


<b>MANUAL: BOARD POLICY MANUAL</b>	<b>INDEX I.D.: D.3</b>
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<b>TITLE: CEO/ED COMPENSATION</b>	<b>ORIGINAL: JANUARY 25, 2017</b>
<b>APPROVAL:</b>  <b>BOARD CHAIR</b>	

**D.3.1. Policy Statement**

Lumacare aspires to a pay-for-performance model for all staff, including the Executive Director (ED), where employees are paid a competitive salary, commensurate to their experience and contributions.

Lumacare recognizes that all compensation increases are contingent upon funding availability and reserves the right to adjust where required to operate in line with available funding resources.

**D.3.2. Purpose**

The purpose of this policy is to detail the process for establishing and maintaining competitive compensation for the Executive Director.

**D.3.3. Scope**

This policy applies to the ED and the Board of Directors Executive Committee.

**D.3.4. Procedure**

**D.3.4.1. Compensation Structure**

Lumacare's compensation structure is established with a system of pay grades, reflecting the various scope and degree of difficulty of specific positions. The ED role, holding ultimate accountability for the successful operations of Lumacare, is situated in the highest pay grade on the scale.

Annually, the compensation bands are reviewed and adjusted according to the cost of living increases as measured through the consumer price index in Toronto.

Every three years, the compensation bands are evaluated against the market for the sector, in order to achieve market competitiveness. The band and market analysis are shared annually with the Board Executive Committee.

#### **D.3.4.2. Recommended Range Penetration**

The recommended hiring salary for an external ED candidate with limited experience, and an expected speed-to-competence of 6 months to 1 year, would be in the bottom quartile of the salary band. The recommended hiring salary for an external candidate with highly relevant experience, and a speed-to-competence of three months or less, would fall within the 25% - 50% of the range spread.

Fully competent employees (existing or new), should be between 95% - 100% of the midpoint of the band within two years in their role.

#### **D.3.4.3. Salary Increases and ED Evaluation**

All salary increases are dependent on funding availability.

Lumacare aspires to a pay-for-performance compensation strategy. On an annual basis, the Executive Director salary is reviewed and adjusted, with consideration to the market competitiveness, funding availability, and the performance score of the ED.

The Board Executive Committee is ultimately accountable for approving any compensation changes for the ED.

#### **D.3.4.4. ED Performance Bonuses**

The Chair of the Board of Directors is responsible for appraising the performance of the Executive Director. The Executive Director's performance evaluation must be completed annually in accordance with Board policy and procedure.

#### **D.3.5. Disclosure of Public Sector Salaries**

In circumstances where the ED is compensated at a rate of \$100,000 or more, their salary will be disclosed annually to the Ontario Ministry of Finance, in accordance with the Public Sector Salary Disclosures Act (1996). It is acknowledged that, although compensation is rightfully expected to be confidential, this salary will be reported annually on the Sunshine Report.

#### **D.4.6. Related Policies**

*Board Policy Manual*

D.4 CEO/ED Evaluations

*Lumacare Personnel Policy and Procedure Manual:*

A.17 Compensation