



# Compensation Regulation Handbook

The Reform of Agencies, Boards  
and Commissions (Post-Secondary Institutions)

*Alberta* 

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Advanced Education, Government of Alberta

April 2021

The Reform of Agencies, Boards and Commissions (Post-secondary Institutions) Compensation Regulation Handbook

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# The Reform of Agencies, Boards and Commissions (Post-secondary Institutions) Compensation Regulation

## Preamble

The [Reform of Agencies, Boards and Commissions \(Post-secondary Institutions\) Compensation Regulation](#) (PSI Compensation Regulation) establishes the second compensation framework under the [Reform of Agencies, Boards and Commissions Compensation Act](#) (RABCCA). This compensation framework also includes the [Reform of Agencies, Boards and Commissions \(Post-secondary Institutions\) Compensation Regulation Ministerial Guidelines](#) (Ministerial Guidelines).

The purpose of the PSI Compensation Handbook is to aid in understanding the meaning and intent of the compensation provisions under the PSI Compensation Regulation and the Ministerial Guidelines. In the event of a discrepancy between this handbook and the PSI Compensation Regulation or the accompanying Ministerial Guidelines, the PSI Compensation Regulation and Ministerial Guidelines will prevail.

The PSI Compensation Regulation framework came into force on **April 15, 2018 and was amended effective April 1, 2021**. As part of Government's commitment to responsible spending and Alberta's fiscal situation, it was determined that these amendments to the framework were required. The fundamental principles of fiscal prudence, red-tape reduction and flexibility for post-secondary institutions were the primary objectives during the development of the amended framework. Appendix 7 provides a summary of the development of the PSI Compensation framework.

The framework applies to "designated executives" of Alberta's 20 public post-secondary institutions (PSIs) that are "public agencies" subject to the [Alberta Public Agencies Governance Act](#) (APAGA). This handbook utilizes these terms from the legislation where appropriate. The 20 PSIs are listed within [Appendix 1](#).

## Overview – Regulation and Ministerial Guidelines

The PSI Compensation Regulation affects positions classified as “designated executives” and brings consistency and clarity to setting total remuneration caps, as well as outlines benefits that fall within total remuneration and other benefit parameters for these positions. Designated executive positions include the President (or equivalent), Tier A (the positions reporting directly to the position of President or equivalent), and Tier B (positions reporting to Tier A).

The total remuneration caps are provided in Appendices [1](#) and [2](#) of the Handbook.

Together, the PSI Compensation Regulation and Ministerial Guidelines:

- Establish the base salary ranges and total remuneration caps of Presidents;
- Establish total remuneration caps for Tier A and Tier B positions;
- Eliminate variable pay for Presidents and all non-bargaining unit employees in post-secondary institutions;
- Cap Presidents, Tier A and Tier B positions' severance pay at fifty-two (52) weeks;
- Set parameters on administrative leave;
- Provide flexible benefit parameters for President, Tier A and Tier B positions; and
- Establish a five-year term limit for President employment contracts.

The PSI Compensation Regulation maintains a five-level base salary model for Presidents that was originally established on [April 15, 2018](#). This base salary model was used in the development of the total remuneration ranges and caps.

### Compensation Framework Principles

The following core compensation principles guided the development of the compensation frameworks, guidelines and policies for public agencies:

- **Public Service** - Compensation supports the acquisition and retention of specialized expertise required to perform roles, while reflecting a commitment to public service, diversity and inclusion;
- **Fairness and Consistency** - Compensation recognizes equal pay for work of equal value and is competitive with similar roles within the Alberta public sector and comparable jurisdictions;

- **Transparency** - Compensation policies and decisions are communicated clearly to board members, employees and the public; and
- **Fiscal Prudence** - Compensation decisions are evidence-based, fiscally prudent and demonstrate accountability for the expenditure of public funds.

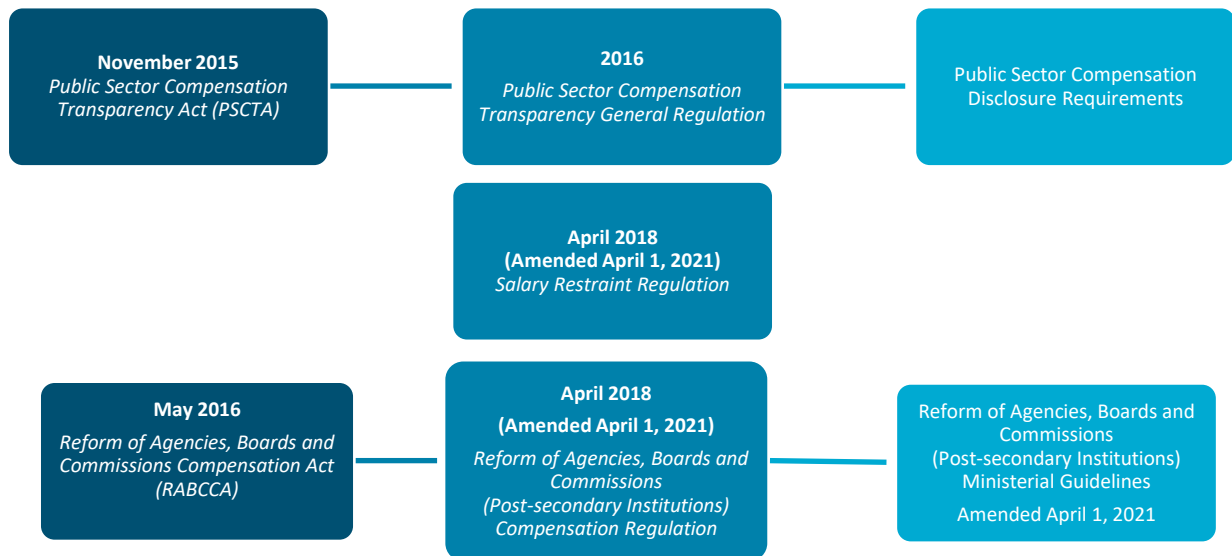
## Other Compensation Oversight

In addition to the PSI Compensation Regulation, post-secondary institutions are subject to additional oversight through the [Salary Restraint Regulation](#) under RABCCA as well as the [Public Sector Compensation Transparency Act](#) (PSCTA).

