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**Submission to  
Industrial Inquiry Commission (Vince Ready):  
Harmonization of Salary Grids**

**Background**

This constitutes BCPSEA's submission on the implementation of your October 20, 2005 Recommendations (the "Recommendations") regarding salary harmonization.

**Agreed Principles**

The parties have agreed on the following principles regarding the implementation of the Salary Harmonization Recommendations:

1. No salary grid will be lengthened as a result of Salary Harmonization (i.e., there will be no increase in the number of steps to maximum).
2. No salary grid will decrease as a result of Salary Harmonization (i.e., superior rates will remain unaffected by the Salary Harmonization Recommendations).
3. The implementation of the Salary Harmonization Recommendations cannot cost more than \$40 million on an annualized basis, for the 2005-2006 school year.

BCPSEA has agreed to items 1 and 2 above after discussions between the parties, and in acceptance of the overall principle that the \$40 million allocated in the Recommendations is the first step towards harmonized salary grids in the Province. It remains the view of BCPSEA that the most fair and equitable salary system is one in which teachers with the same credentials and experience receive the same total compensation, except where differentials are required to support recruitment and retention in specific school districts and communities.

## Principles in Dispute

The parties have not agreed on the following issues of principle:

1. **Can the cost of the Salary Harmonization Recommendations exceed \$40 million in future years, or must these costs be contained on an immediate and ongoing basis within the \$40 million available?**

In our submission, the Recommendations can only be read as imposing a **maximum** \$40 million annualized funding commitment on the part of Government.

The Terms of Reference for this Industrial Inquiry Commission (IIC) empower the IIC to make recommendations regarding:

- ii. Methods and costs associated with the harmonization of compensation structures *within the financial mandate established by Government from time to time.*  
(emphasis added)

In accepting the Recommendations, Government committed \$40 million annually toward the harmonization of salary structures. It would, in our respectful submission, be outside the jurisdiction of the IIC to award changes to salary grids with back-end loaded costs exceeding \$40 million annually. If these costs are not funded, school boards will be required to make severe cuts in staff and educational resources, to the detriment of the educational system.

2. **In determining the cost of implementing Salary Harmonization Recommendations, should increased costs associated with wage-sensitive benefits be included in the parties' calculations?**

In our submission, the increased costs of wage-sensitive benefits must be included in costing calculations. These amounts represent real and direct costs to school boards as a result of increased salaries. Examples of these benefits include:

- Employer share of pension costs (average 11.2%)
- Employer share of life insurance premiums
- Employer share of statutory deductions: CPP, EI, WCB.

The cost of these benefits is estimated at 13.4% of salary.

There is no rational basis upon which to exclude these real costs from the parties' calculations.

Any failure to include these costs in the relevant calculations will result in obligations for Government in excess of \$40 million or unfunded liabilities for school boards.

## **Specific Implementation Proposals**

In our discussions, the parties initially agreed that only the issues of principle referred to above would be referred to the IIC for resolution. It was felt at that time that specific issues of implementation could likely be resolved once a ruling on these issues was obtained. This remains the BCPSEA position.

## **BCTF Proposal**

The main features of the BCTF's harmonization proposal are as follows:

1. Elimination of categories 2 and 3 and placement of category 2 and 3 employees on the corresponding step of category 4.
2. Move to the provincial average minimum and maximum salary for each category for those categories below the averages. Minimum and maximum salaries above the provincial averages remain in effect.
3. Shorten all salary grids to eight steps.
4. Increase maximum salaries for all categories by \$250 where the new maximum salary has been increased by less than \$250.
5. Implement category 5+15 for all school districts. Category 5+15 (which is paid to employees who have completed a specified number of credits beyond Category 5) to be set at 74% of the difference between the provincial average category 5 and 6. Where current category 5+15 salaries exceed this value, current salaries remain in effect.

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6. Move current employees to the new eight step salary grid in “as equitable a fashion as possible.”

The BCTF proposal reflects a back-end loaded approach to salary harmonization. This back loading arises as a result of their point 3. above (shortening of all salary grids to a maximum of 8 steps), and the manner in which existing employees are moved onto the new eight step grid in the 2005-2006 school year (i.e., the only year in which the BCTF agrees costs must be contained within \$40 million) under their point 6. above.

For example, under the BCTF’s proposal, Category 5 teachers in School District No. 36 (Surrey) would be moved to the post-harmonization salary grid in the following manner:

Salary Grid Placement Before Harmonization		Salary Grid Placement After Harmonization	
Salary	Experience	Experience	Salary
\$ 38,862	0	0	\$ 41,670
\$ 41,099	1	0	\$ 41,670
\$ 43,336	2	1	\$ 44,930
\$ 45,573	3	2	\$ 48,190
\$ 47,810	4	2	\$ 48,190
\$ 50,047	5	3	\$ 51,450
\$ 52,284	6	4	\$ 54,709
\$ 54,521	7	4	\$ 54,709
\$ 56,758	8	5	\$ 57,969
\$ 58,995	9	6	\$ 61,229
\$ 61,232	10	7	\$ 64,489
\$ 63,469	11	7	\$ 64,489

The cost impact of shortening salary grids (most of which are currently in the 10-12 step range) arises, of course, from the increased speed with which existing employees reach maximum salary and the increased increments between each step. As can be seen from the Surrey example, the cost of this aspect of the BCTF’s proposal is minimized in the first year by the movement of existing employees to a step in the new grid which very closely corresponds to their current salary. The result is a low initial cost which rapidly increases in subsequent years. To use a specific example, we have illustrated below the total cost of the BCTF’s proposal in relation to an individual teacher in Surrey.

