POLICY

No. **D.15**

EXEMPT STAFF COMPENSATION MANAGEMENT

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Policy

The Board believes that compensation for employees who are not subject to collective agreements should be based on fiscal responsibility, sound management practices and fairness to their exempt employee groups.

Accordingly, the Board shall consider the BC Public School Employers' Association Policy 95-06, *Compensation and Employment Standards for School District Employees not Subject to a Collective Agreement*, when recruiting and retaining senior and other management level positions in School District 84 (Vancouver Island West).

BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION
SOLUTIONS AT WORK

Policy 95-06

Compensation and Employment Standards for School District Employees Not Subject to a Collective Agreement

Background

Section 6 of the *Public Sector Employers Act* authorizes the employers' association to coordinate "...compensation for employees who are not subject to collective agreements."

In accordance with this statutory direction, compensation and employment standards (the "Standards") were developed by the British Columbia Public School Employers' Association (BCPSEA) and approved by the Public Sector Employers' Council (PSEC). BCPSEA introduced the Standards to the K-12 public education sector in 1995; a revision to the Standards was approved by PSEC and distributed to school districts in 1999.

In October 2002, government enacted amendments to the *Public Sector Employers Act* through Bill 66, *Public Sector Employers Amendment Act*. With these amendments, the K-12 public education sector, along with the public sector as a whole, moved from a voluntary compliance model with respect to administration of exempt compensation and contracts to a statutory model. On December 6, 2002, the Minister of Finance approved the BCPSEA Compensation and Employment Standards as a compensation plan under section 14.3 of the *Public Sector Employers Act*.

In May 2008, further amendments to the *Public Sector Employers Act* removed the position of Superintendent of Schools from coverage under these Standards. Boards of Education are solely responsible for the review and determination of compensation for the position of Superintendent.

For all other executive and exempt positions, boards of education are required to adhere to these Standards as a way of demonstrating fiscal responsibility and sound management practices to the public and to their employee groups.

In December 2015, PSEC directed further amendments to these Standards to align with the common compensation philosophy in the broader public sector in British Columbia.

Objectives

An effective set of compensation and employment standards must respect the autonomy and accountability of individual elected boards of education while at the same time ensuring compliance with statutory requirements under applicable legislation.

In developing these standards, every effort has been made to:

1. Provide coordination and comparability for exempt employees in the K-12 sector.
2. Enable boards of education to attract and retain high quality personnel. This implies that compensation must:
   - be competitive and reasonably comparable to compensation received for positions with similar responsibilities in the public service in other public sectors, and to a lesser extent, private sector organizations for in-demand jobs when appropriate.
   - be sufficiently attractive to retain existing personnel and to attract new individuals of high calibre to exempt positions
   - have appropriate relationships from one position to those at other levels.
3. Provide full disclosure.
4. Account for total compensation.
5. Recognize the diversity of school districts.
6. Provide a framework that assists boards of education in complying with their fiscal objectives and support in fulfilling their responsibilities.
7. Provide simplicity, timeliness and ease of administration.

Compensation and Employment Standards

The Compensation and Employment Standards (the "Standards") consist of the following:

I. **Roles, Responsibilities, and Reporting Requirements** to ensure full disclosure to the public at the local board of education level, to BCPSEA, and to the Public Sector Employers' Council (PSEC).

II. **Compensation Standards** to ensure a consistent compensation philosophy and consistent compensation administration practices in the K-12 public education sector. The compensation standards must be incorporated into individual contracts of employment, as well as letters of appointment and general terms and conditions of employment.

Exempt staff compensation is reviewed against comprehensive market compensation surveys conducted in the broader public sector and, to a lesser extent, the private sector for in-demand jobs when appropriate. Compensation should reflect a defensible and technically sound approach for determining competitive compensation levels for exempt positions in the public education sector and reflect the public's desire for fiscally responsible compensation levels in the public sector generally.

III. **Employment Standards** to ensure consistent employment administration practices in the K-12 public education sector. The employment standards must be incorporated into individual contracts of employment, as well as letters of appointment and general terms and conditions of employment.

I. Roles, Responsibilities and Reporting Requirements

1.1 In meeting the objectives of these Standards, BCPSEA:

- Provides technical assistance to boards of education for determining the application of these Standards and legislative requirements to exempt positions in the school district. This includes determining levels of compensation and classification of positions within the benchmark compensation categories.
- Determines any requests for variance of this policy.
- Coordinates the reporting of total compensation and employment contract matters for executive compensation disclosure as defined in the *Public Sector Employers Act*, as well as other exempt employees in the K-12 public education sector.

1.2 In meeting the objectives of these Standards, boards of education are required to:

- Develop and maintain written policies and employment contract provisions with respect to procedures governing employment, compensation, benefits, and expenses that comply with these Standards and relevant legislation.