The *Salary Restraint Regulation*, effective **April 1, 2018**, applies to those post-secondary institutions and other APAGA public agencies listed in the schedule to RABCCA. The *Salary Restraint Regulation* prohibits increases to the base salaries of non-bargaining unit employees. Adjustments are permitted in limited circumstances such as promotions or to correct salary inversion/compression. The *Salary Restraint Regulation* is consistent with the measures currently in place for the core public service.

The PSCTA provides oversight in regards to public disclosures of compensation and severance above established thresholds. Post-secondary institutions are required to disclose compensation, non-monetary benefits and severance amounts. In addition, since June 30, 2019 and pursuant to the [Public Sector Compensation Transparency General Regulation](#), PSIs are required to post on the Government of Alberta (GoA) website employment and/or severance contracts above established thresholds for each employee whose position is listed in Column 1 of Schedule 1 of the PSI Compensation Regulation on or before **June 30** of each year.

## Relevant PSI Compensation Legislation



## Application of the PSI Compensation Regulation

### Quick Facts:

- New hires to designated executive positions (as defined in the PSI Compensation Regulation) will automatically be subject to the Regulation.
- There is a two-year transition period for those employees who are currently employed in designated executive positions during which their current compensation will remain in effect until the designated executive's employment agreement, contract or appointment is amended or renewed, or March 31, 2023, whichever occurs first.
- All provisions in the PSI Compensation Regulation apply to the designated executives listed in Column 1 of Schedule 1 of the PSI Compensation Regulation as well as each Tier A and Tier B position.
- The prohibition on variable pay applies to all non-bargaining unit employees of the post-secondary institutions.



## Designation of Executive Positions

Each Regulation under RABCCA outlines the positions designated as executive positions and the compensation elements that apply to each designated executive position.

For the purposes of the PSI Compensation Regulation, there are three categories of executive positions:

- Presidents (or equivalent) positions;
- Tier A and Tier B positions; and
- All non-bargaining unit employees

The first category of designated executives (Presidents or equivalent positions) are subject to the terms of the compensation framework set out in section 4(3)(a) of the PSI Compensation Regulation and the accompanying Ministerial Guidelines.

The second category of designated executives (Tier A and Tier B positions) are subject to the terms of the compensation framework set out in to section 4(3)(b) of the PSI Compensation Regulation and the accompanying Ministerial Guidelines. Tier A positions are defined as positions that exercise managerial functions and report directly to the position of President (or equivalent). Tier B positions are those positions that exercise managerial functions and who report to a Tier A position. Tier A and Tier B are not subject to the five-year contract term or appointment limit that applies to Presidents or equivalents. There are also differences in the severance provisions.

The third category of designated executive (all non-bargaining unit employees) are subject to the prohibition on variable pay. The PSI Compensation Regulation applies to all non-bargaining unit employees regardless of their classification or position within the post-secondary institution. Post-secondary institutions may have more than one group of non-bargaining unit employees.

## Determining 'Position Level'

In the PSI Compensation Regulation, the applicable compensation range varies depending on the 'position level' of the designated executive. Section 1(e) of the PSI Compensation Regulation specifies that the position level of the president's position (or equivalent) is listed in Schedule 2. For designated executives in Tier A or Tier B positions, the 'position level' is the same numerical level as that of the president's position level.

[Appendix 7](#) provides additional background as to how the PSI Compensation Regulation was developed.

## Dean Slotting

The position of 'dean' has significant variation across the post-secondary sector regarding functions and roles. It is anticipated that many deans will be Tier B positions, based on the reporting structure and function.

For the purposes of the PSI Compensation Regulation, a "dean" means a dean within the meaning of section 21 of the *Post-secondary Learning Act*.

Slotting dean positions to a Tier A total remuneration cap may **only** occur for dean positions at universities on an **exception basis** using the established guiding principles. The guiding principles address the size and scope of the dean position, faculty complexity, market demand, cross-jurisdictional parity, and internal equity; therefore, boards are able to manage the variability and uniqueness of its 'dean' positions. See Appendix 4. Universities should document the decision making process when assigning deans to Tier A, and retain copies for record-keeping and potential accountability review purposes.

At other institutions, individuals called a dean may also be a Tier B position based on the reporting structure and function. However, these individuals are not eligible for dean slotting under section 3.1 of the PSI Regulation.

## PSI Compensation Regulation & Ministerial Guideline Provisions – Compensation Elements

Section 8(2) of the PSI Compensation Regulation permits a public agency to provide benefits, or pay in lieu of benefits, to its designated executives. The benefits and payments must align with any guidelines established by the President of Treasury Board and Minister of Finance (or a policy of the public agency approved by the Minister of Advanced Education) and remain within the established total remuneration caps pursuant to section 5 of the PSI Compensation Regulation.

### President Base Salary Ranges and Total Remuneration Caps

The development of the President position levels relied on job evaluation methodology of the Korn Ferry Hay Group. This methodology has been widely used in the Alberta Public Service as well as by the federal government, other provinces, and many public entities across Canada.

The Base Salary and Total Remuneration Schedule includes five levels with salary ranges for Base Salary and a maximum total remuneration. Groupings are distinct from the post-secondary system's sector model and do not reflect institutional ranking. The mid-range salary for each level

is anchored at or near the 50<sup>th</sup> percentile of Hay Group's national post-secondary sector market data. This market data included 90 post-secondary institutions across Canada, including 14 of the U15 group of Canadian research universities. Hiring above mid-range requires consideration of extensive experience already obtained at a similar position level.

