



Athabasca University
Students' Union

Athabasca University Students' Union

Executive Compensation Review Committee Report

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This report is respectfully submitted to AUSU Council by committee members AUSU Member Scott Jacobsen, Councillor Philip Kirkbride, Councillor Kim Newsome, Councillor Pierre Plamondon, Councillor Tamra Ross, VP Finance and Administration Brandon Simmons (non-voting), and committee chair Executive Director Sarah Cornett (non-voting)

1.0 Introduction

At the January 14, 2016 council meeting, the following motion was adopted.

Motion: Whereas council has agreed that the executive honoraria needs a full and considered review to ensure that the best interests of AUSU are served, and

Whereas a majority of council agrees that the preferred time for an amendment to executive honoraria is at the commencement of a new executive term, and

Whereas council understands that because of the current timelines, it is necessary to ensure that those considering a position on the executive for the next term have assurance of what the honorarium will be,

BIRT the executive honoraria will be researched by committee with a target of March 1, 2016 for a report and recommendations to council for review, and that if a decision can not be made with full consideration of council before the beginning of the subsequent executive term, the default executive honoraria will be set at \$32,746.40 for the Vice Presidents and \$38,221.34* for the President, until the committee and council can complete the review.

* There was a typographical error in the motion that is corrected here.

It was noted that the dollar amounts listed in the motion were based on the compensation prior to the October 2014 compensation increase, and incorporate the October 2015 CPI increase.

Council also adopted terms of reference for an ad hoc executive compensation review committee (Policy 8.06) in order to undertake the work articulated in the motion.

Those terms of reference state the objectives of that committee as follows:

- To ensure a fair compensation and benefits package for Executive Officers to AUSU.
- To ensure a regular, consistent, and transparent process of review of Executive Officer compensation and benefits.

The committee was specifically asked to develop an executive compensation review process within AUSU bylaw and policy requirements that includes:

- Variables to be considered such as AUSU's unique character as a distance learning institution with a national scope, hours of work, level of responsibility, etc.;
- Comparable organizations for analysis;
- Timelines for periodic review of the compensation and benefits package;
- The steps to follow to make changes to the compensation and benefits package;
- Timelines for periodic review of the executive compensation review process itself; and
- The steps to follow to make changes to the executive compensation review process.

The committee was further charged with executing the executive compensation review process that they developed and making recommendations to council on the current executive compensation for consideration.

This report contains a comprehensive explanation of the committee's work. It begins with a discussion on what a compensation philosophy is and how it frames an organization's compensation policies, and goes on to recommend a specific ten-point compensation philosophy for AUSU.

Putting that philosophy into practice, the committee then considered each of its ten points in a progressive process that lead to the recommendations that council requested. Those recommendations, for both the specific compensation levels for the incoming executive, and for an ongoing process for executive compensation review, are also contained in this report. The recommendations cover the Compensation Philosophy, executive Benefits, executive Honorarium for upcoming council term, the Compensation Review Process, and immediate Action items for council consideration.

2.0 Compensation Philosophy

A compensation philosophy assists in determining the level of compensation for a position under review. It contains overriding principles that parallel the organization's vision, mission, and mandate, as well as its view of the position and how compensation should be determined.

A compensation philosophy should be stable over time and, therefore, must be well documented. If the organization changes its internal culture or the context of the position itself changes, it will be reviewed and adjusted and might be clarified as the need arises. However, the compensation philosophy should be considered ongoing guiding principles for application to the compensation review process. Data and people may change yearly, but the compensation philosophy will ensure consistent application.

The Executive Compensation Review Committee completed significant research and considered multiple factors in developing the compensation philosophy for the AUSU executive compensation. The research can be found in the appendices of this report, and details of the factors that have gone into the recommended philosophy are discussed in the subsections below.