  Compensation for all exempt positions will take into account:

  - Total compensation relationships inside and outside the organization
  - Special circumstances such as market conditions, geography, cost-of-living, and job responsibilities
  - Need for public accountability and transparency.
- Maintain high ethical standards and avoid conflict of interest with regard to expense and compensation procedures. In particular, no employee should approve a benefit payment or expense reimbursement to him/herself.
- Provide on request to BCPSEA, compensation and employment-related policies, employment contracts, and compensation information for all exempt staff. This includes complying with the reporting requirements under the *Public Sector Employers Act* with respect to executive compensation disclosure and reporting of employment terminations under the *Employment Termination Standards Regulation*.
- Provide on request to the public, current information on compensation and employment-related policies, and total compensation levels for all exempt staff. This includes complying with the reporting requirements under the *Public Sector Employers Act* with respect to executive compensation disclosure.
- Submit any request for variance of this policy to BCPSEA for determination.

II. Compensation Standards

2.1 Compensation data

In order to ensure defensible and competitive compensation levels in the K-12 public education sector, BCPSEA regularly conducts surveys of total compensation paid to exempt benchmark positions.

Benchmark positions are present in a majority of school districts; they represent the spectrum of the exempt staff workforce and have well known and relatively stable job content.

In determining the relevant labour markets for obtaining compensation data for executive and exempt employees, BCPSEA considered the following questions:

- what is the supply sector for these employees (from where do boards of education recruit employees)
- what is the destination sector for these employees (to where do boards of education lose employees).

The scope of the relevant labour market for top level positions in the K-12 public education sector may include public boards of education in British Columbia, Alberta, Saskatchewan, and Ontario. Other organizations in the British Columbia public sector, including the BC Public Service Agency, are also surveyed. Private sector organizations are surveyed for certain high-demand jobs when appropriate. In addition to the regular survey cycle, BCPSEA conducts total cash surveys on an ongoing basis to ensure consistent compensation practices with the relevant labour markets.

2.2 Elements of total compensation

- Annual base salary
- Declared personal portion (for Revenue Canada purposes) of vehicle allowance or benefit received by the provision of an employer-leased vehicle
- Unvouchered expense allowance, with the exception of reasonable meal or travel per diems that are directly related to a specific activity on behalf of the employer
- Rent-free or subsidized housing (in accordance with Revenue Canada reporting requirements)
- Northern or isolation allowance
- Vacation travel allowance
- Employer contribution towards employee benefits, including:
    - medical, health and dental insurance plans
    - life insurance and long-term disability plans
    - employee and family assistance plans
    - pension plans
    - any other benefits.
- Any other forms of compensation.

2.3 Compensation administration

Exempt compensation in the K-12 public education sector is administered within the following framework.

2.3.1 Compensation philosophy

The compensation philosophy is based upon a set of principles that guide the development and maintenance of salary structures and total compensation packages and programs.

At its core is an integrated view of compensation and rewards — not only traditional, quantifiable elements such as salary and benefits (compensation), but also more intangible elements such as career opportunities, learning and career development, work challenge, and supportive culture (rewards). The total rewards compensation program further integrates with plans that establish a board of education's overall education, business, and human resources strategies and objectives to facilitate the attraction and retention of qualified, experienced, motivated and high-potential employees who are committed to boards' overarching goal of delivering a high quality public education experience to BC students.

Compensation structures should be consistent with the province's Taxpayer Accountability Principles (TAP) of cost consciousness, accountability, appropriateness, service, respect, and integrity. These principles were established in 2014 and reflect the requirement that all public entities act in the best interests of taxpayers.

Inherent in the compensation philosophy are the following core principles:

- Performance: The compensation structure and administration of the structure supports and promotes meaningful career growth and development opportunities, and a performance-based (merit) organizational culture.
- Differentiation: Differentiation of compensation is supported where there are differences in the scope of the position within an organization, and/or due to superior individual/team contributions.
- Accountability: Compensation decisions are objective and based upon a clear and well documented rationale that demonstrates the appropriate expenditure of public funds.
- Transparency: The compensation program is designed, managed, administered, and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.

2.3.2 Compensation structure

- Boards of education are responsible to establish and maintain a defensible, credible compensation structure for executive and exempt employees, taking into account all the elements of total compensation.
- The annual base salary component of total compensation should reflect an independent analysis of labour market conditions (e.g., BCPSEA total compensation surveys and data) and provide for sufficient differential above positions supervised to attract and retain individuals of a high calibre.

2.3.3 Compensation adjustments

- Adjustments to exempt compensation levels must be reasonable and defensible, and reflect the public's desire for financially responsible public sector compensation practices.
- Adjustments to exempt compensation levels must be administered within existing operational budgets.
- Service levels cannot be reduced to fund exempt compensation levels.
- Decisions related to employee progression through established pay bands must consider whether performance expectations for the particular job have been met to the board's satisfaction.
- Compensation mandates adopted by the Public Sector Employers' Council from time to time are the official policy of BCPSEA and any adjustments to exempt compensation levels will be considered within the context of the applicable compensation mandate.
- Any increases in total compensation must be approved by BCPSEA prior to implementation by the board of education.