A post-secondary institution shall not provide any type of market modifier to a designated executive's base salary. Market modifiers are defined as premiums paid above base salary.

[Appendix 1](#) provides the Base Salary and Total Remuneration under the PSI Compensation Regulation for President positions.

## Tier A and Tier B Total Remuneration Caps

Common compensation differentials between reporting levels were applied to the five levels of President base salary ranges to determine the maximum remuneration caps for Tier A and Tier B positions. The differential between President, Tier A and Tier B approximately mirrors the differentials that are applied in top-level positions at the Alberta Public Service (i.e., differential between DM and ADM; ADM and Executive Director).

An example of how the total remuneration ranges and maximum caps relate is as follows:

### Position Levels and Determining Total Remuneration Caps

The President of Mount Royal University is a Level 3 position and as per schedule 2, the total remuneration range is \$298,375 to \$381,250. To determine the total remuneration cap for a Tier A position reporting to the President, or a Tier B position reporting to a Tier A position, please refer to schedule 3.

Tier A Example: For a Tier A position reporting to MRU's President, the 'position level' 3 box denotes the total remuneration cap is \$266,875.

Tier B Example: For a Tier B position reporting to a Tier A position at MRU, the 'position level' 3 box shows the total remuneration cap is \$213,500.

[Appendix 2](#) provides the Maximum Total Remuneration caps for each Tier based upon the respective position level of President.

## Variable Pay

For the purposes of the PSI Compensation Regulation, variable pay means a bonus or other incentive pay provided in addition to base salary. A post-secondary institution shall not provide variable pay to any non-bargaining unit position. This provision aligns with the Alberta Public Service.

## Administrative Leave

Administrative leave is an entitlement to a period of temporary paid leave from a job assignment with pay and benefits intact and may be provided if the designated executive will return to, or otherwise be employed in, a faculty member position following the expiration of the employment contract or term of appointment. Administrative leave may be provided to a designated executive only if:

- The position level of the designated executive is level 3, 4 or 5, or
- The position level of the designated executive is level 1 or 2 and the public agency offers administrative leave to any other non-bargaining unit employees of the public agency on the effective date of the Regulation.

Administrative leave may be accrued at a rate of not more than 10.4 weeks per complete year of service to a maximum of 52 weeks accrued administrative leave.

Neither the Ministerial Guidelines nor a policy approval can authorize pay in lieu of administrative leave. The only scenario where pay in lieu of accrued administrative leave is permitted (to a maximum of 52 weeks) is on termination without cause.

## Severance and Termination

For the position of President or equivalent, when the designated executive is terminated without cause, severance pay may be provided. The calculation is based on the sum of:

- a) the greater of:
  - a maximum of 26 weeks of the designated executive's base salary, or
  - four (4) weeks of base salary for each completed year of continuous service up to a maximum of fifty-two (52) weeks
- b) the cost to the employer for 4 weeks of benefits for each completed year of continuous service to a maximum of 16% of amount paid under (a) above.

- c) eligible designated executives may also receive pay in lieu of accrued administrative leave to a maximum of fifty-two (52) weeks.

For Tier A and Tier B positions, severance pay may be provided when the designated executive is terminated without cause based on the sum of:

- a) four (4) weeks of base salary for each completed year of continuous service up to a maximum of fifty-two (52) weeks,
- b) the cost to the employer for 4 weeks of benefits for each completed year of continuous service to a maximum of 16% of amount paid under (a) above.

For the purposes of calculating years of continuous service, the designated executive's previous employment with a public agency to which APAGA applies or the Crown in right of Alberta is deemed to form part of the executive's continuous service with the post-secondary institution, if:

- there was no break in service greater than thirty (30) days between periods of previous employment; and
- the designated executive did not receive any severance, termination or separation pay in connection with her/his previous employment.

It is also a requirement under section 7(4) of the PSI Compensation Regulation that severance pay can only be provided by a PSI if the designated executive agrees in writing to repay severance pay if the designated executive becomes employed by a public agency to which APAGA applies or the Crown in right of Alberta during the severance period.

Under the PSI Compensation Regulation, the term "severance period" is the period starting the day after the termination and ending after the number of weeks for which severance is payable. If during the severance period, a designated executive mitigates losses by finding employment with either a public agency or the Crown in right of Alberta, the executive must pay back a portion of the severance pay equal to the new salary (before mandatory statutory deductions and benefits, earned during the severance period to a maximum of the severance payment received.

A post-secondary institution shall not provide pay in lieu of administrative leave, severance pay, termination pay or separation pay in any of the following circumstances:

- Termination for cause;
- Non-renewal of a contract of employment or term of appointment;
- Resignation or retirement; or

- Because of the establishment or amendment of the compensation framework in the PSI Compensation Regulation.

## Benefits

Total remuneration is the total amount of base salary and benefits, excluding the benefits referred to in section 8.1(2) of the PSI Compensation Regulation, paid, payable or provided annually to an employee by a public agency. Combined with salary, the cost to the public agency of the benefits provided to a designated executive may not exceed 35% of the designated executive's total remuneration. Any benefit may be provided to a designated executive if there is no associated cost to the public agency.

Benefits, or pay in lieu of benefits, may be provided to a designated executive if they are consistent with the Ministerial Guidelines, established by the President of Treasury Board and Minister of Finance, or alternatively consistent with a policy of the public agency approved by the Minister of Advanced Education.

The following benefits or pay in lieu where authorized, are **excluded** from the 35% calculation of the cost to the public agency. They are:

- administrative leave (see [page 12](#));
- reimbursement of other expenses;
- leave days;
- relocation expenses;
- severance pay (see pages [12-14](#));
- northern allowance.

Statutory benefits are also excluded from the calculation of total remuneration pursuant to section 10(2).

A public agency may provide a designated executive with vacation leave, pay in lieu of vacation leave, or a combination thereof, so long as the amount does not exceed accrual of 40 days per year. As vacation leave is excluded from the calculation of payment in lieu of benefits pursuant to section 7(2)(c), upon termination of the designated executive's employment contract or term of appointment, a public agency may pay out accrued vacation leave.