The recommended AUSU executive compensation philosophy is summarized as follows:

1. **Total Compensation:** Compensation includes honorarium plus those benefits that are readily measurable as cash equivalent and are consistently, if not universally, beneficial to individuals in the position.
2. **Honorarium:** AUSU will provide an honorarium rather than a competitive wage. However, an honorarium does not imply an insignificant amount.
3. **Alberta Student Unions:** Alberta Student Unions provide the most applicable comparable data. Alberta student unions have made an effort to standardize executive compensation and AUSU should be aware of its role in this process.
4. **Other Student Unions:** Student unions in other provinces should be considered to the extent that they can indicate the trends across Canada but they are not directly comparable organizations.
5. **Other Sectors:** Student unions are unique and other business or non-profit sectors do not offer directly comparable organizations.
6. **Use of Comparable Data:** Data from comparable organizations should be considered, but are one of many factors to be considered. Compensation can be set above, below, or at that of comparable organizations based on the other factors within the philosophy. If AUSU data is within 5-10% of the median of the data from the comparable organizations, it means we have a starting point that is in a reasonable range based on this particular factor.
7. **Athabasca University is Unique:** AU membership is unique with respect to demographics such as age, financial circumstance, and life circumstance, and this should be considered when setting executive compensation.
8. **AUSU Itself is Unique:** AUSU executive is different from other student union executive as it is more administrative, while others are more governance focused with more administrative support from staff. The relationship between risks, rewards, and responsibilities inherent in the executive positions are factors to be considered, particularly considering the blend of administration and governance.
9. **AUSU Financial Considerations:** In the final analysis, AUSU's own internal financial situation is the primary factor to be considered.
10. **Regular Reviews:** Regular reviews should take the place of automatic increases. Cost of living should be a factor to be considered, but annual cost of living increases should not be automatic. If a change of less than a threshold amount (to be determined) is indicated by the comparable data and the internal finances, there is no need to do a full compensation review from first principles. If comparable data and internal finances indicate a change greater than that threshold, a compensation review should go back to basic principles and full consideration of all aspects of the philosophy.

2.1 Total Compensation

Compensation includes honorarium plus those benefits that are readily measurable as cash equivalent and are consistently, if not universally, beneficial to individuals in the position.

Compensation that is other than monetary could be perceived as a positive or negative benefit to the position depending on the individual. For example, providing parking vs. working from home – not everyone would prefer to work from home, it really is an individual perception. The same principles could be applied to travel – it could be a perk or an unwanted part of the job. However, things such as course benefits should be considered a positive for everyone since AUSU councillors are students and are expected to continue their studies throughout their time on council.

2.2 Honorarium

AUSU will provide an honorarium rather than a competitive wage. However, an honorarium does not imply an insignificant amount.

honorarium: An honorarium is an *ex gratia* payment (i.e., a payment made without the giver recognizing himself as having any liability or legal obligation) made to a person for his or her services in a volunteer capacity or for services for which fees are not traditionally required. This is used by groups such as schools or sporting clubs to pay coaches for their costs.[1][2] Another example includes the payment to guest speakers at a conference to cover their travel, accommodation, or preparation time.

In Canada, honoraria are considered salary and thus, taxable income under the Income Tax Act.[5][6] In the case where a gift is substituted for honorarium (*gift in lieu* of money), it is still classified as a taxable benefit by Canada Revenue Agency.[5]

<https://en.wikipedia.org/wiki/Honorarium>

honorarium: a payment for a service (as making a speech) on which custom or propriety forbids a price to be set.

wage: a payment usually of money for labor or services usually according to contract and on an hourly, daily, or piecework basis —often used in the plural.

<http://www.merriam-webster.com/dictionary/wage>

From a general compensation philosophy perspective, there is a basic difference between an honorarium-based philosophy and a wage-based philosophy.

A wage-based philosophy implies competitive compensation package to attract individuals and compensate them for their skills, experience, and tasks at fair or competitive market value.

An honorarium-based philosophy implies a level of appreciation or reward for a volunteer position or volunteer services, but does not necessarily mean an insignificant amount. Compensation needs to be at a fair and reasonable level, i.e. not a simple token of appreciation for volunteering.

An honorarium-based philosophy is appropriate for AUSU for the following reasons:

- Executive officers are elected, not hired, and there are no hiring processes such as resumes, references, skills testing, etc.
- AUSU members have a wide range of life and work experience. AUSU has had and will have some executive officers with lots of experience and some with very little.
- There is no requirement of experience, skills or competencies to be on council or to run for an executive position.
- There is no guarantee of the level of experience executive officers will have so compensating on the basis of specific experience is not possible.
- Staff provides professional support and specific skill sets.

2.3 Alberta Student Unions

Alberta Student Unions provide the most applicable comparable data.

Alberta student unions made an effort to standardize executive compensation and AUSU should be aware of its role in this process.

