

IN THE MATTER OF THE IMPLEMENTATION

OF:

THE OCTOBER 20,2005 RECOMMENDATIONS
OF VINCENT L. READY ("FACILITATOR")

RE:

HARMONIZATION OF THE SALARY GRIDS

MADE TO:

THE PROVINCE OF BRITISH COLUMBIA

AND:

THE **BC** PUBLIC SCHOOL EMPLOYERS'
ASSOCIATION ("**BCPSEA**")

AND:

THE BRITISH COLUMBIA TEACHERS'
FEDERATION ("**BCTF**" – OR – "THE UNION")

SUBMISSION OF THE UNION

LIST OF DOCUMENTS

TAB

1. Recommendations of Vincent L. Ready—October 2005
2. Elimination of Categories 2 and 3—Costing Document
3. Grid Shortening (8 steps)—Costing Document
4. Category Addition (5+15)—Costing Document
5. Provincial Minimum and Maximum Salaries—BCTF Research Document
6. Union Harmonization Proposal —February 14,2006
7. BCPSEA Harmonization Proposal —February 14,2006
8. BCPSEA "Scenarios" Document —March 3,2006
9. BCPSEA Four-Year Costing Document —March 3,2006
10. BCPSEA Position Statement —March 3.2006
11. PSEC Costing Principles
12. Bill 12 *Teachers' Collective Agreement Act*
13. Operating Grants Manual 2005–2006—Extract

INTRODUCTION:

1. This is the formal submission of the BCTF pursuant to the October 20, 2005 recommendation of the facilitator concerning "harmonization" of the salary grids.
2. The above-noted recommendation reads:

"I recommend that government commit to fund \$40 million towards the harmonization of salary grids throughout the province. The parties will meet within 60 days of the return to work, in order to determine the application of the money for the purposes of this recommendation. In the event that any matters remain outstanding as of March 31, 2006, including the effective date, either party may refer the difference to the IIC for a binding resolution. The effective date will be after the end of the current fiscal year and before the expiry of the present collective agreement."
(Tab 1, page 3, Recommendations of the Facilitator, October 20, 2005)
3. With respect to the "effective date" which forms part of the recommendation, we understand this to mean that the earliest effective date for "harmonization" is April 1, 2006 and the latest effective date is June 29, 2006. We will return to this issue later in this submission.
4. The parties met on February 14, March 3 and March 6, 2006, with regard to the harmonization of the salary grids. Those meetings did not produce agreement as to the application of the \$40 million dedicated to this purpose. The parties did agree, in principle, that whatever changes to the grid structure harmonization may produce in the long term, there should be continuing recognition of the need to attract and retain employees in isolated districts.

ISSUES IN DISPUTE:

5. Two fundamental issues separated the parties at the conclusion of the above-cited meetings. Those issues are now before the IIC for its final determination. Both issues relate to the facilitator's intent concerning the application of the \$40 million dedicated "towards the harmonization of salary grids," viz.:
 - a. Did the facilitator intend that the \$40 million dedicated towards harmonization of the salary grids should include the cost of "wage impacted" benefits, thereby reducing the overall funding available for this purpose?
 - b. Did the facilitator intend that any move towards harmonization of the salary grids, achievable in the April–June 2006 timeframe (explicit in the recommendations) should be muted by consideration of the anticipated fiscal impact in subsequent years?

FACILITATOR'S RECOMMENDATION IN CONTEXT:

6. In our January 20, 2006 submission to the IIC concerning the "Recruitment and Retention of Teachers on Call" we described the labour relations context in which the recommendations were presented and accepted by the parties. We need not repeat that description here, except to emphasize that the facilitator's recommendations that ended the labour dispute in October of 2005 can only be read as intended improvements to the economic and employment circumstances of teachers.

This is not an opportunity for the employer to seek and obtain concessions that would diminish existing salary-related provisions of the collective agreement.

With specific reference to the \$40 million dedicated to harmonization of the salary grids, we submit that this money is to be used to its maximum effect within the April–June timeframe specified in the recommendations.

In every other respect concerning the labour relations context in which the recommendations were presented and accepted, we rely on our previous submission and refer the IIC to sections 1-12 therein.

ROLE AND FUNCTION OF THE IIC:

7. We submit that the IIC acts in this matter as an interest arbitrator, charged with the task of replication. We rely on our aforementioned January 20, 2006 submission and refer the IIC to sections 17-18 therein.

HARMONIZATION – BCTF POSITION:

8. In the bargaining that culminated in the legislatively imposed agreement (Bill 12 Teachers' Collective Agreement Act October 2005), BCTF tabled proposals that spoke to the harmonization of the salary grids. BCPSEA presented no detailed proposals in this regard. Our submission to the IIC is consistent with our earlier proposals and is achievable within the funding provided in the recommendations of the facilitator.