See [Appendix 3](#) for a detailed summary of benefit parameters to be included in, and excluded from, the 35% total remuneration calculation.

**Notes:**

- As per the PSI Compensation Regulation, where the post-secondary institution receives approval from the Minister of Advanced Education for a benefit policy, the approval is valid for any period specified by the Minister to a maximum of five (5) years.
- Ministerial Guidelines may be amended from time to time, and it is recommended that post-secondary institutions review the Ministerial Guidelines periodically on the Government of Alberta's website or contact Advanced Education to ensure that they are utilizing the most up to date Ministerial Guideline provisions. Contact information for the department is provided in [Appendix 10](#).

### Exemption or Modification

The President of Treasury Board and Minister of Finance may make exemptions from one or more provisions in the PSI Compensation Regulation for a designated executive or class of designated executives. This exemption power is expected to provide recourse in exceptional cases to address rare and unique circumstances. Exemption requests must provide a sound, evidence-based rationale.

If an exemption request is approved, the exemption may be for any period specified by the Minister.

Exemption requests must first be submitted to the Minister of Advanced Education, who will then provide a recommendation to the President of Treasury Board and Minister of Finance.

[Appendix 6](#) outlines the process for the submission of a request for an exemption.

## Fixed term contracts and appointments

President employment contracts must be for a fixed term not exceeding five (5) years.

## No Additional Compensation

All other forms of compensation for designated executives not expressly permitted by the PSI Compensation Regulation are prohibited. This excludes legislated benefits, such as statutory holidays and employer contributions in respect of Canada Pension Plan and Employment Insurance premiums.

## Accountability

The two-year transition period ending March 31, 2023, provides public agencies the time necessary to review the employment agreements, contracts or appointments for those impacted positions and make any changes that may be required to align with the framework.

To ensure alignment, the President of Treasury Board and the Minister of Finance (Minister of TBF) may direct each PSI to provide a statement of compliance to the framework endorsed by its Chair starting in 2023. PSIs could then be selected at any time to provide details under the authority of the Minister of TBF and RABCCA to substantiate the signed statement. Data requested may range from providing copies of employment agreements to full details on compensation data and benefit plans. This is equivalent to a spot check on a select number of PSIs each year. PSIs should maintain records of decision-making, calculations or other documents, should they be requested for review.

[Appendix 5](#) provides questions to support post-secondary institutions in their assessment of compliance for their designated executives' total remuneration and benefit provisions for accountability purposes with the PSI Compensation Regulation; it also includes a sample compliance statement.

## Monitoring of the Compensation Framework

RABCCA falls under the Ministry of Treasury Board and Finance. Ongoing maintenance and monitoring of the compensation framework implemented under the PSI Compensation Regulation ensures that it continues to be relevant and appropriate for the post-secondary institutions. The Regulation does not include an expiration date or mandatory review, therefore the decision to reassess the framework would be under the authority of the Minister of TBF.



# Appendix 1: Base Salary & Total Remuneration Schedule

The following is the base salary and total remuneration schedule for the position of President (or equivalent) under the PSI Compensation Regulation:

Public Agency	Position	Level	Min Salary (\$)	Mid-Range Salary (\$)	Max Salary (\$)	Min Total Remun.	Mid-Range Total Remun.	Max Total Remun.
The Governors of The University of Alberta	President and Vice-Chancellor	5	349,800	388,700	447,000	437,500	485,875	558,750
The Governors of The University of Calgary	President	5	349,800	388,700	447,000	437,500	485,875	558,750
The Governors of the University of Lethbridge	President and Vice-Chancellor	4	279,300	310,300	356,800	349,125	387,875	446,000
Board of Governors of the Northern Alberta Institute of Technology	President and CEO	4	279,300	310,300	356,800	349,125	387,875	446,000
Board of Governors of the Southern Alberta Institute of Technology	President and CEO	4	279,300	310,300	356,800	349,125	387,875	446,000
The Governors of Athabasca University	President	3	238 700	265 200	305 000	298,375	331,500	381,250
The Board of Governors of Grant MacEwan University	President	3	238 700	265 200	305 000	298,375	331,500	381,250
The Board of Governors of Mount Royal University	President	3	238 700	265 200	305 000	298,375	331,500	381,250

Public Agency	Position	Level	Min Salary (\$)	Mid-Range Salary (\$)	Max Salary (\$)	Min Total Remun.	Mid-Range Total Remun.	Max Total Remun.
The Board of Governors of Bow Valley College	President and CEO	2	209 300	232 600	267 500	261,625	290,750	334,375
The Board of Governors of Lethbridge College	President and CEO	2	209 300	232 600	267 500	261,625	290,750	334,375
The Board of Governors of NorQuest College	President and CEO	2	209 300	232 600	267 500	261,625	290,750	334,375
The Board of Governors of Red Deer College	President	2	209 300	232 600	267 500	261,625	290,750	334,375
The Board of Governors of Alberta University of the Arts	President	1	184 000	204 400	235 100	230,000	255,500	293,875
The Board of Governors of Grande Prairie Regional College	President	1	184 000	204 400	235 100	230,000	255,500	293,875
The Board of Governors of Keyano College	President and CEO	1	184 000	204 400	235 100	230,000	255,500	293,875
The Board of Governors of Lakeland College	President and CEO	1	184 000	204 400	235 100	230,000	255,500	293,875
The Board of Governors of Medicine Hat College	President and CEO	1	184 000	204 400	235 100	230,000	255,500	293,875
The Board of Governors of Northern Lakes College	President and CEO	1	184 000	204 400	235 100	230,000	255,500	293,875
The Board of Governors of Olds College	President	1	184 000	204 400	235 100	230,000	255,500	293,875
The Board of Governors of Portage College	President (CEO)	1	184 000	204 400	235 100	230,000	255,500	293,875

This table is represented in Schedule 2 of the PSI Compensation Regulation.

