



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

November 28, 2017

ONTARIO SCHOOL BOARD PROPOSED EXECUTIVE COMPENSATION PROGRAM - *CONFIDENTIAL DO NOT DISTRIBUTE*



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Cover Letter

Dear 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 Thames Valley District School Board.

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 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 school boards are 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.

In the education sector, a competitive, fair, and responsible Executive Compensation Program is vital for attracting and retaining the talented, innovative leadership required to ensure continued progress in student achievement and success. 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

In addition, Thames Valley District School Board of Trustees has requested approval from the Ministry of Education for an improvement from the initial placement of our Board in Level 5 of the Executive Compensation Framework, up to Level 6. Level 6 reflects our Board’s position relative to all other school boards in the province, related to the combination of core factors (i.e. projected operating budget, number of schools, projected enrolment, number of full-time equivalent teachers and number of superintendents) and non-core factors (i.e. geographic complexity and community partnerships).

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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 <http://bit.ly/2B8kdeh>. We will be accepting public input until January 29, 2018. All feedback is appreciated and will be kept on record.

Thank you,

A handwritten signature in black ink that reads "Matthew Reid".

Matthew Reid
Chair of the Board
Thames Valley District School Board

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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 ("OCSEA")
- Ontario Public School Boards' Association ("OPSBA")
- Ontario Public Supervisory Officers Association ("OPSOA")
- Public Council of Ontario Directors of Education ("PCODE")

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The school boards across the province and our Board, the Thames Valley District School Board (TVDSB), 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 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 TVDSB, the proposed Executive Compensation Program applies to the following designated executives:

Designated Executive	Executive Class
Director of Education	Director of Education
Associate Director	Associate Director
Superintendent of Student Achievement	Executive / Supervisory Officer
Superintendent, Human Resources	Executive / Supervisory Officer
Superintendent, Business	Executive / Supervisory Officer
Superintendent, Facilities and Capital Planning	Executive / Supervisory Officer
Executive Officer	Executive / Supervisory Officer

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Key Considerations

The school boards considered the following in the development of the proposed Province-wide 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



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tive 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 individual school boards to have the flexibility and accountability to determine the placement of their specific executives within the base salary range

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Additional Consideration of TVDSB'S Level Placement within the Executive Compensation Framework

The following factors were considered when comparing our Board to the other boards in Level 5 and in Level 6, resulting in the compelling rationale for our Board to move up to Level 6:

(a) The Geographic Complexity Factor:

- TVDSB is the largest board in Level 5 and in Level 6 geographically. TVDSB spans more than 7,000 sq. km. (from Rodney in the west, Tavistock in the east, Port Stanley in the south, and Lucan in the north).
- TVDSB serves both urban and rural schools and communities including the City of London, Elgin County, Middlesex County and Oxford County. These distinct areas were brought together through an amalgamation in 1998 of four former boards. This creates diversity in economies, culture, lifestyle, demographics, student learning needs, parent expectations, community expectations, etc.
- the four pre-amalgamation "areas" of TVDSB create complexities for the operations of our schools, especially as it relates to the health and safety of our students. There are 6 police services units, 3 Children's Aid Society offices, 2 lead children's mental health agencies, several health units, etc. with

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varied procedures and protocols. This creates challenges for TVDSB staff and the management of human resources and facilities. Joint protocols are ideal, but often difficult to achieve with the numerous municipalities that we serve.

- TVDSB deals with the highest number of separate municipalities of all boards in Level 5 and Level 6. Level 5 boards have a range of 1 to 18 municipalities, while Level 6 boards have a range of 1 to 11 municipalities. TVDSB encompasses 28 Tier 1 and 2 municipalities.