Effective April 1, 2006:

- a. eliminate Categories 2 and 3 from the existing grids.
- b. move employees affected to the corresponding step on Category 4.
- c. increase any grid currently below the provincial average for minimum and maximum salary to the provincial average.
- d. maintain existing minimum and maximum salaries that exceed the provincial average.
- e. using the greater of the provincial average or the existing minimum and maximum, create an eight-step (seven equal increments) grid for all grid categories in all districts.
- f. preserve any grids with fewer than eight steps.

- g. move employees to the eight-step grid in as equitable a fashion as possible (the lowest step that provides an increase and, in any event, no loss in salary).
- h. ensure that each grid category, at maximum, is increased by at least \$250.

The costing assumptions and estimates for each of the above components in the BCTF harmonization proposal are found at Tabs 2 through 5.

9. Apart from the fundamental separation of the parties set out in paragraph 5 above, BCPSEA has no principled opposition to the proposed BCTF framework for harmonization of the salary ends. The one exception to BCPSEA's general acceptance of our proposals is the elimination of Category 3 from the existing agreement. Given the absence of any other principled opposition, we need not motivate the separate components of our position in front of the IIC beyond our proposal to eliminate Category 3.

Category Elimination

10. As we understand it, BCPSEA's objection to the elimination of Category 3 from the grid stems from its view that employees should receive similar pay for similar training and experience. In the words of BCPSEA the lower compensation paid in Category 3 will "encourage" these employees to acquire the qualifications that would move them to Category 4.
11. We do not accept the reasoning of BCPSEA for at least the following reasons:
 - a. BCPSEA has no difficulty accepting that Category 2 should be extinguished and those employees placed in Category 3 at their appropriate experience level. If it is acceptable for one category of employee to be placed in a higher salary grid why not another?
 - b. Low pay makes it difficult to finance upgrading to higher categories.
 - c. The vast majority of the 586 FTE employees (1.9% of the total number of FTE teachers) in Category 3 are now older women who have shouldered the major responsibility for childcare throughout their careers. Upgrading to higher categories has not always been an available option.
 - d. 92% of the FTE employees in this category are female; 70% of whom have 10 to 30 years of teaching experience.

It seems apparent that the concern of BCPSEA is not so much based on "principle" as price. There are only 4.84 FTE employees currently paid at Category 2 but 586 FTE employees currently paid at Category 3.

MEETINGS OF THE PARTIES:

12. **February 14,2006**

The parties exchanged documents on their initial proposals with respect to “harmonization.” The proposals of the BCTF and BCPSEA are found at Tabs 6 and 7 respectively, and are summarized in the following table.

Table 1: Proposals re Harmonization of the Salary Grids

BCTF – February 14,2006	BCPSEA February 14,2006
Elimination of Categories 2 and 3, and the movement of affected employees to their corresponding experience step(s) on Category 4.	Establishment of a single provincial salary grid of ten steps based on the current weighted minimum and maximum provincial averages.
Increase inferior grids to the provincial averages for minimum and maximum.	Elimination of all existing grids. Red circling of <u>individuals</u> – currently receiving higher compensation than that provided in the single provincial grid.
Reduce any grid with more than eight experience steps (seven equal increments) to an eight-step grid.	Grid to consist of the four "recognized" TQS categories plus Category 5 + 15 at 75% of the difference between Categories 5 and 6.
Move employees to the newly created eight-step grid in an equitable fashion (to the nearest step that provides an increase and, in any case, no loss in salary).	Yearly, isolation allowances (\$0 to \$4,000) based on distance from variously populated urban centers.
Establish a new grid Category 5 +15 (where it does not already exist) at 74% of the difference between Categories 5 and 6.	Provincial language (template) <ul style="list-style-type: none"> • Placement on scale • Reclassification(upgrading) • Experience recognition.
Ensure that every maximum step in every grid is increased by at least \$250.	

13. The implementation of the BCPSEA proposal would, if accepted, result in:
- a. a provincial grid lower in compensation values than existing grids, especially in rural and remote districts.
 - b. an increase in the number of steps to reach maximum compared to existing grids.
 - c. the elimination of existing isolation allowances and/or incentives.
 - d. the freezing of existing allowances and bonuses at their March 31, 2006 levels.

Such an outcome would be antithetical to the clear intention of the facilitator and the parties, including government, when the recommendations were accepted.

14. BCTF stated its objection to any proposition that would see grids lengthened in terms of experience recognition or diminished in compensation values and expressed this objection as "fundamental principles" that must be accepted by BCPSEA in order for the parties to move forward.

15. **March 3, 2006**

The parties met to receive various costing "scenarios" and a summary position statement from BCPSEA, found at Tabs 8 through 10.