The role of student unions, their mandates, and the pool of candidates for executive positions are unique. Student unions in Alberta exist under the same legislation and essentially the same economic environment.

In the past three to five years, the student unions in Alberta made an effort to bring their executive and council compensation in line with each other. While AUSU is not obligated to be part of this alignment, there are factors to consider if it chooses to not consider the closest comparable organizations in this regard.

2.4 Other Student Unions

Student unions in other provinces should be considered to the extent that they can indicate the trends across Canada but they are not directly comparable organizations.

Research shows that there is a very wide range for executive officer and council compensation for student unions across Canada. It was noted that the Alberta student unions were within the range found at some other Canadian student unions, and so are not in a class completely removed from other provinces.

2.5 Other Sectors

Student unions are unique and other business or non-profit sectors do not offer directly comparable organizations.

There are no other directly comparable organizations identified at this time. Other non-profits generally hire a paid executive officer and rely on volunteer or very small honoraria for board chairs, and so on. The variety in size, mandate, and revenue in the non-profit sector makes it difficult to compare other organizations to a student union.

2.6 Use of Comparable Data

Comparable organizations should be considered, but are only one factor to be considered. Compensation can be set above, below, or at the comparable data based on the other factors within the philosophy.

Compensation should consider the ball park of range paid by comparable organizations, and this can serve as a useful starting point for determining actual numbers. If AUSU data is within 5-10% of the median of the data from the comparable organizations, it means we have a starting point that is in a reasonable range based on this particular factor. However, all other aspects of the compensation philosophy must be considered too. The compensation will be moved up or down while considering each of the other factors.

2.7 Athabasca University is Unique

AUSU membership is unique with respect to demographics such as age, financial circumstance, and life circumstance, and this should be considered when setting executive compensation.

Circumstances of the students vary widely at AU, but many are students with other major commitments including family and/or employment in addition to school. Compensation should not be so low as to eliminate candidates because they are working or caring for family and can't afford to be on executive. Executive positions must be accessible to members.

2.8 AUSU Itself is Unique

AUSU executive is different from other student union executive as it is more administrative, while others are more governance focused with more administrative support from staff.

The relationship between risks, rewards and responsibilities inherent in the executive positions are factors to be considered, particularly considering the blend of administration and governance.

AUSU VPs commit to 30 hours per week and the President commits to 35 hours per week, and they are required to work evenings, to travel, and to deal with time zones. This can be a benefit to some but can also require more juggling of other responsibilities.



The 'Triple R' Model of risk, reward and responsibility

officers at AUSU have a more hands-on operational role with AUSU, and administrative tasks that take up a large portion of AUSU executive time. It can be argued that this entails more risk and less reward than in more governance based organizations.

2.9 AUSU Financial Considerations

In the final analysis, AUSUs own internal financial situation is the primary factor to be considered.

The financial situation within AUSU is the primary factor that must be considered in order to protect the member resources. Regardless of all other factors, AUSU must operate within its means and what it can afford to offer as compensation must be the primary consideration.

Resources must be reasonably balanced between administration and member services, but it is not easy to draw a simple line in a budget between the two categories. Executive officers, council members and staff all contribute to providing member services as well as taking care of routine administration. No member services could be provided without a level of administrative support.

It may be useful to consider ensuring the combined executive, council and committee compensation is a certain percentage of the operating budget or annual dues revenue. It may also be useful to compare the executive compensation to council, committee, and staff compensation to ensure internal equity in relation to other volunteers and staff within AUSU.

2.10 Regular Reviews

Regular reviews should take the place of any automatic increases. Cost of living should be a factor to be considered, but annual cost of living increases should not be automatic.

If a change of less than a threshold amount of **5%** is indicated by the comparable data and the internal finances, there is no need to do a full compensation review from first principles.

If comparable data and internal finances indicate a change in compensation greater than 5% (increase or decrease) over the previous amounts, it should trigger a more in-depth discussion and a fuller explanation of the recommendations. The compensation review should go back to basic principles and full consideration of all aspects of the philosophy.

While most other student union executive officers in Alberta are able to spend between two and five hours per week on their course work, and take significant time off during mid-term and final exams, this is not true for AUSU executive officers.

While all student unions executive officers in Alberta work all year round, AUSU activity does not slow down between April and September to the same extent that activity slows at the traditionally structure institutions. Athabasca University committees do not meet during the summer and policy work slows which reduces those aspects of the AUSU executive officer's work, but the time is used for completing projects, budgeting, and planning for the next term.

