guiding principles to assist it in the creation of its proposed local Executive Compensation Framework

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## Executive Compensation Philosophy

### Executive Talent Needs

The Hamilton-Wentworth Catholic District School Board requires highly skilled, faith filled and highly principled leaders to lead the organization in providing, promoting, and enhancing its mission. In a Catholic school board environment student achievement and success has always been the education of the whole child (i.e., academically, socially, physically and spiritually). This is a critical service and requires innovative and visionary leadership to further advance the current Catholic education system, taking into consideration technology advances that can assist with student learning. In their leadership capacity, executives are required to work and communicate with a variety of unique community groups, Government, Catholic School Councils, parishes, diocese and other stakeholders, understanding and taking into consideration the school board's population diversity 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 attracting and retaining Business Supervisory Officers and other executives, who often have increased opportunity for alternative employment. These executive jobs are typically recruited from a variety of broader public sector organizations, as well as private sector organizations.

### Compensation Elements

The school boards provide a maximum compensation for executives up to the 50<sup>th</sup> percentile of the selected comparator organizations, as per the Government Regulations. Compensation for school board executives consist of base salaries, pensions, and benefits. Each component of compensation plays an important role in the attraction, retention, reward, and recognition of the executives needed to carry out the school board's mission.

**Base Salaries:** Base salaries provide regular compensation to executives for their contributions to the organization. The proposed Provincial Program outlines a base salary range for school board executives. Individual base salaries may vary across executives considering their tenure, experience, relative accountabilities, and relative scope within the organization and across school boards.

**Pension and Benefits:** Consistent with the Government Regulations, our school board provides similar pension and benefits arrangements to those provided to non-executive managers in our board. Additional coverage or elements are only provided to executives if there is critical business need and / or it is needed for effective performance of the executive's job. The provision of a Board provided vehicle (for the Director of Education) will be phased out in 3 years consistent with the regulation.

## Executive Accountability & Complexity Matrix

An Accountability & Complexity Matrix was developed to systematically group the school boards into seven levels. This Matrix uses a set of five Core and two Non-Core factors to rate, rank, and review each school board based on accountabilities, size, and other complexity criteria.

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 ++
<b>Projected Operating Budget (\$Millions)</b>	\$1 - \$60	\$61 - \$140	\$141 - \$230	\$231 - \$380	\$381 - \$1,500	\$1,501 - \$2,500	\$2,501 +
<b># Schools</b>	1 - 20	21 - 35	36 - 50	51 - 85	86 - 200	201 - 400	401 +
<b>Projected Enrolment</b>	1 - 4,700	4,701 - 9,700	9,701 - 17,900	17,901 - 33,900	33,901 - 99,550	99,551 - 200,000	200,001 +
<b># Full-Time Equivalent Teachers</b>	1 - 290	291 - 660	661 - 1,180	1,181 - 2,220	2,221 - 7,070	7,071 - 10,000	10,001 +
<b># Superintendents</b>	1 - 2	3 - 4	5 - 6	7 - 9	10 - 20	21 - 25	26 +

The number of levels was determined using an initial quintile (five level) approach with additional levels 6 and 7 added to capture the further accountabilities and complexities of the largest school boards (that significantly differed from those in level 5). The number of levels was also tested using Mercer's proprietary job evaluation, International Position Evaluation.

The table below presents the two Non-Core factors that may have been used to modify the school board level.

<b>Geographic Complexity</b>	Takes into consideration the size of the board (i.e. square kilometers), but more so the complexities that typically arise from having to manage a broad set of differences/complications across a geography. This also relates to interacting with multiple municipalities, townships, or community groups, as well as the potential requirement to effectively interact with stakeholders in multiple languages or with significant cultural differences.
<b>Community Partnerships</b>	Takes into consideration the typical nature of the relationships and associations with First Nations bands or other community partners within a board's geography/mandate; and the added diversity and complexities that can be associated with multiple First Nations' and / or community partnerships.

Based on the Accountability and Complexity Matrix, our Board is a level 4.

## Proposed 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 accountability associated with the position. The Director of Education executive class is compared to the head of an organization (e.g., President or Chief Executive Officer) and the Supervisory Officer executive class is compared to the Vice President level at comparator organizations.

A set of proposed external comparator organizations were developed taking into consideration the factors outlined above, the markets that the school boards compete for executive talent, and the size and complexity of the school boards in each level. There are eight comparators for each school board level and a total of 35 comparators, with a 75% weighting on education-focused organizations. While each of the factors outlined above are important, size is a key consideration when doing executive compensation comparisons and was used in the selection of all comparators. The table below outlines the external comparator organizations in our level. In addition, to these comparators, the school boards conducted a series of internal analyses and the current compensation levels and practices at all 72 school boards were considered in the development of the proposed Framework. Each school board was compared to every other school board through the Executive Accountability & Complexity Matrix.

Market Segment	Level 4 External Comparators (N=9)
<b>Education (N=7)</b>	Niagara College
	St. Clair College
	University of Windsor
	Windsor-Essex Catholic District School Board
	Education Quality & Accountability Office
	Ontario Educational Communications Authority
	The Ontario French Language Educational Communications Authority
<b>Broader Public Sector (N=2)</b>	Region of Halton
	Ontario Government Executive

## Proposed Executive Compensation Framework

The proposed 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 proposed external comparators identified in section 7, Potential Comparator Organizations.