Those documents included a BCPSEA costing scenario (Tab 8 Document #1 pages 4–6) that includes some elements of the BCTF position on harmonization. This document sets out a scenario as follows:

- a. Eliminate Category 2.
- b. Maintain Category 3.
- c. Move existing grids to the "weighted" provincial averages for minimum and maximum.
- d. Maintain existing grids at or above the weighted provincial averages.
- e. Establish Category 5 + 15 at 74% of the difference between Category 5 and Category 6.
- f. Move all existing grids greater than 10 steps to 10 experience steps.

16. **March 6, 2006**

The parties met to further consider the various documents presented by BCPSEA on March 3. It was at this meeting that the fundamental issues separating the parties were identified.

BCTF SUBMISSIONS CONCERNING THE FUNDAMENTAL ISSUES SEPARATING THE PARTIES:

"Wage Impacted" Benefits

Did the facilitator intend that the \$40 million dedicated towards harmonization of the salary grids should include the cost of "wage impacted" benefits, thereby reducing the overall funding available for this purpose?

17. BCPSEA was unable to provide a complete accounting of "wage impacted" benefits during the meetings held between the parties. Further advice was being sought from the ministry in this regard. Our own examination of the PSEC web site reveals that "wage impacted benefits" includes health and welfare benefits (not applicable in this instance) and non-negotiable benefits such as employer contributions to EI, CPP, WCB and Pensions. BCPSEA estimates that the cost of wage impacted benefits is 13.4% — \$5,360,000 of the \$40 million committed by government; an amount that must be factored into (deducted from) the money available for any move towards harmonization of the salary grids.

18. BCTF rejects the assertion of BCPSEA that the **\$40** million dedicated to harmonization of salary grids should include any consideration of benefit costs. Equally, we reject any suggestion that the PSEC Secretariat has any determinative role in these matters. We say this for at least the following reasons:
- a. The recommendation of the facilitator is purposely expressed as **\$40** million committed "towards harmonization of salary grids throughout the province."
 - b. It was on this understanding that the parties and government accepted the recommendation. In the case of the government, that acceptance was, in its own words, "unconditional."
 - c. If the facilitator had intended that any additional benefit costs incurred should be factored into the funds committed, one would expect that this encumbrance to harmonization would be set out in the clearest of terms within the recommendation as in the (theoretically) included italicized phrase:

"I recommend that government commit to fund **\$40** million, inclusive of all additional costs associated with wage impacted benefits, towards harmonization of salary grids throughout the province."
 - d. The facilitator's recommendation is deliberately devoid of that inclusion. The facilitator clearly intended that the full **\$40** million, committed by government, be available "for the purposes of this recommendation."
 - e. For information purposes only, we have included at Tab 11 the PSEC "Principles of Costing Compensation Plans." We submit that those principles have no determinative value in this proceeding.
 - f. It matters not that PSEC includes "wage impacted" benefits in its "costing principles." PSEC was not, in October of **2005**, a party to the dispute, nor has it somehow acquired that status in the intervening period. The issues in October of **2005** were and remain between government, the BCTF and BCPSEA. PSEC cannot, six months after the event, be extended an involvement it did not enjoy at the material time.
 - g. In any case, this is not a renewal of a "collective agreement" or the establishment of a "compensation plan" that would bring the **\$40** million within the ambit of the PSEC costing principles. Rather, the **\$40** million flows from separate legislative enactment.
 - h. At the time the facilitator delivered his recommendations, the collective agreement was already in place—its terms and provisions imposed by

legislation (Bill 12 *Teachers' Collective Agreement Act* October 2005),
Tab 12.

Section 2 of the *Act* reads:

Constitution of teachers' collective agreement

- (1) The collective agreement between the parties that expired on June 30, 2004 is deemed to constitute a collective agreement between the parties.
- (2) Subject to the limits set out in section 27 of the *School Act*, the parties may vary, by agreement, the collective agreement constituted under subsection (1) of this section.
- (3) Despite subsection (2), a provision of the collective agreement constituted under subsection (1) that creates an obligation for the government must not be varied unless the Minister of Finance approves the variation.
- (4) The collective agreement constituted under subsection (1) expires on June 30, 2006.

(emphasis added)

- i. The endorsement by all parties of the recommendation concerning the \$40 million committed to harmonization varies, "by agreement," the collective agreement constituted under subsection (1) of the *Act*. It created an "obligation for the government," one it publicly and unconditionally approved.
- j. It cannot be that government, in accepting the recommendation and thereby approving this variation to the collective agreement, intended something other than the expressly stated intent of the recommendation itself—a commitment of \$40 million towards the harmonization of salary grids.

Future Costing

Did the facilitator intend that any move "towards harmonization" of the salary grids, achievable in the April–June 2006 timeframe (explicit in the recommendations) should be muted by consideration of the anticipated fiscal impact in subsequent years?