## Appendix 2: Tier A & Tier B Maximum Total Remuneration

The following is the total remuneration maximums for Tier A and Tier B positions under the PSI Compensation Regulation:

Tier A		Tier B	
Position Level	Maximum Total Remuneration (\$)	Position Level	Maximum Total Remuneration (\$)
5	391,125	5	312,900
4	312,200	4	249,760
3	266,875	3	312,5000
2	234,063	2	187,250
1	205,713	1	164,570

These tables are represented in Schedule 3 of the PSI Compensation Regulation.

# Appendix 3: Benefit Provision Summary

Post-secondary institutions are responsible for determining the compensation and benefits provided to its designated executives are within the established total remuneration caps. The cost of benefits paid, payable, or provided must be included in the calculation and may not exceed 35% of the designated executive’s total remuneration. PSIs are required to follow the provisions as outlined in the PSI Compensation Regulation and the accompanying Ministerial Guidelines.

The Ministerial Guidelines sets out further parameters to assist PSIs in their calculations (i.e. calculating the fair market value of taxable benefits, and how to determine cost of unfunded defined benefit supplementary plan for benefit calculation purposes).

The table below outlines in greater detail the benefit provisions that must be included in the 35% calculation, in addition to those excluded from the calculation (s. 8.1(2)). Pursuant to section 10(2), statutory benefits are also excluded from the calculation of total remuneration.

If there is divergence between post-secondary institution policies and programs and the PSI Compensation Regulation, Advanced Education, in consultation with the Public Agency Secretariat, is able to provide information for clarification purposes.

**Summary of the Benefit Provisions that must form part of the 35% Calculation under Section 8.1 of the PSI Compensation Regulation and Ministerial Guidelines**

Regulation Section	Guidelines Section	Compensation and Benefit Element
8.1 (1)	2.1	<p><u>Health Benefits</u></p> <p>A public agency may provide health benefits including, but not exclusive to group insurance for dental, medical and prescription drugs, a health spending account, short and long-term disability benefits, and group life insurance plans. An amount in lieu of health benefits may also be offered.</p>

**Summary of the Benefit Provisions that must form part of the 35% Calculation under Section 8.1 of the PSI Compensation Regulation and Ministerial Guidelines**

Regulation Section	Guidelines Section	Compensation and Benefit Element
8.1 (1)	2.2	<p><u>Retirement Plan or Benefit</u></p> <p>A public agency may provide to a designated executive any form of retirement benefit (including pension benefits, supplemental retirement benefits and registered retirement savings plan contributions), pay-in-lieu of retirement benefits, or a combination thereof in accordance with the following:</p> <p>a) in the case of a defined benefit retirement plan, the benefit formula will not result in a benefit that exceeds the benefit under the benefit formula for the Management Employees Pension Plan (MEPP) established by the Public Sector Pension Plans Act (2% x highest five year average pensionable salary up to the maximum allowed under the Income Tax Act (Canada) x years of pensionable service); and</p> <p>b) in the case of a supplementary defined benefit retirement plan, the benefit formula will not result in a benefit that exceeds the benefit under the benefit formula for the Supplementary Retirement Plan for Public Service Managers (MSRP) (2% x highest five year average pensionable salary in excess of the highest five year average salary provided under MEPP x years of pensionable service).</p> <p>The cost to the public agency of the retirement benefit must be included in the 35% calculation under s. 8.1(1). The Ministerial Guidelines provide guidance in determining this amount for supplementary defined benefit retirement plans:</p> <p>a) For funded plans, the cost is calculated based on employer contribution rates</p> <p>b) For unfunded plans, the cost is calculated based on what the cost to the public agency would be if the employee were a participant in the MSRP.</p> <p>Note: It is important to keep in mind that the pension contribution rates and salary caps fluctuate year to year.</p>

**Summary of the Benefit Provisions that must form part of the 35% Calculation under Section 8.1 of the PSI Compensation Regulation and Ministerial Guidelines**

Regulation Section	Guidelines Section	Compensation and Benefit Element
8.1 (1)	2.3	<p><u>Vehicle</u></p> <p>A public agency may provide a vehicle for the use of a designated executive. The cost to the public agency for the purposes of a calculation under s. 8.1 of the PSI Compensation Regulation is determined according to the following formula:</p> <p>Assessed value of the vehicle divided by five equals the annualized cost to the public agency.</p> <p>In lieu of providing a vehicle, a public agency may provide a designated executive with a vehicle allowance. The annual vehicle allowance is the cost to the public agency for the purposes of the calculation under section 8.1 of the PSI Compensation Regulation.</p>
8.1 (1)	2.4	<p><u>Use of Accommodation, Residence or Housing</u></p> <p>A public agency may provide a designated executive in section 3(1) of the PSI Compensation Regulation with the use of accommodation, residence, or housing owned or leased by the public agency. The cost to the public agency or the full fair market value rent resulting is the cost to the public agency for the purposes of a calculation under section 8.1 of the Regulation.</p>
8.1 (1)	2.5	<p><u>Other Benefits</u></p> <p>A public agency may provide a designated executive with any other benefit however the cost to the public agency or the fair market value of the benefit must be included for the purposes of the calculation under s. 8.1 of the PSI Compensation Regulation.</p>

**Summary of the Benefit Provisions that are excluded from the 35% Calculation under Section 8.1 of the PSI Compensation Regulation and Ministerial Guidelines**