Current Salary	Step	New Step	New Salary	Increased Cost
Year 1 \$56,758	8	5	\$57,969	\$1,211
Year 2 \$58,995	9	6	\$61,229	\$2,234
Year 3 \$61,232	10	7	\$64,489	\$3,257
Year 4 \$63,469	11	7	\$64,489	\$1,020
Total increased cost over a 4 year horizon:				\$7,722

It is clear then, that by minimizing the impact of the above employee's movement onto the new grid in the first year, the full costs of the change are simply deferred to later years.

**In our analysis, the true cost of the BCTF harmonization proposal will increase in subsequent years until the cost in the final year of implementation and each year thereafter will be approximately \$93.5 million, more than double the amount awarded.** Our specific costing analysis is attached at Appendix 1.

Please note that costing estimates contained in this submission do not include the approximately 547 full time equivalent (FTE) teachers hired in January 2006 as a result of the \$20 million provided in the Recommendations to address issues of class size and special needs students.

The BCTF's approach must be rejected on this basis alone.

## **BCPSEA Final Proposal**

In framing our final proposal on harmonization, BCPSEA has assumed an affirmative ruling on the above issues of principle. The following model can be implemented within the \$40 million allocated on an immediate and ongoing basis. We have also built our model using aspects of the BCTF's proposal, as there are few no-cost issues between the parties in this regard.

BCPSEA proposes the following modification of the BCTF model:

1. Elimination of category 2 and placement of category 2 employees on the corresponding step of category 3. We have proposed the elimination of category 2 as it is only being assigned in one school district (SD No. 36 Surrey) with a total of 16.55 FTE teachers. We have not proposed the elimination of category 3 as 53

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school districts currently employ a total of 503.4 FTE teachers at that category. In addition, the elimination of category 3 and subsequent placement of those teachers at category 4 would violate the overriding principle in education of paying teachers according to their education and experience.

2. Move to the provincial average minimum and maximum salary for each category. Grids with minimum and maximum salaries above the provincial averages remain in effect for that district.
3. All current grid lengths to remain in effect (no shortening or lengthening of salary grids). Salaries between the minimum and maximum will be adjusted by calculating a standard increment.
4. Implement a Category 5+ reflecting 74% of the difference between the provincial average category 5 and 6. Where current category 5+15 salaries exceed this value, current salaries remain in effect.

Language must be developed defining the criteria for placement on the 5+ category. These criteria will reflect successful completion of 74% of the work required to move from Category 5 to Category 6.

The result of this model is that while all salary grids remain at their current length, minimum and maximum salaries will be increased to the following standard where current grids are lower.

	Category 3	Category 4	Category 5	Category 5+	Category 6
Minimum	\$36,695	\$37,908	\$41,670	\$44,364	\$45,311
Maximum	\$52,303	\$56,730	\$64,489	\$68,973	\$ 70,549

This proposal costs approximately **\$38.76 million**. Any residual will be placed in a contingency fund to be used as follows.

- Fund costs of harmonization of salaries of the approximately 547 FTE teachers who were hired in January 2006 pursuant to your Recommendations of October 20, 2005 who were not included in the original cost estimates, which were based on demographics effective September 30, 2005.

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- Fund increased costs that were not identified in the original cost estimates; e.g., teachers-on-call whose daily rate was increased subsequent to the Ready award published April 3, 2006.
- Upon completion of steps 1 and 2, any remaining contingency may be used to implement point 4 of the BCTF proposal (increase maximum salaries for all categories by \$250 where the new maximum salary has been increased by less than \$250) or to fund isolation allowances where required to address recruitment and retention issues created by compression of the salary grids.

The main differences between this model and the BCTF model can be summarized as follows:

<b>BCTF Proposal</b>	<b>BCPSEA Model</b>
Elimination of Categories 2 & 3.	Elimination of Category 2 only.
Shorten all grids to a maximum of 8 steps.	All grids to remain at current length (for cost reasons).
Increase maximum salaries by \$250 where the new maximum salary has been increased by less than \$250.	Not included in this model for cost reasons. If residual funds allow, this aspect of the BCTF model could be addressed.
Move all employees to the new 8 step grid in as equitable a fashion as possible with respect to % increases.	All employees to remain at current experience levels (for cost reasons).

## Effective Date

BCPSEA will accept any date between April 1 and the end of the current fiscal year (June 30) as the effective date, on the condition that additional funding is provided by Government to meet all increased costs between the effective date and June 30, 2006.

It should be noted that retroactive payments require considerable administrative resources. It is submitted that retroactive payments of less than \$100 should be waived.

## Conclusion

In closing, we respectfully submit that the entire cost of the changes provided for in the Salary Harmonization Recommendations must not amount to more than \$40 million.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 21<sup>st</sup> day of April, 2006.



Ron Christensen  
Chair

Attachment