There are generally higher administrative staff levels even accounting for the different type of work that other student unions do such as staffing and running small businesses and organizing student events. Executive

3.0 The Numbers

3.1 Identification and Valuation of Benefits

AB Student Unions

The benefits that are provided by other Alberta student unions and those currently provided by AUSU for executive officers were reviewed by the committee. It was noted that some can be seen as a benefit that would be applicable to most, if not all, potential executive officers, with a cash value that can be readily calculated. Others may be applicable to some people but not to others, or may not have a cash value that can be readily calculated as part of a compensation package. Those in the former group, having a widely applicable cash value, will be considered as part of the numerical value of the total compensation package. Those in the latter group, while they may be offered, will not be considered as part of the numerical compensation amount. It may be that they would not be applicable to most executive officers (i.e. some may or may not need parking or transit passes, some may not need health insurance while others might). It may also be that the equivalent cash value is not quantifiable.

“Widely Applicable Cash Equivalent” Benefits:

- RRSP contribution has quantifiable cash value and is a benefit to anyone.
- Paid in-class hours is a benefit for all students and can be assigned a value based on an hourly rate and the number of allowable hours.
- Tuition is a benefit that is applicable to all students, and while there are differences in tuition fees from one school to the next, an equivalent value of Athabasca University course fees can be applied to determine the equivalent cash value of the benefit.

“Other” Benefits:

- Parking, transit passes, or any type of travel allowance is not needed by everyone, and at AUSU travel expenses will be reimbursed if related to specific AUSU business.
- Health insurance premiums are not needed by all, and because executive officers are short terms positions it is not something of significant value.
- Cell phone and other technology allowance is generally needed to facilitate communication but the value depends on what each individual may need and the cash value can vary widely.
- Vacation, sick days, and flex days are an important benefit but it is difficult to assess the value in the context of the flexibility that different executive officers have for scheduling their working hours. Some have time off during exams, some have busier summer months, some have specific office hours, etc.

It was decided that RRSP contribution and tuition allowances would be considered as having an equivalent cash value that would be calculated as part of the compensation amount.

Other benefits will be considered as part of the compensation but not as part of the calculation of cash value when comparing hourly or annual amounts with other organizations.

AUSU Current and Proposed

The following is recommended for AUSU moving forward:

- No RRSP contribution. This is too difficult to administrate with a small staff and executive.
- Continue with the current tuition reimbursement for one 3-credit course per six-month period at the rate applicable to the person’s place of residence. Equivalent cash value for the compensation calculation will be at the Alberta resident rate.
- Continue with the cell phone, data package, and technology benefit but research a reasonable rate for a basic data and long distance package and be more specific as to the maximum value and how the benefit will be applied. The choice of an allowance to compensate for increased usage for an individual’s personal package or the use of an AUSU device with a package paid by AUSU is recommended.
Staff to research the possible rates and make specific recommendation for amounts.
- Continue the health plan benefit as it is used currently.
Staff to research the possible rates and make specific recommendation for amounts.

3.2 Mean and Median of Direct Comparable Data

It is important to note that depending on the sample size and the variation within the sample, both mean and median calculations can be useful. Since this part of the process is only the first step in determining the final value of the compensation package, both mean and median should be considered in context.

The approximate hourly rates for executive officers of the student unions at Mount Royal, University of Alberta, MacEwan University, SAIT, NAIT, and the University of Lethbridge were calculated. The annual honorarium, the value of RRSP contribution, and the value the tuition benefit (set equal to two 3-credit Athabasca University courses for Alberta residents) were used to calculate total compensation value. A standard 52-week year, and the expected work hours per week less the allowable class time, was used to calculate the hourly rate.

University of Calgary data was not available.

The hourly equivalents ranged from \$18.83 to \$25.56.

The mean (average) is \$21.59.

The median is \$21.36.

It was noted that having the mean and median fairly close indicated that there are no significant outliers in the data set. While University of Lethbridge was significantly lower in 2012 that is no longer the case. This indicates that the attempts of the Alberta student unions to be consistent has been in play.

3.3 Applying Variables

Athabasca University is Unique

Should student body demographics and distance learning format affect compensation up or down, and if so, by how much?