The base salary range maximums are reflective of 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 slightly larger as it is considered a "career range", the top position within the school board where an executive may stay within the position for many years. The executive ranges increase across the seven levels as there is increasing job variability.

While the Act and Government Regulations do not specifically require the development of ranges, base salary ranges were developed, so executives can be differentiated and paid appropriately, considering internal equity and consistency. As well as other individual characteristics, such as tenure, experience, and their relative accountabilities. Therefore, executives may be paid at different levels within the range based on these criteria.

The base salary ranges were developed taking into consideration the Principal salary grids (up to the end of the 2017/2018 school year). In order to reduce the compression and attract school board employees to executive positions, we strive to maintain approximately a 5% differential between the executive minimum and the maximum Principal salaries. As a result, the proposed Executive Compensation Framework may need to be revisited based on future collective bargaining or changes to collective agreements related to Teacher and Principal compensation.

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
Directors	\$166 - \$198	\$176 - \$218	\$192 - \$237	\$208 - \$257	\$224 - \$277	\$239 - \$296	\$255 - \$316
Associate Directors	\$158 - \$166	\$167 - \$176	\$183 - \$192	\$198 - \$208	\$213 - \$224	\$228 - \$239	\$243 - \$255
Executives	\$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 will be considered when determining their placement in the base salary range:

- The approved guiding principles of: Fairness, Transparency/Accountability and Good Stewardship (explained further below)

- The scope of the executive work, including the accountabilities and complexities of the position;
- External public sector comparators and internal school board comparators (at the same level as well as the levels directly above and below);
- The tenure, experience, and other individual characteristics (often a composite) of incumbents.

The table below details the Director of Education, Associate Director, and Executive base salary ranges for Level 4 school boards, including our Board:

Director of Education	\$208 - \$257
Associate Directors	\$198 - \$208
Executives	\$140 - \$185

## Executive Pay Envelope and Proposed Maximum Rate of Increase

The Government Regulations requires the calculation of a pay envelope (total of all actual base salaries paid to executives) and an annual maximum rate increase. The table below outlines the pay envelope at HWCDSB and the proposed maximum rate of increase.

Envelope	Proposed Maximum Rate of Increase
\$1,820,300	5%

Actual annual increases paid to executives may be less than the proposed maximum rate of increase and individuals may receive more or less than the proposed maximum rate of increase, considering a variety of criteria, including their tenure in the designated executive position. Increases will not be provided beyond the range maximum. Upon implementation of the Framework, the envelope may be prioritized for executives below the minimum of the range or executives in other unique circumstances. The Board of Trustees approved the guiding principles of: *fairness*, *transparency/accountability* and *good stewardship* when creating the Executive Compensation Framework for the HWCDSB.

With respect to the guiding principle of *fairness*, as soon as reasonably possible raise the compensation of those Executives to the minimum level as identified in the approved Framework (preferably within 2 years); provide increment adjustments to those Executives who have been frozen at a level for a number of years; distribute the remaining pay envelope funds to all Executives equally; and following the three-year plan, the Compensation Framework shall be adjusted annually consistent with average salary increases provided to non-executive managers.

With respect to the guiding principle of *transparency/accountability*: in keeping with the regulatory requirements the HWCDSB will conduct a 30-day public consultation including the posting of the Executive Compensation philosophy and Framework on the Board's web-site; the board will carefully consider feedback received throughout the consultation process; and, respect the privacy of individuals who comprise those positions included in the framework.

With respect the final guiding principle of *good stewardship*: the Executive Compensation Framework shall strive to balance fairness to Senior Staff with the Board's commitment to good stewardship by working with the Ontario Catholic Schools' Trustee Association to ensure that the Framework is funded (annually) by the Ministry of Education; remain compliant with the specifics of the approved Framework; and be sensitive to the need to be compliant with Funding Model envelopes, specifically: the School Board Administration and Governance Grant.

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

Factor	Proposed 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 that public services continue to remain affordable. For executives, the Government wants to ensure that broader public-sector organizations are able to attract and retain the necessary talent to deliver high-quality public services while managing public dollars responsibly. As detailed above, the guiding principles of fairness, transparency/accountability and good stewardship were considered and applied when establishing the pay increases per executive within the Framework.
Recent Executive Compensation Trends	The school boards closely considered both executive compensation trends within the broader public sector as well as the sectors from which the school boards attract executive talent. The following trends reflect the findings of Mercer's most recent compensation planning study: <ul style="list-style-type: none"> <li>- Canadian broader public sector average executive compensation increases are projected to be 2.6%; and,</li> <li>- Canadian services (non-financial) average executive compensation increases are projected to be 2.8%</li> </ul>
Comparison of Percentage of Operating Budget for Executive Salaries between our Board and its comparators	The school boards regularly review the appropriateness of their executive organizational structures and staffing and believe that they are appropriate given the complexity of the organization, and do not warrant an overall reduction in the annual maximum increase to the pay envelope
The Effect on the Ability to Attract and Retain Talent	The school boards have difficulty attracting and retaining executive talent as Principal and Teacher salaries continued to increase, resulting in significant salary compression. The proposed maximum rate of increase must consider increases for represented jobs within the organization, as they are an important source for attracting talent to future executive positions. The proposed maximum rate of increase must provide the flexibility required to balance affordability with the need to avoid long-term pay compression, or inversion, between layers of management and between management and the bargaining units.
Any Significant Expansion that is Not a Result of Restructuring	Not applicable