



SCHOOL DISTRICT 5

SOUTHEAST KOOTENAY

September 13, 2022

Mr. John Davison
President and CEO
Public Sector Employers' Council Secretariat
Suite 201, 880 Douglas Street
Victoria, BC V8W 2B7

Dear Mr. Davison:

This will confirm that the Board of Education of School District No. 5 (Southeast Kootenay) is aware of the total compensation paid to executive staff during the 2021-2022 fiscal year and further, that we verify the amount of compensation paid was within the compensation plan as approved by the Board and reported to the Public Sector Employers' Council Secretariat.

Yours truly,

Frank Lento
School District No. 5 (Southeast Kootenay) Board Chair

Public Sector Executive Compensation Disclosure Report 2021-2022

School District No. 5 (Southeast Kootenay)

The Board of Education encourages and adopts practices that enable the district to attract, retain, incent, and reward qualified, high-performing employees who are dedicated to the delivery of quality public education programs, services, relationships, and communications that benefit the students in School District No. 5 (Southeast Kootenay).

A key component of this approach is the development and maintenance of a framework for executive and exempt staff compensation that is rational, defensible, competitive and able to be effectively administered.

Compensation Philosophy

The Board's compensation philosophy aligns with the statutory system of exempt staff compensation administration in the K-12 public education sector and the British Columbia Public School Employers' Association (BCPSEA) exempt staff compensation management plan (BCPSEA Policy 95-06, *Compensation and Employment Standards for School District Employees Not Subject to a Collective Agreement*), which is an approved compensation plan under the *Public Sector Employers Act*.

Compensation mandates/direction, facilitated by the Public Sector Employers' Council Secretariat (PSEC Secretariat) from time to time, are the official policy of BCPSEA and any adjustments to exempt staff compensation levels must align with the parameters of the prevailing compensation mandate/direction.

The Board's compensation philosophy is based upon a set of principles and guidelines that guide development maintenance and decision-making. At its core is an integrated view of compensation and rewards- not only traditional, quantifiable elements such as salary and benefits (total compensation), but also more intangible and intrinsic elements such as career opportunities, learning and career development, work challenges, and a supportive disciplined culture. The model further integrates with plans that establish the Board's overall objectives, education, business and human resources purposes.

Objectives:

To attract and retain qualified, experienced, motivated and loyal employees who are committed to the Board's ultimate goal of delivering distinctive services and opportunities to our students better than any other school district.

To promote an understanding among exempt staff about the purpose of their assignments and how essential each member is to the achievement of the Board's strategic directions.

To promote an understanding of how essential it is for the Board to support employees in their achievement of their personal and professional goals.

▪ Educational Purpose

The Board will nurture the talents and aspirations of all students so that upon graduation every student feels they have a place to belong and a gift to bring to our society.

▪ Business Purpose

The Board will preserve its core values, its strategic directions and purposes, allowing the business strategies and operating practices while respecting the democratic governance of elected trustees.

- **Human Resources Purpose**

The Board will treat ALL employees fairly and respectfully based on the principles of performance, accountability, transparency, and differentiation within a climate of trust where employees feel proud, connected and committed.

Guidelines

The Board believes that total compensation packages including benefits and allowances must be sufficient to attract and retain great people.

The Board believes the maintaining of executive and exempt compensation will include consideration of the compensation granted to public school teachers.

The Board acknowledges the idea that structures, models and frameworks of executive and exempt staff compensation as a key driver in performance is not supported by data and the review of the literature, however, a compensation structure provides an efficient and effective administrative mechanism.

The Board believes total compensation acknowledges and reflects the values of trust, loyalty, accountability, respect, fairness, collaboration integrity and teamwork.

The Board believes increases to compensation levels must reflect the District's budget and ability to fund increases.

The Board believes compensation should be considered as a total rewards structure, which includes all the elements of the total compensation package in personal services contracts.

The Board recognizes that time is considered an important factor in order for executive and exempt staff to carry out their performance of responsibilities and duties in the District's modified school calendar.

The Board believes that compensation decisions must be objective and based upon clear, well documented, and relevant business rationale that demonstrates the appropriate expenditure of public funds.

The Board acknowledges BCPSEA's labour market definition (the recruitment pool and destination Sector) for exempt staff and the articulation of a relevant labour market for the district.

Core Principles:

- **Performance**

Executive and exempt staff compensation packages must support and promote a performance based organizational culture.

Executive and exempt staff compensation increases must be based on performance reviews with formal feedback sources that include not only supervisors and peers but also other stakeholders including students, parents, Trustees and community leaders.

The Board values annual discussions regarding total compensation packages, terms of personal services contracts and changes to job descriptions.