Athabasca University is unique but the ways in which it is unique do not suggest that the compensation for executive officers should be significantly higher or lower than at other student unions at this time.

Factors such as broader demographics and the flexibility of on-line learning could be a benefit or a challenge depending on individual circumstances.

That the current mean and median values of the comparable data are at a reasonable level for compensation for AUSU, and the honorarium based philosophy for AUSU executive compensation, substantiate this conclusion.

AUSU Itself is Unique

Should the small staff, hands on nature of AUSU executive officers, working conditions, hours worked (no class time and busier summers), affect compensation up or down and if so by how much?

AUSU executive officers do work under different conditions and with different tasks than others may but again, these factors may be a benefit to some and a challenge to others so are not quantifiable as one or the other.

While AUSU executive officers do work throughout the summer months, there are no AU meetings to attend, and AUSU work has more of a focus on planning rather than advocacy and policy review.

The ability to claim class time as working hours has been added to the mean and median comparable hourly rates. Beyond that, there is no solid rationale for moving the compensation up or down at this time based on AUSU's unique character at this time.

AUSU Financial Considerations

What can AUSU afford and is it in reasonable proportion to other expenses, operational or otherwise?

AUSU fiscal considerations at this time do not indicate that executive compensation should be significantly higher or lower than the comparable mean or median. If council applies the committee's recommendations, executive compensation for this fiscal year will be lower than budgeted.

3.4 Final Recommendation

The 2014-2015 executive officer honoraria prior to the significant increase was \$37,389.50 for the president and \$32,048.16 for the vice-presidents.

The Average Core CPI that was approved by council for October 1, 2015 was 1.02225, and would have brought the president's honorarium to \$38,221.27 and the vice-president's to \$32,761.23.

AUSU does not offer an RRSP contribution but does offer two 3-credit courses per 12-month term. The current value of this benefit for Alberta residents is \$667 x 2 or \$1334 (non-Alberta residents is \$781 x 2 or \$1,562).

The AUSU president is currently required to work a minimum of 35 hours per week while the vice-presidents are required to work a minimum of 30 hours per week. There is no allowance for class time.

The hourly executive compensation rate for AUSU president, using 2014/2015 rates with 2015/2016 CPI increase, tuition benefit at the Alberta resident rate, and 35-hour week would be \$21.73.

The hourly executive compensation rate for AUSU vice-presidents, using 2014/2015 rates with 2015/2016 CPI increase, tuition benefit at the Alberta resident rates, and 30-hour week would be \$21.86.

These figures are higher than the mean or median of other Alberta student unions but would be lower than MacEwan so within the current range.

The hourly rate, without the tuition benefit, is \$21 for both president and vice-presidents and this is the rate the committee recommends to council for the beginning of the next council term in April 2016. As noted above, the annual president's honorarium would be \$38,221.27 and the vice-president's annual honorarium would be \$32,761.23.

AUSU does not currently and should not offer an RRSP contribution.

AUSU does now and should continue to offer two 3-credit courses per 12-month term at the rate applicable to the executive officer's place of residence.

AUSU should continue to expect the president to work a minimum of 35 hours per week and the vice-presidents a minimum of 30 hours per week.

With respect to other benefits, it was suggested that some research be done to see what a fairly basic health insurance package would cost an individual so that the current value of the benefit can be evaluated. Research about what a basic data and long distance call package for a cell phone would cost would allow a value for this benefit to be included in the compensation policies. It was noted that clearer wording about how the technology benefit is to be applied is required.

4.0 Ongoing Process for Executive Compensation Review

The following components of an ongoing terms of reference or process for executive compensation review is recommended by the current Executive Compensation Review Committee.

4.1 Frequency of compensation review

A review every two years will provide consistency while not overdoing process and increasing administrative tasks unduly.

There should be a provision that council can reduce the compensation level at any time if deemed necessary based on a significant change in AUSU financial resources.

4.2 Current council setting compensation for next council

A council should set the level of compensation for the next council rather than for themselves.

The timing should be such that the process doesn't get lost in the election and the incoming executive officers know what compensation to expect.

Time is needed to collect comparable organization data, consider all of the factors outlined in the philosophy, and complete the process so the 3rd quarter of the second year for the two-year council term may be the appropriate time.