Regulation Section	Guidelines Section	Compensation and Benefit Element
6.1 & 8.1(2)(a)	3.1	<p><u>Administrative Leave</u></p> <p>See page <a href="#">12</a> and/or section 6 of the PSI Compensation Regulation.</p>
7 & 8.1(2)(e)		<p><u>Severance</u></p> <p>See pages <a href="#">12-14</a> and/or section 7 of the PSI Compensation Regulation.</p>
8.1(2)(d)	3.2	<p><u>Relocation Expenses</u></p> <p>A public agency may reimburse a designated executive for any expenses incurred as a result of relocating, for which non-bargaining unit employees of the public agency would be reimbursed.</p> <p>Note: In the absence of having a relocation expense policy, a public agency may reference and utilize the <i>Public Service Relocation and Expenses Regulation</i> (Part 7): <a href="#">Relocation Expenses and Allowances</a>.</p>
8.1(2)(b)	3.3	<p><u>Reimbursement of Other Expenses</u></p> <p>A public agency may reimburse a designated executive for expenses in accordance with the revised <a href="#">Travel, Meal and Hospitality Expenses Directive</a> (Treasury Board Directive) as amended, other than section 3(2) of that Directive, at a rate or amount that does not exceed that at which an employee as defined under the <i>Public Service Act</i> would be reimbursed.</p>

**Summary of the Benefit Provisions that are excluded from the 35% Calculation under Section 8.1 of the PSI Compensation Regulation and Ministerial Guidelines**

Regulation Section	Guidelines Section	Compensation and Benefit Element
8.1(2) (c)	3.4	<p><u>Paid Holidays</u></p> <p>A public agency may provide a designated executive with the same paid holidays as are provided to non-bargaining unit employees.</p>
	3.5	<p><u>Vacation Leave</u></p> <p>A public agency may provide a designated executive with vacation leave, pay in lieu of vacation leave, or any combination of vacation leave and pay in lieu of vacation leave, in an amount not exceeding 40 days per year.</p>
	3.6	<p><u>General Leave Days</u></p> <p>A public agency may provide a designated executive, with the same general leave entitlements as are provided to non-bargaining unit employees.</p>
8.1(2)(f)	3.7	<p><u>Northern Allowance</u></p> <p>A public agency may provide the following allowance or premium pay to a designated executive in the same circumstances, and at the same rate or amount, as an employee as defined under the <a href="#">Public Service Act</a>: northern allowance under the <a href="#">Public Service Employment Regulation</a>, a Fort McMurray allowance under the <a href="#">Public Service Relocation and Employment Expenses Regulation</a>, or a 55<sup>th</sup> to 57<sup>th</sup> parallels retention allowance under the <a href="#">Government of Alberta Premium Pay Directive</a>.</p>



# Appendix 4: Dean Slotting Principles

Effective April 1, 2021, under the *Reform of Agencies, Boards and Commissions (Post-secondary Institutions) Compensation Regulation* (section 3.1), boards of universities in Alberta may assign dean positions to Tier A on an **exception basis** using the following guiding principles established by the President of Treasury Board and Minister of Finance:

#	Principles	Rationale
1.	<b>Size and scope of dean position</b> – The size and scope of dean positions should be evaluated to determine whether there is sufficient evidence to support differentiation (i.e. having two tiers) of deans at the university.	Universities with substantial differences in the dean positions' size and scope within the institution may warrant a distinction in dean positions (i.e. having two tiers of total remuneration ranges).
2.	<b>Faculty complexity</b> - The complexity of each faculty should be evaluated to determine appropriate slotting.	Some faculties are significantly higher in complexity, breadth, depth and technical requirements warranting deans to be slotted in Tier A.
3.	<b>Market demand</b> - The market demand should be considered when determining dean slotting.	Certain faculties may experience market pressures and compete for talent with other sectors, resulting in attraction and retention challenges for the university.
4.	<b>Cross-jurisdictional parity</b> - Cross-jurisdictional evidence should support the slotting decisions.	Provincial and cross-jurisdictional parity should be used to inform compensation levels, by comparing them to Alberta and Canadian post-secondary institutions and faculties of similar size and scope.
5.	<b>Internal equity</b> - Although compression and inversion implications should be considered when determining dean slotting, additional impacted salary adjustments cannot be made.	Compression and inversion issues that result from a dean slotting decision are considered acceptable and are not to be used as rationale for compensation adjustments for other positions.

# Appendix 5: Accountability

Accountability for reporting and assessing compliance no longer includes contract reviews. Instead, as accountability with the PSI Compensation Regulation resides with the board chair of each institution, compliance will be provided to Advanced Education through a signed statement, collected under the authority of the Act and Regulation, as authorized by the Minister of TBF. The first statement is due following the transition period to reflect compliance effective April 1, 2023.

During the transition period, PSIs should consider the following questions when reviewing the employment contracts, agreements or appointments for those positions that may be impacted by the PSI Compensation Regulation.

Questions
<p><u>Total Remuneration</u></p> <p>Has the remuneration maximum been exceeded?</p>
<p><u>Variable/Performance Pay</u></p> <p>Variable or performance pay is not permitted.</p>
<p><u>Administrative Leave</u></p> <p>Have the conditions for offering administrative leave been met by the institution? (See page 11)</p> <p>What is the accrual rate being used? Does it exceed the maximum accrual rate of 10.4 weeks per completed year of service?</p> <p>Has the accrued administrative leave reached the maximum of 52 weeks?</p>
<p><u>Severance</u></p> <p>Was the criteria for paying severance met? (See page 13)</p> <p>If severance was provided, was the formula for calculating severance pay used?</p>
<p><u>Benefits</u></p> <p>Calculate the total percentage value of benefits provided:</p> <p>1) Is the percentage within the 35% maximum?</p>

Benefits not expressly authorized by the Ministerial Guidelines or the PSI Compensation Regulation

Please provide a list of additional benefit provisions provided to the designated executives and a copy(ies) of the associated policy(ies) or public agency policy approved by the Minister of Advanced Education.