- **Differentiation**

The Board believes differentiation of salary is supported where there are differences in the scope and in the complexity of the position and or due to extraordinary individual contributions that benefit students and the district.

The Board believes executive and exempt staff compensation decisions must be based on relevant data that reflects the District's functions and its transformation to a culture of discipline.

The Board recognizes an appropriate compensation relationship exists among exempt positions in the District.

- **Accountability**

The Board recognizes compensation decisions must reflect the sensitive, complex, and personal nature of individuals while addressing the individuals' overall role in their respective unique settings and environment.

The Board believes compensation decisions must take into account the needs and functions of the district and the unique demographics and dynamics of its urban and rural schools and communities.

The Board understands that compensation must demonstrate the appropriate expenditure of public funds.

The Board understands the Public Sector Employers Act, which establishes the legislative policy framework for executive and exempt staff compensation administrators and managers in the public sector.

The Board understands the BCPSEA exempt staff compensation management plan which is an approved compensation plan under the legislation.

- **Transparency**

The Board recognizes that compensation must be designed, managed and communicated in a manner that ensures compensation decisions are clearly understood by employees and the public while protecting individual personal information.

The Board believes that effective, objective, and fair total executive and exempt staff compensation packages that respect the expenditures of public funds will not have to be defended.

The Board believes that total exempt staff compensation with annual base salaries exceeding \$100,000 should be disclosed to the public in a similar manner that is required for executive disclosures with salaries exceeding \$125,000.

Labour Market Comparators

Key to the compensation philosophy is the need to maintain a meaningful level of competitiveness with the relevant external labour market. Consistent with industry standards, "labour market" is defined in the BCPSEA sectoral exempt compensation management plan (Policy 95-06, *Compensation and Employment Standards for School District Employees Not Subject to a Collective Agreement*) as:

- The recruitment pool for these employees
- The destination sector for these employees.

The following considerations guide articulation of the relevant labour market:

- Degree of recruitment from these jurisdictions/organizations
- Size of the organization, as size drives the span of control and scope of accountability
- Geographic location
- Transferability of skills
- Comparability of qualifications and experience
- Comparability of authority and consequence of error.

For executive and exempt staff positions in the BC K-12 public education sector, the relevant labour market includes:

1. Other BC school districts (primary labour market)
2. Other BC public sector organizations
3. Other Canadian school districts where relevant (to the extent that BC school districts recruit from and lose employees to these jurisdictions, this segment of the labour market is weighted to Alberta and Ontario (and to a lesser extent, Saskatchewan) consistent with the industry-standard definition of labour market)
4. Selected private sector organizations where relevant.

The Board's executive and exempt staff salary structure was developed on a total compensation basis, consistent with governance and technical best practice, as part of the BCPSEA Sectoral Exempt Staff Compensation Review Project conducted with the approval of the PSEC Secretariat. This comprehensive market review ensured development of an executive and exempt staff salary structure for each of the province's 60 public school districts in alignment with each district's relevant comparator labour market and internal organizational structure. This approach includes:

- Consideration of all components of the total rewards model.
- Consideration of the relevant labour market for compensation comparison purposes.
- Linking pay ranges to neutral, relevant factors (e.g., job content (specific duties/responsibilities), required skill level, required competencies, required qualifications).
- Ensuring appropriate relationships exist between positions in the district's organizational hierarchy.
- Considering the ways in which appropriate organizational and individual performance measures may be linked to the administration of the compensation system.

In balancing external competitiveness with internal equity, the reference point for executive and exempt total compensation is currently the median of the relevant comparator labour market.

The Board's total compensation package for executive/senior management staff is comprised of the following elements.

Cash Compensation

Total cash compensation includes annual base salary and monthly vehicle allowance.

- **Annual base salary**

Annual base salary is considered in the context of the total compensation package.

- **Vehicle provisions**

Due to the diverse geography of the district and the need to visit schools and other district worksites, the Board provides a monthly vehicle allowance to certain senior management positions. The monthly vehicle allowance is set at a level competitive with the vehicle allowances provided to other senior management positions in districts of similar size and geography.

Non-cash Compensation

The non-cash elements of the total compensation package include:

- **Health and welfare benefits**, such as basic medical, extended medical, dental, group life, short-term and long-term disability, employee and family assistance program, etc. consistent with such

benefits as offered in the K-12 sector generally.