4.3 Council or committee to review compensation

A sub-committee of council is more efficient for research etc. Committees ensure that the proper focus and time is given to the topic. They can deliberate and ask very specific questions while being controlled by a term of reference. A committee allows councillors who may not want to get into the details to opt out of the committee work but still fulfill their responsibility in the council decision.

Committees also allow the opportunity to bring in outside expertise that may not be within council. This can come from membership in some cases.

The committee would provide a recommendation to council, and all of council would vote on the recommendation. Council as a whole has this financial responsibility and duty.

The compensation review committee should work with the finance committee and should have some members in common with the finance committee.

The committee report to council should include financial and any other anticipated effects of any recommendation.

4.4 Executive participation in reviewing compensation

There will be less conflict of interest with the recommended timing of the review.

Optics at the committee level should be considered.

Consultation with current executive is more important than voting rights as most decision at the committee level are consensus based.

At council level, all executive officers should vote because the whole board has responsibility, including fiduciary and governance responsibility, for AUSU.

Abstentions should be used only on rare occasions where there is very clear and significant conflict of interests outside of AUSU.

4.5 Process Considerations

A more standard methodology of collecting comparable data such as a set questionnaire or survey should be developed.

Data collected can be shared with all participants as an incentive to participate.

AUSU may even ask all Alberta student unions to chip in to have an outside consultant do in depth research periodically, with AUSU as the leader.

The findings and the report to council should also be in a standardized format so they can be compared over time.

Reports need to include reasoning behind any recommendations or conclusions.

This committee should put AUSU in the position today to develop a comprehensive history moving forward.

4.6 Significant Changes in Compensation

As noted in section 2.10 Regular Reviews, if comparable data and internal finances indicate a change in the compensation greater than 5% (increase or decrease) over the previous amounts, it should trigger a more in-depth discussion and a fuller explanation of the final recommendations. The compensation review should go back to basic principles and full consideration of all aspects of the philosophy.

If the committee recommendation is for more than a 10% increase over the previous rates, a two-thirds majority of council should be required to pass the motion to accept the recommendation.

5.0 Summary of Recommendations

The following is a summary of recommendations to council:

Compensation Philosophy

1. That council adopt the compensation philosophy detailed in section 2.0 of this report, recognizing that it contains overriding principles that parallel the organization's current vision, mission, and mandate, as well as its view of the executive positions and how compensation should be determined.
2. That council review, adjust, and clarify the compensation philosophy as the need arises, particularly if the organization changes its internal culture or the context of the executive positions change.

Benefits

3. That council not institute an RRSP contribution for executive officers.
4. That council continue with the current tuition reimbursement for one 3-credit course per six-month period at the rate applicable to the person's place of residence.
5. That council continue with the cell phone, data package, technology benefit but research a reasonable rate for a basic data and long distance package and be more specific as to the maximum value of the benefit and how it will be applied. The choice of an allowance to compensate for increased usage for an individual's personal package or the use of an AUSU device with a package paid by AUSU is recommended.
6. That council continue the health plan benefit with its current wording and amount.

Honorarium for upcoming council term

7. That council set the president's honorarium to \$38,221.27 for a minimum of 35 hours per week and the vice-president's to \$32,761.23 for a minimum of 30 hours per week effective at the beginning of the next council term in April 2016.

Compensation Review Process

8. That council set the level of compensation for the next council rather than for themselves by timing executive compensation review for the 3rd quarter of the second year in a two-year council term.
9. That council maintain a provision that it can reduce the compensation level at any time if deemed necessary based on a significant change in AUSU financial resources.
10. That council assign the executive compensation review to a sub-committee of council under a terms of reference that includes:
 - A mandate to provide a recommendation to council,
 - The ability to bring in outside expertise that may not be within council, possibly from the membership,
 - A requirement to work with the finance committee and have some members in common with the finance committee,
 - A requirement to consult with current executive in some manner,
 - A mandate to develop and use a standard methodology of collecting comparable data such as a set questionnaire or survey, and to share that data with participating organizations,
 - Instructions that if comparable organization's mean or median data and AUSU finances indicate a change in the compensation greater than 5% (increase or decrease) over the previous amounts, the review go back to basic principles with a full consideration of all aspects of the philosophy, a more in-depth discussion, and a fuller explanation of the final recommendations,

- Instructions to provide a report to council in a standardized format so it can be compared to other reports over time, and that includes the reasoning behind any recommendations or conclusions, and comments on financial and any other anticipated effects of the recommendations.
11. That council as a whole continue to fulfill its fiduciary and governance responsibility by considering the committee report and making the decision on executive compensation, and that executive officers not abstain from voting unless there is a clear and significant conflict of interest external to AUSU.
 12. That if the proposed executive compensation is for more than a 10% increase over the previous rates, a two thirds majority of council be required to adopt the increase.