(b) The Community Partnership Complexity Factor:

- TVDSB is one of only 5 boards in the province whose jurisdiction has an Ontario Federation of Cultural Indigenous Centre (OFCIC).
- More than 1700 TVDSB students have self-identified as First Nations, Metis or Inuit.
- TVDSB has 3 separate tuition agreements with three local First Nations: Munsee Delaware First Nation, Oneida Nation of the Thames, and Chippewas of the Thames First Nation. These agreements were in place for years with the former Board of Education with the City of London;
- TVDSB's partnership with the N'Amerind Friendship Centre in London provides alternative education programming for urban indigenous students.
- 1 of the 5 specialized children's hospital centres in the province is located in the London part of the TVDSB district. This centre, along with a number of other hospitals in the area, directly impacts the number of children with specialized needs in our schools, as families will migrate to this area to receive high quality medical and specialized care.
- TVDSB provides programs for 19,000 students with diverse special needs, including 170 self-contained special education classes.
- TVDSB works closely with the Child and Parent Resource Institute (CPRI) and also has a significant Section 23 delivery model which includes 17 programs at 14 different sites.
- TVDSB has 33 unique Program Access Agreements with local agencies and organizations to enhance our students' learning and well-being.
- TVDSB has 117 "before and after" care programs operating in elementary schools.
- TVDSB has 14 child care centres in our elementary schools.
- TVDSB has 11 family centres, as well as 2 centres operating in partnership with the co-terminus board.
- The Ministry has confirmed capital funding for 2 new child care centres and family centres in two existing schools. These new centres will open in 2018-19.

(c) Other Complexity Factors:

- TVDSB is the largest board in Level 5, with a student population of 73,852 ADE, compared to the smallest board in Level 5 with an ADE of 35,080. TVDSB's enrolment is in excess of 75,000 students as of September 22, 2017 and has continued to increase during October and November.
- Last year, TVDSB welcomed more than 500 Syrian newcomer students. Since September 1st, 174 new refugee students have registered at our schools – total of 366 refugee claimant students. The intake of students with refugee status is now a continuous process.
- TVDSB currently has 1,501 international students enrolled at our schools, including 1,219 students whose parents are on a study permit, and 282 students who pay tuition.

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his recent, significant influx of international students has dramatically increased the ESL/ELD needs in our system. The prevalent languages spoken in the TVDSB area are now English and Arabic (in order of frequency);

- TVDSB is currently experiencing unprecedented enrolment increases due to this recent immigration as well as migration from the Greater Toronto area to the London and Woodstock areas.
- As the largest board in Southwestern Ontario, we are regularly invited by the Ministry to undertake pilots for Ministry initiatives, to be the host board for the Region (eg. Regional Internal Audit) or to be the banker board for special Ministry projects. This results in significant additional workload pressures for senior team and our administrative infrastructure;
- TVDSB has an extensive Adult and Continuing Education program servicing over 19,000 learners;
- The ratio of supervisory officers to students is 1:6100 in TVDSB, which is the largest ratio in the region;
- In southwestern Ontario, the average ratio of supervisory officers to students is between 1:3000 and 1:4000, with the lowest ratio in the region being 1:1000.

(d) The Co-terminus Factor:

- Co-terminus board's supervisory officers significantly out-earn TVDSB supervisory officers (difference of \$18,659) while servicing the same geographic footprint and communities;
- Co-terminus board is one-quarter the size of TVDSB, based on ADE, with approximately half the number of members of the executive team (seven to sixteen) – essentially twice the ratio of members of the senior executive team to meet the same work requirements;
- Co-terminus board has been placed in Level 3.

Given all of these complexity factors, the Board has requested that the Ministry approve that TVDSB be placed in Level 6.

TVDSB supervisory officers receive the lowest pay of all eleven Level 5 boards and the four Level 6 boards, as indicated by the 2016 Public Sector Salary Disclosure. In addition, other, smaller school boards in southwestern Ontario (many of which are geographically close that individuals may continue to reside in London and area and commute to), have executive compensation packages which provide remuneration of up to \$19,000 more annually. The Executive Compensation work of the past two years has brought light to the great inequities across the province in Southwestern Ontario. With this information becoming public, it will become increasingly difficult for TVDSB to remain competitive in the marketplace and to either retain its current executive team or to attract new executive team members.