- **Pension benefits** — executive/senior management employees are enrolled in either the Teachers' Pension Plan or the Municipal Pension Plan.
- **Long Service Recognition** — In addition, upon retirement executive/senior management employees are eligible to receive a long-service recognition award based on the following criteria: Payment of one month of salary upon retirement, after 10 (ten) years of continuous service.
- **Paid time off**, including an annual vacation entitlement of 30 days. There are employees who receive 25 or 30 days plus the winter and spring break as laid out in the school calendar under their respective contracts. Pursuant to the *Public Sector Employers Act*, carry forward of unused accumulated vacation is not permitted. If, however, the individual employment contract does allow for carry forward of unused accumulated vacation, then such vacation may be carried forward for one year only and, at the end of that year, the unused accumulated vacation must be used in full, paid out, or a combination of the two.

Compensation Administration

The Board engages in ongoing and consistent administration of the compensation structure to ensure that reality matches philosophy and that equity is maintained. An ongoing system of compensation review conducted and managed through BCPSEA and the PSEC Secretariat ensures that total compensation levels are benchmarked externally against the appropriate labour market and internally against appropriate job criteria.

The Board works with BCPSEA to obtain information and advice relating to the executive and exempt compensation structures and to ensure alignment with the compensation mandates/directions established for the provincial public sector by the PSEC Secretariat.

- **Annual base salary administration**

The salary structure for executive and exempt positions is based on placement at the appropriate salary range in the structure reflective of labour market competitiveness and internal equity. Placement and progression through the salary range is dependent upon competency growth and performance. The maximum of the salary range typically represents the job rate for the position, defined as the salary that should be paid to an incumbent who have established themselves as meeting all the goals and expectations of the position in a fully satisfactory manner. New hires are generally not placed at the job rate on commencement of employment, although due to the key leadership roles and responsibilities, such individuals are generally recruited at a highly competent level and are often placed at the mid- to maximum point in the salary range reflective of the required competence, qualifications, and experience.

The decision whether to grant salary increases to the positions of Superintendent and Secretary Treasurer is at the sole discretion of the Board of Education. These positions are the only executive/exempt positions for which BCPSEA approval of increases to any elements of the compensation package is not required. In determining whether salary increases are warranted, the Board considers such factors as performance, competence, external competitiveness, and internal equity including the maintenance of appropriate salary differentials through the organization. The Board typically utilizes market compensation data and salary/compensation structures developed by BCPSEA for these positions as well as all other positions in the exempt staff structure. Potential increases are considered within the Board's overall compensation budget.

- ***BC Public Sector Executive Compensation Freeze Policy: 2020-2021 Performance Year***

Further to BCPSEA *Exempt Staff Issues* bulletin No. 2020-04 dated August 31, 2020, as directed by the Minister of Finance in her letter dated August 31, BCPSEA amended the exempt staff compensation management plan for the K-12 public education sector (BCPSEA Policy 95-06, Compensation and Employment Standards for School District Employees Not Subject to a Collective Agreement), which is an approved compensation plan under the *Public Sector Employers Act*, "...to indicate there will be no increases or adjustments paid to executive-level employees for the 2020/21 performance year."

As increases in recognition of the 2020/21 performance year would be implemented during the current July 1 2021 to June 30, 2022 reporting year, no performance-based salary adjustments were permitted for the following positions affected by the policy:

- Superintendent of Schools
- Secretary Treasurer
- Second-level education-side position regardless of position title —Deputy/Assistant/Associate Superintendent.

In acknowledging that boards of education in the K-12 public education sector have sole purview to determine compensation decisions for the position of Superintendent of Schools, in her August 31, 2020 letter, the Minister stated as follows:

"I am confident that Boards will see the value in ensuring this policy direction is applied equitably across all executive positions in the school system and that Superintendent compensation will, like other executives in the public sector, not be increased during this time."

Accountability

Underlying the Board's compensation philosophy and approach is the understanding that legal and regulatory mandates are considered a baseline for implementing any compensation plan or practice. Compensation administration in the K-12 public education sector currently operates within the following context:

- the *Public Sector Employers Act*, which establishes the legislative policy framework for exempt staff compensation administration in the public sector
- the BCPSEA exempt staff compensation management plan (Policy 95-06, *Compensation and Employment Standards for School District Employees Not Subject to a Collective Agreement*), which is an approved compensation plan under the *Public Sector Employers Act*.
- compensation mandates/direction facilitated by the PSEC Secretariat from time to time. Any adjustments to exempt staff compensation levels must align with the parameters of the prevailing compensation mandate/direction.

Under the current compensation administration system in the K-12 sector:

- the Board of Education is solely responsible for the establishment and maintenance of compensation levels for the position of Superintendent of Schools. As elected school trustees, the Board is accountable to its public and therefore ensures that it adheres to proper human resources practices including statutory requirements with respect to executive and exempt staff compensation.
- proposed salary range placement and compensation adjustments for all other executive and exempt positions in the district must be reviewed and approved by BCPSEA prior to implementation.

