

Fiscal Dividend

❖ Overview

This letter of understanding establishes the terms and conditions under which members of the BC Teachers' Federation are entitled to a one-time payment if the BC government realizes a surplus in excess of \$150 million in the 2009-10 fiscal year.

❖ Letter of Understanding No. 13 Re: Fiscal Dividend

Having agreed to a collective agreement term of July 1, 2006 to June 30, 2011, a Fiscal Dividend Bonus may be paid from a one-time fund (the "Fund") generated out of monies, in excess of a \$150 million, surplus to the BC government, as defined in the Province's audited financial statements, for the fiscal year 2009-10.

- a. If fiscal dividend funds are determined to be available and upon receipt of funding from the BC government, a fiscal dividend will be paid to employees as soon as practicable for the school district to calculate individual payment amounts and distribute the funds.*

The Fund will be determined as follows:

- i. The calculations will be based on the surplus, as calculated before deduction of any expense associated with the Fiscal Dividend Bonus, achieved in fiscal 2009-10, as published in the audited financial statements for that fiscal year, provided that the surplus is in excess of \$150 million.*
- ii. Only final surplus monies in excess of \$150 million will be part of the Fund, and the total quantum of the Fund for the entire public sector (including all categories of employees) will not exceed \$300 million.*
- iii. The quantum of the Fund will be constrained by the proportion of the public sector that is eligible to participate in the fiscal dividend bonus i.e., 100% of the Fund will be available if 100% of all categories of employees in the public sector under the purview of the Public Sector Employers' Council participate, but if a lesser number participate, a proportionately lesser amount of the Fund will be available.*

- iv. *Additionally, the Fund will be proportioned among all groups of public sector employees by ratio of group population to total population participating.*
- b. *The manner of allocation of the Fund monies to employees shall be subject to negotiations between the BCTF and BCPSEA.*

❖ Explanation

Introduction

Having agreed to a collective agreement term of July 1, 2006 to June 30, 2011, a Fiscal Dividend Bonus may be paid from a one-time fund (the "Fund") generated out of monies, in excess of a \$150 million, surplus to the BC government, as defined in the Province's audited financial statements, for the fiscal year 2009-10.

The introduction sets out the overall requirements for payment from the fiscal dividend fund.

If the BC government generates a surplus in excess of \$150 million for the 2009-10 fiscal year, a Fiscal Dividend Bonus is available.

- 13.a**
- a. *If fiscal dividend funds are determined to be available and upon receipt of funding from the BC government, a fiscal dividend will be paid to employees as soon as practicable for the school district to calculate individual payment amounts and distribute the funds.*

Paragraph a establishes the sequence of events with respect to payment of the Fiscal Dividend Bonus and lists the specific criteria for payment.

If funds are available for the Fiscal Dividend Bonus, it shall be paid as soon as school districts can calculate individuals' payment and distribute the funds.

- 13.a.i**
- The Fund will be determined as follows:*
- i. *The calculations will be based on the surplus, as calculated before deduction of any expense associated with the Fiscal Dividend Bonus, achieved in fiscal 2009-10, as published in the audited financial statements for that fiscal year, provided that the surplus is in excess of \$150 million.*

Paragraph a.i establishes that the surplus will be calculated before the deductions of any expenses associated with the Fiscal Dividend Bonus.

- 13.a.ii** *ii. Only final surplus monies in excess of \$150 million will be part of the Fund, and the total quantum of the Fund for the entire public sector (including all categories of employees) will not exceed \$300 million.*

Paragraph a.ii establishes that the Fiscal Dividend Bonus will be payable from any surplus monies in excess of \$150 million, and the total monies payable as the Fiscal Dividend Bonus will not exceed \$300 million.

- 13.a.iii** *iii. The quantum of the Fund will be constrained by the proportion of the public sector that is eligible to participate in the fiscal dividend bonus i.e., 100% of the Fund will be available if 100% of all categories of employees in the public sector under the purview of the Public Sector Employers' Council participate, but if a lesser number participate, a proportionately lesser amount of the Fund will be available.*

Paragraph a.iii establishes that the Fund will be established proportionate to the percentage of the public sector participating in the Fund. If 100% of eligible employee groups participate in the Fund, 100% of available monies will be payable. Any reduction below 100% will result in a corresponding reduction to the Fund.

- 13.a.iv** *iv. Additionally, the Fund will be proportioned among all groups of public sector employees by ratio of group population to total population participating.*

Paragraph a.iv establishes that the Fund will be divided among participating employee groups proportionate to each group's percentage of the participating employees. For example, an employee group representing 10% of the total employees participating in the fund will receive 10% of the Fund's monies.

- 13.b** *b. The manner of allocation of the Fund monies to employees shall be subject to negotiations between the BCTF and BCPSEA.*

Paragraph b establishes that the manner in which any monies are distributed by the Fund to BCTF members will be subject to negotiations between BCPSEA and the BCTF.

❖ Implementation

Any payment will not occur until the end of the 2009-10 fiscal year.

❖ Procedures

Should such a fund become available, the BCTF and BCPSEA will establish the required payment procedures.