Since the Executive Compensation freeze came into effect in 2011, TVDSB has restructured its executive team from four Executive Superintendents to two Associate Directors (September 2013). This change in structure resulted in no change in compensation package between the Executive Superintendent role and the Associate Director role. Recent postings for Superintendent of Business and Superintendent of Facilities and Capital Planning have proven challenging as those qualified to hold these roles can find alternative employment in a more competitive marketplace both within and outside the education sector.



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 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 & 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.

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Executive Compensation Philosophy

Executive Talent Needs

All school boards require highly skilled and highly principled leaders to lead the organization in providing, promoting, and enhancing publicly funded education. Student achievement and success is a critical public service and requires innovative leadership to further advance the current public 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,

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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 and outside 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 Superintendents, Superintendents of Facilities Services and Capital Planning 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 maximum compensation for executives up to the 50th percentile of the selected external comparator organizations, as per the Government Regulations. Compensation for school board executives consists 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 a critical business need and / or it is needed for the effective performance of the executive's job. The one exception to the similar benefit package for all executive level personnel, including non-executive managers, is a car allowance provided exclusively to the Director of Education. Given the expectations of the Board of Trustees for the Director to travel frequently around the district, visiting schools, and other provincial meetings, a car allowance benefit has been provided as part of the Director's compensation package.



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 ++
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 +
Projected Enrolment	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+
# Full-Time Equivalent Teachers	1 - 290	291 - 660	661 - 1,180	1,181 - 2,220	2,221 - 7070	7,071 - 10,000	10,001 +
# Superintendents	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 system, International Position Evaluation.

The table below presents the two Non-Core factors that can be used to modify the school board level.

Geographic Complexity	Takes into consideration the size of the board (i.e. square kilometres), 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.
Community Partnerships	Takes into consideration the typical nature of the relationships and associations with First Nations bands or other community partners within a board's geographical/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 5 board, but as noted in Section 3.1 (pages 5 and 6), TVDSB has requested a change to Level 6.

Thames Valley District School Board is the largest school board of the 11 school boards designated to be in Level 5. TVDSB is the sixth largest school board in the province of Ontario.

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Core Factors (as outlined in the Provincial Compensation Framework):

- TVDSB's projected operating budget for 2017-18 is \$922,667,197.
- TVDSB has 159 schools.
- The projected average daily enrolment for 2017-18 is in excess of 75,000 students.
- The projected number of teaching staff for 2017-18 is over 4,900 full-time equivalent.
- The total number of staff employed by TVDSB is 7,600 FTE, representing over 14,000 full-time and part-time employees.
- There are 17 members of the senior team (1 Director, 2 Associate Directors, 14 Supervisory Officers).

Non-Core Factors (as outlined in the Provincial Compensation Framework):

- There are 28 separate Tier 1 and Tier 2 municipalities within the boundaries of TVDSB;
- TVDSB has a significant number of indigenous, refugee and international students;
- TVDSB currently has tuition agreements with three First Nations (Munsee-Delaware Nation, Chippewa of the Thames First Nation, and Oneida Nation of the Thames) as well as a large population of urban indigenous students. 1700 students have self-identified as indigenous.
- During the last year, TVDSB welcomed over 500 Syrian refugees and is host to 1,501 international students in total. This trend is continuing in 2017-18 as we continue to receive several newcomer students each week in TVDSB.

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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.

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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 of the factors outlined above are important, size is a key consideration when doing executive compensation all 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 6 External Comparators (N=8)
Education (N=7)	George Brown College Sheridan College University of Guelph Dufferin Peel Catholic District School Board Education Quality & Accountability Office Higher Education Quality Council of Ontario Royal Ontario Museum
Broader Public Sector (N=2)	Regional Municipality of Peel 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 less than the 50th 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

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TVDSB Board of Trustees 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 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); and,
- 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 6 school boards:

Director of Education	\$239 - \$296
Associate Directors	\$228 - \$239
Executives	\$140 - \$204

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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 of increase. The table below outlines the pay envelope at the Thames Valley District School Board and the proposed maximum rate of increase.