Immediate Action

13. That council amend policy 2.15 Executive Accountability and Compensation, section 2.15.14 to set the president honorarium to \$38,221.27, and section 2.15.15 to set the vice-president honorarium to \$32,761.23, effective at the start of the upcoming council term in April 2016.
14. That council further amend policy 2.15 Executive Accountability and Compensation, section 2.15.17, by repealing the current wording:

2.15.17 Executive honoraria shall be adjusted by the Core Consumer Price Index (CPI) ... at the beginning of each fiscal year. If the CPI increase is negative, pay shall not be reduced.

 and replacing it with:

2.15.17 Executive compensation shall be reviewed in the 3rd quarter of the second year in each two-year council term, and set for the next council prior to the commencement of its term.

 - 2.15.17.01 Council may reduce the compensation level at any time if deemed necessary based on a significant change in AUSU financial resources.
 - 2.15.17.02 A two-thirds majority vote of council is required to increase executive compensation by more than 10%.
15. That council put on its action list, an item to develop terms of reference for an executive compensation review committee, to be completed within the first year of the upcoming council term.

6.0 Conclusion

The committee had several very comprehensive discussions ranging from the general philosophy of compensation and how it reflects AUSU itself, to the specifics of individual benefits and their cash value. It reviewed historical and current data and consulted with past and present AUSU staff and executive officers. Committee members each provided research to the committee, participated in email and group discussion, and assisted in the creation of this report.

The committee recommendations include the executive compensation (honoraria and benefits), for the upcoming council term beginning in April 2016, and also the institution of a consistent biennial process of executive compensation review to ensure consistency and compensation based on thoughtful and thorough analysis.

The process was both consultative and consensus based, and the committee feels that a good and fair process has lead to recommendations that are good and fair for AUSU, its membership, and its executive officers.

The committee respectfully requests that council consider adoption of the recommendations contained in this report.

The committee members will be pleased to provide any follow-up research or clarifications requested by Council before this ad hoc committee is dissolved.

Appendices

The appended spreadsheet contains the data collected in 2012 and in the fall of 2015 with supplemental information collected by committee members in early 2016.

It also shows the methodology for calculating the mean and median of comparable data used by the committee in formulating its recommended compensation levels.

The summary table is shown below.

	SAMRU	U of CSU	U of A SU	MacEwan	SAITSU	NAITSU	U of L	AUSU VP Current	AUSU Pres Current	AUSU VP Proposed	AUSU Pres Proposed	
Exec Honorarium	38000	0	37236	37650	40000	36000	30000	43851	50960	32761	38221	Exec Honorarium
RRSP				1000	1200							RRSP
Parking	850				1670	240						Parking
Health Benefit	400			232	235	235	275	1200	1560	1200	1560	Health Benefit
Health Benefit	235											Health Benefit
Transit				162.50			289					Transit
Phone/Data/Tech	420			540	900	420	300	600	600	review	review	Phone/Data/Tech
Tuition	1334			1334	1334	1334	1334	1334	1334	1334	1334	Tuition
Other							300					Other
Other							400					Other
Professional Development				500	750							Professional Development
Total (Hon, RRSP, Phone)	39334	0	37236	39984	42534	37334	31334	45185	52294	34095	39555	Total
Hours	35	35	35	35	35	37	35	30	35	30	35	Hours
Vacation Days	15		15	15	15	10	10	15	15	15	15	
Sick Days				12	6		5	5	5	5	5	
in class hours					3	3	3					
# of Executives	3	4	4	4	3		4	3	3	3	3	
# Office Staff	11		10	11	9		7	2.5	2.5	2.5	2.5	
Approx Hourly Wage	21.61	0.00	20.46	21.97	25.56	21.12	18.83	28.96	28.73	21.86	21.73	
Mean w/o AUSU	21.59											
Median w/o AUSU	21.36											
	indicates estimates have been used and explained in comments											
	indicates the category used in calculating mean and median											

File: *Alberta Council Compensation 2012 & 2015.xlsx*