The Compliance Statement may include, but is not limited to, the following:

- General statement of PSI's compliance
- Number of Designated Executives
- Designated Executive position title and whether the position is Tier A or Tier B
- Confirmation of total remuneration not exceeding base salary range and/or total remuneration caps
- Confirmation on the percentage of benefit cost not exceeding 35% of total remuneration
- Confirmation of benefit parameters aligned with PSI Compensation Regulation and Ministerial Guidelines
- Base Salary for President (or equivalent)
- Confirmation that Variable Pay has been eliminated
- Administrative Leave – (if provided, confirmation of accrual rate and confirmation of returning to a faculty position)
- Severance and Termination
- Other benefits (included within the 35% benefit cost calculation)
- Other benefits (excluded from the 35% benefit calculation with details on the benefit provision)
- Report on any outstanding PSI Compensation Regulation or Ministerial Guideline parameters that are not aligned

## Appendix 6: Exemption Request

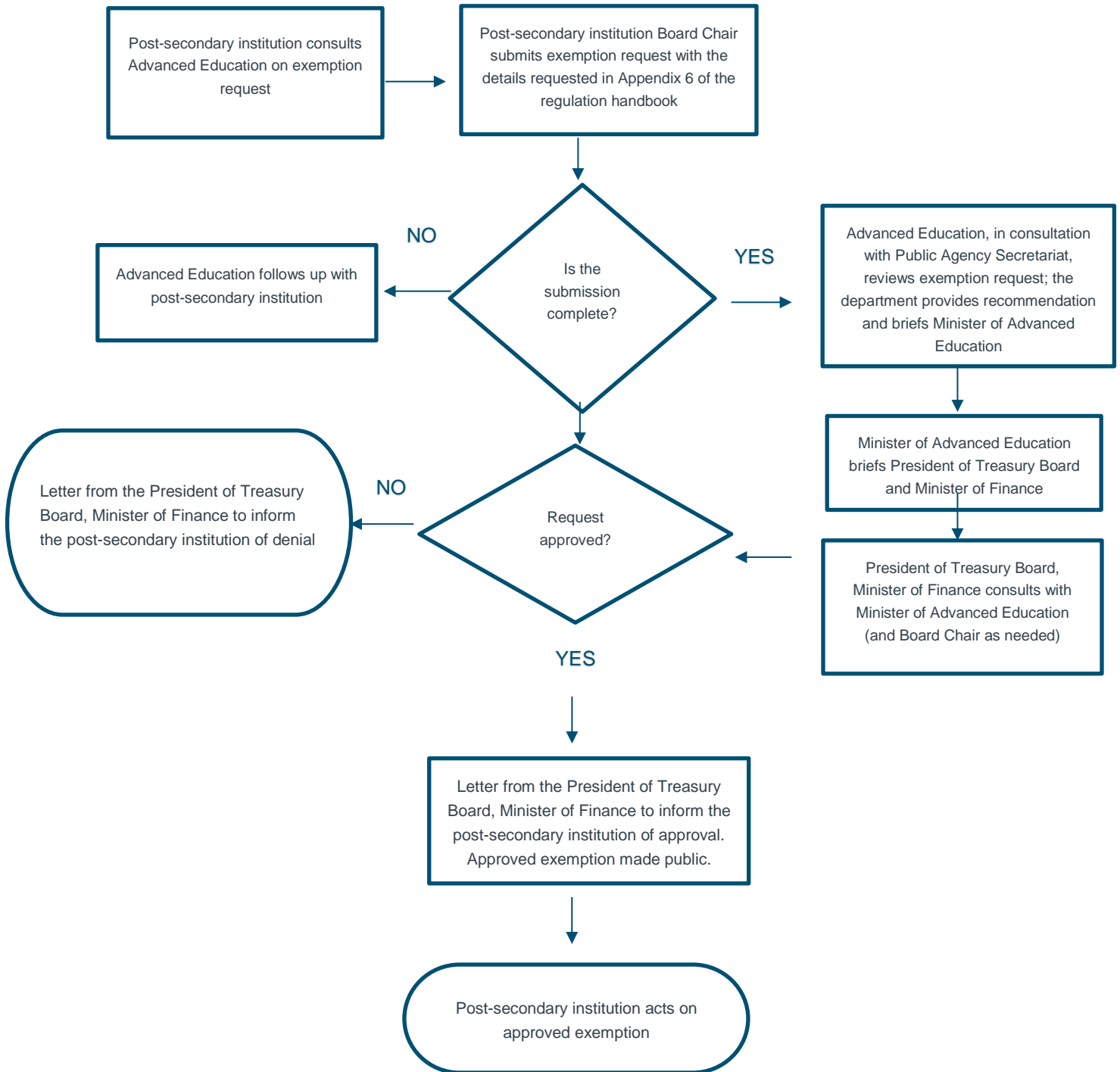
Under the PSI Compensation Regulation, the President of Treasury Board and Minister of Finance may, by Ministerial Order, exempt a designated executive or class of designated executives from the application of one or more provisions of the compensation framework. Such exemptions will only be made in rare and exceptional circumstances that are anchored to an evidence-based rationale.

When requesting approval for the exemption, a letter should be addressed to the Minister of Advanced Education. The exemption request should contain the following required information:

- The exemption request and/or proposed alternative,
- Section(s) of PSI Compensation Regulation or Ministerial Guidelines from which the post-secondary institution is seeking exemption,
- Background information and rationale to support the exemption,
- Additional supporting materials such as costing analysis.

The departments of Advanced Education or Treasury Board and Finance may request further information to support the PSI's exemption request. The Minister of Advanced Education will make a recommendation regarding the exemption request to the President of Treasury Board and Minister of Finance. The Minister of TBF may consult with the Minister of AE on the recommendation.

## Process Overview



# Appendix 7: Development of the PSI Compensation Regulation

As set out in the *Post-secondary Learning Act*, the board of governors of a post-secondary institution is responsible for appointing the President and determining remuneration. The absence of a common compensation framework for post-secondary institutions historically contributed to significant divergence in how boards negotiated and applied compensation packages for Presidents.