Envelope	Proposed Maximum Rate of Increase
\$2,795,088	5.0%

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.

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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	<p>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. In order for TVDSB Superintendents to be paid the same base salary as the co-terminus board, an 11.75% increase would be required. Further, for the two Associate Directors to be paid at the minimum in Level 5, a 19.65% increase would be required. We have respectfully submitted a much lower "maximum rate of increase" of 5.05% to reflect the Government's priorities.</p>
Recent Executive Compensation Trends	<p>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:</p> <ul style="list-style-type: none"> - Canadian broader public sector average executive compensation increases are projected to be 2.6%; and, - Canadian services (non-financial) average executive compensation increases are projected to be 2.8%.
Comparison of Percentage of Operating Budget for Executive Salaries between our Board and its Comparators	<p>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.</p>
The Effect on the Ability to Attract and Retain Talent	<p>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.</p> <p>TVDSB supervisory officers receive the lowest pay of all 11 Level 5 boards and 4 Level 6 boards, as indicated by the 2016 Public Sector Salary Disclosure. In addition, other, smaller school boards in southwestern Ontario (many of which are close enough that individuals may continue to reside in London and area and commute), have executive compensation packages which provide remuneration of up to \$19,000 more annually. The Executive Compensation work of the past two years has brought light to the great inequities across the province in this area. With this information becoming public, it will become increasingly difficult for TVDSB to remain competitive in the marketplace.</p> <p>The current daily rate of pay difference between secondary principals and superintendents in TVDSB is \$10 per day. This gap has been closing dramatically since the compensation freeze in 2011. This compression in salaries has made the supervisory officer position look much less attractive to many potential candidates.</p>

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<p>The Placement Factor</p>	<ul style="list-style-type: none"> • TVDSB has been placed in Level 5; • TVDSB is the large board in Level 5, with an ADE of 73,852, compared to the smallest board in level 5 with an ADE of 35,080; • TVDSB supervisory officers are the lowest paid in level 5 (\$158,830) compared to the highest-compensated board in band 5 at \$175,974.
<p>The Co-terminus Factor</p>	<ul style="list-style-type: none"> • Co-terminus board supervisory officers significantly out earn TVDSB supervisory officers (difference of \$18659) while servicing the same geographic footprint and communities; • Co-terminus board is one-quarter the size of TVDSB (based on ADE) with almost half the number of members of the executive team (seven to sixteen) – essentially twice the ratio of members of the senior executive team to meet the same work requirements; • Co-terminus board has been placed in Level 3 while TVDSB has been placed in Level 5.
<p>The Complexity Factor</p>	<ul style="list-style-type: none"> • TVDSB is the largest board in Level 5 in student population • TVDSB is the largest board in Level 5 and in Level 6 in geographic footprint; • The ratio of supervisory officer to student is 1:6100, which is the largest in the region; • In southwestern Ontario, the average ratio of supervisory officer to student is between 1:3000 and 1:4000, with the lowest in the region being 1:1000; • TVDSB deals with 28 Tier 1 and 2 municipalities, compared to the rest of boards in Level 5 (ranging from 1 to 18 municipalities); • As the largest board in Southwestern Ontario, we are regularly invited by the Ministry to participate in pilots for initiatives, take on host board or banker board duties (e.g. Regional Internal Audit). This creates increased workload; • TVDSB has the second largest geographic footprint in southwestern Ontario; • In the provincial framework for Executive Compensation, Indigenous/ Refugee/ International students were identified as a complexity factor – TVDSB has a large population of all three of these identified groups; • Given all of these complexity factors, the Board has requested Ministry approval to be placed in Level 6.