19. The position of BCPSEA, as we understand it, is that the acceptance of the facilitator's recommendations by its Board of Directors in October of 2005, cannot attract any "unfunded liability" for school districts. Put another way, \$40 million is all that can be spent in the first, or any subsequent fiscal year, towards harmonization of the salary grids.

20. BCPSEA estimates, over a four-year projection, that the total cost of harmonization as proposed by BCTF will approximate some \$93.5 million (Tab 9). In the result, grid shortening as advanced by BCTF is not possible within the funding available.
21. BCTF does not accept the position of BCPSEA for at least the following reasons:
- a. The facilitator's recommendation directs that the entire \$40 million be applied, at a yet to be determined point, in the last three months of the current collective agreement—"after the end of the current fiscal year and before the expiry of the present collective agreement" (April 1, 2006-June 29, 2006).
 - b. The intention is clear: harmonize the salary grids, to the greatest extent possible with the \$40 million available, within the specified timeframe,
 - c. Nowhere in the recommendation is there mention of any dampening effect on harmonization that future costing might incur.
 - d. It was on this basis that the parties and government accepted the recommendation.
 - e. There is no dispute that giving effect to the facilitator's recommendation, within the timeframe specified, will impact the obligation of government in future years. That should not be surprising. Any positive grid manipulation has always had immediate and prospective cost implications.
 - f. Government accepted the facilitator's recommendations "unconditionally." The immediate and prospective obligation of so doing could not have been mistaken or overlooked.
 - g. Under either scheme addressing harmonization, there will be increased costs to the value of increments (experience recognition). Historically, this has always been the case whenever there has been a grid manipulation that increases its overall cost—through general salary increase(s) and/or grid shortening.
 - h. The "Operating Grants Manual - March 2005" (Tab 13) confirms that government understands and accepts any increased obligation in this regard.

'The increments, as reported after September 30, 2005 will be included as part of the average teacher salary calculation.'
 - i. "Average teacher salary calculation" is still a key determiner in the grant allocation to school districts, now based, outwardly, on per pupil funding.

By definition, harmonization will increase the average teacher salary calculation. Grants to school districts will increase accordingly.

- j. That PSEC costs any renewal of the collective agreement and/or compensation plans is irrelevant. The matters before the IIC are beyond the reach of PSEC. We rely on section 18 of this submission in that regard.

OTHER CONCERNS:

- 22. BCTF submits that the \$40 million provided in the recommendation is intended to harmonize the grids to the greatest extent possible within the specified timeframe. BCTF submits further that future costs should not diminish what can be accomplished by way of harmonization in April–June of 2006. If the IIC rejects this proposition, we say further:
 - a. \$93.5 million is inclusive of wage impacted benefit costs (13.4%) which our submission argues should not be a factor.
 - b. The BCPSEA costing document at Tab 9 assumes that the transition to the eight-step grid should result in a minimum increase of 1%. That has never been part of our proposal. BCTF's transition model—Tab 3, provides that employees move to the new grid at the step that is closest to their current scale placement but with no loss in salary. In the result, some employees will receive an initial increase that is less than 1% or no increase at all. The BCPSEA 1% assumption, in our estimation, will increase the costs in year one by some \$2 million.

EFFECTIVE DATE (OF IMPLEMENTATION):

"The effective date will be after the end of the current fiscal year and before the expiry of the present collective agreement."

(Tab 1, page 3, Recommendations of the Facilitator, October 20, 2005)

- 23. The matter of the effective date for the implementation of the facilitator's recommendation concerning harmonization of the salary grids did not arise, specifically, in the meetings between the parties. In the result, we do not have BCPSEA's tabled or stated position in this regard. We would be surprised if it was anything other than the latest possible date for implementation—June 29, 2006.
- 24. The position of BCTF with respect to the effective date for harmonization of the grids is April 1, 2006 – the earliest possible date. In support of our position we say:
 - a. April 1, 2006 is consistent with the effective implementation of the facilitator's recommendations concerning the recruitment and retention of Teachers on Call. There is no reason why the same date should not apply for others in the bargaining unit.

- b. April 1, 2006 is the start of the new fiscal year for government - after the expiry of the previous "common wage mandate". It was on that basis that government accepted the facilitator's recommendations concerning Teachers on Call.
- c. The April–June 2006 timeframe for the effective date of harmonization is similarly situated with respect to the previous wage mandate. Harmonization should be similarly applied at April 1, 2006.

BCTF respectfully submits that the IIC should award that harmonization of the salary grids be effective April 1, 2006 and be consistent with the foregoing proposals of the Union.

All of which is respectfully submitted on behalf of the BC Teachers' Federation, this 21st day of April 2006.



Jinny Sims
President
British Columbia Teachers' Federation