The Auditor General recommended that Government provide guidance on executive compensation for public agency executives to ensure the province's resources are managed in a fiscally responsible manner.

In November 2015, the Government of Alberta announced a three-phased review of Alberta's agencies, boards and commissions (ABC Review) in order to ensure they were relevant, effective, efficient, and served the best interests of Albertans. Executive compensation was a component of this three-phased review, with Phase 3 focused on post-secondary institutions.

The overarching goals for the ABC Review were:

- To ensure that all public agencies, boards and commissions, including post-secondary institution boards, are transparent, accountable, demonstrate best practices in governance and provide value for Albertans; and
- To ensure the province's resources are managed in a fiscally responsible manner.

The goals of the Phase 3 executive compensation review were:

- To balance the ability to attract and retain skilled talent to perform leadership roles, while ensuring compensation is appropriately aligned with that of the broader public sector and comparable jurisdictions in the national post-secondary institution market; and
- To balance consistency with flexibility in setting executive compensation.

In response to the Auditor General recommendations and results of the ABC Review, Government passed the *Reform of Agencies, Boards and Commissions Compensation Act* (RABCCA). The Act allows government to establish compensation frameworks for public agencies governed under the *Alberta Public Agencies Governance Act* and supports strengthened transparency, accountability and governance practices.

The PSI Compensation Regulation was developed based on:

- Jurisdictional research of broader public sector compensation restraint initiatives;
- Analysis of key findings from information submitted by post-secondary institutions on current executive compensation plans, philosophies, programs and practices;
- Input from public post-secondary institution board chairs and Presidents regarding the scope and complexity of the President's role;
- Hay Group's national job evaluation point system and proprietary national market data, which provided the foundation for the five groupings and the pay ranges at each level; and
- Consultation with Alberta government departments and comparator provinces for insight into other strategic initiatives.

Advanced Education and the Public Agency Secretariat (PAS) led the development of the PSI Compensation Regulation jointly, with the support of Korn Ferry Hay Group (KFHG), an independent national consulting firm. In 2017, KFHG conducted job evaluations of president positions and reviewed information submitted by post-secondary public agencies as they differ significantly in size, scope of roles, expenditures, revenues, and the complexity of each organization. The following factors were considered in the job evaluation of the role of the president; however, they only make up a portion of the methodology used. Other common and measurable factors involved in the job evaluation included:

- *Organizational Context – vision/mission/purpose statement, impact on stakeholders and the public, unique organizational complexities, risk management;*
- *Organizational Strengths and Challenges – financial capital, funding, operating environment, regulatory environment, client and service orientation, technology and systems, people;*
- *Organizational Profile – enrolment/full-time learning equivalents, sector, credential offerings;*
- *Areas of Accountability;*
- *Strategic Challenges – emerging issues, innovation, decision-making factors;*
- *Relationships – public profile, community involvement; and*
- *Specialized knowledge, experience required or business acumen.* Source: Korn Ferry Hay Group

Hay Group's methodology evaluates the position and not the performance or experience of the incumbent.

# Appendix 8: Key Dates

The following timeline outlines the evolution of the PSI Compensation Regulation:

Date	Event
<b>May 27, 2016</b>	The <i>Reform of Agencies, Boards and Commissions Compensation Act</i> (RABCCA) is in force.
<b>April 10, 2018</b>	Government of Alberta announces the <i>Reform of Agencies, Boards and Commissions Compensation Act (Post Secondary Institutions) Compensation Regulation</i> (PSI Compensation Regulation).
<b>April 15, 2018</b>	The PSI Compensation Regulation and associated Ministerial Guidelines comes into force.
<b>January 1, 2020</b>	Amendment to the Ministerial Guidelines regarding the rate change for PIL of Retirement Benefits (to 13.2%)
<b>April 15, 2020</b>	Contracts of all positions listed in Column 1 of Schedule 1 of the PSI Compensation Regulation must be compliant with the PSI Compensation Regulation.
<b>July 1, 2020</b>	Amendment to the Ministerial Guidelines regarding retirement benefit provisions and northern allowance.
<b>March 24, 2021</b>	PSI Compensation Regulation amended to include positions in reporting levels two levels below president (Tier A and Tier B), move to total remuneration caps, and simplification of benefit provisions.
<b>April 1, 2021</b>	The amended PSI Compensation Regulation and associated Ministerial Guidelines come into force.
<b>April 1, 2023</b>	All positions listed in Column 1 of Schedule 1 and positions defined as Tier A or Tier B under the PSI Compensation Regulation must be compliant with the PSI Compensation Regulation.



## Appendix 9: Resources and Links

Related Legislation	Additional Resources
<p><a href="#"><u><i>Reform of Agencies, Boards and Commissions Compensation Act</i></u></a></p>	
<p><a href="#"><u><i>Reform of Agencies, Boards and Commissions (Post-secondary Institutions) Compensation Regulation</i></u></a></p> <p><a href="#"><u><i>Reform of Agencies, Boards and Commissions (Post-secondary Institutions) Compensation Regulation Ministerial Guidelines</i></u></a></p>	<p><a href="#"><u><i>Post-secondary Institutions Compensation Regulation Fact Sheet</i></u></a></p>
<p><a href="#"><u><i>Salary Restraint Regulation</i></u></a></p>	
<p><a href="#"><u><i>Public Sector Compensation Transparency Act</i></u></a></p> <p><a href="#"><u><i>Public Sector Compensation Transparency General Regulation</i></u></a></p>	
<p><a href="#"><u><i>Public Service Act</i></u></a></p> <p><a href="#"><u><i>Public Service Employment Regulation</i></u></a></p> <p><a href="#"><u><i>Public Service Relocation and Employment Expenses Regulation</i></u></a></p>	<p><a href="#"><u><i>Government of Alberta Premium Pay Directive</i></u></a></p> <p><a href="#"><u><i>Travel, Meal and Hospitality Expenses Directive</i></u></a></p>

# Appendix 10: Contacts

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