2.3.4 Vehicle allowance/lease

- The portion of cash compensation attributable to an employer-provided vehicle allowance must be treated as a separate component of total compensation and must not be "rolled into" the annual base salary portion.
- The board of education is responsible to ensure that:
  - vehicle leases, when utilized, are a cost effective transportation solution for the school district.
  - Revenue Canada and *Canada Tax Code* rules are complied with.
  - vehicle leases comply with the leased vehicle policy included as Appendix 1 to these Standards.

2.3.5 Expense procedures

Boards are expected to have policies governing expense guidelines, procedures and reimbursement form that are consistent with TAP and conform with good governance practice in the public sector.

2.3.6 Inappropriate compensation policies

- The following compensation policies are deemed to be inappropriate for a public sector employer and must not be contained in any employment contract, letter of appointment, or general terms and conditions of employment.
  - Social and recreational club memberships for the benefit of an individual.

    However, an employer may provide club memberships for a business or human resource purpose.
  - Board paid spousal or companion travel.
  - Payment of all or a portion of retirement allowances and/or service recognition allowances while the employee is in the active employ of the board of education.
  - Board paid gasoline, maintenance, or insurance for the personal use of board-owned vehicles.

III. Employment Standards

3.1 Boards of education are expected to implement the following compensation-related policies in employment contracts or terms and conditions of employment with staff not subject to a collective agreement:

3.1.1 Contract term, contract renewal, contract termination

- Boards of education are responsible for ensuring that they are able to eliminate an exempt position upon reorganization of the district.
- Terms and conditions of employment must be open for review and negotiation on a regular basis at least once every five years or at the request of either party.
- Renewal of term employment contracts must require specific action on the part of the board of education; provisions for automatic rollover of term contracts in the absence of specific action by the board of education are not permissible.

3.1.2 Termination of employment

- Exempt employees are subject to the provisions of the *Public Sector Employers Act* including the *Employment Termination Standards Regulation*. The Act and Regulation are attached as Appendix 2 to these Standards.
- Where an employee gives cause for termination, the employer may terminate the employee in its absolute discretion, without any notice of termination or pay in lieu thereof.
- Severance payments shall not be made in the case of voluntary resignation.

3.1.3 Retirement benefits

- An employer may provide a paid pre-retirement leave or allowance or paid retirement leave or allowance that is generally available to exempt employees but an employer shall not include a paid pre-retirement leave or allowance to an individual that is not generally available to all exempt employees.
- An employer may expend funds for a retirement or departure gift upon retirement or resignation of a board member or exempt employee. The amount of funds spent should recognize that the gift is a token of appreciation and is not significant enough to be included as an element of total compensation.

Revisions and Updates

Any revisions to these Compensation and Employment Standards will be subject to the approval of the Public Sector Employers' Council and the Minister of Finance.

These Compensation and Employment Standards, approved by the BCPSEA Board of Directors, the Public Sector Employers' Council, and the Minister of Finance, replace all previous compensation and employment standards.

Chronology:

- Approved by BCPSEA Board November 17, 1995; Approved by PSEC December 11, 1995
- Amendments approved October 25, 1999
- Amendments approved July 2004
- Amendments approved September 6, 2007
- Amendments approved May 2008
- Amendments approved November 2012
- Amendments approved January 2016

Appendix 1

Leased Vehicle Policy
K-12 Public Education Sector

Background

The Public Sector Employers' Council has proposed that the use of leased vehicles by management staff be governed by a publicly defensible policy. The British Columbia Public School Employers' Association believes that the challenges for district staff of managing a multi-site workplace require a policy tailored specifically to the K-12 sector. A working group was struck to come up with a leased vehicle policy which meets the following objectives:

- Ensure that vehicle leases, when utilized, are a cost effective transportation solution for the school district.
- Ensure that Revenue Canada and Canada Tax Code rules are complied with.
- Ensure that the use of leased vehicles is proper and responsible according to perceptions held by the majority of taxpayers of British Columbia.

Policy Guidelines

1. The policy guidelines apply to leased vehicles where the cost of the vehicle lease exceeds the cost of paying mileage to that employee. In these cases, the lease is defined as forming part of the employee's total compensation (even though there are times when the vehicle is used for school district purposes).
2. Leased vehicles may only be provided as part of total compensation to superintendents, secretary-treasurers, assistant superintendents or equivalent positions.
3. The type of vehicle leased must not exceed that necessary to perform the required duties of the position.
4. The lease must be structured to be the most cost effective for the school district and ensure that any residual benefit accrues to the school district and not to the employee.
5. Tender specifications must be publicly defensible.

Appendix 2 *Public Sector Employers Act* and Employment Termination Standards Regulation

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Deposited November 18, 1997
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Public Sector Employers Act

EMPLOYMENT TERMINATION STANDARDS

Note: Check the Cumulative Regulation Bulletin 2015 and 2016
for any non-consolidated amendments to this regulation that may be in effect.

[includes amendments up to those made by 2002-64-Sch.]

1 Definitions
2 Limitation on notice period and severance
2.1 Limitation on retiring allowance
3 Duties of employee during notice period
4 Severance payment instead of notice
5 Amount of notice and severance
5.1 Executive notice and severance
6 Re-employment in the public sector
7 Term of employment contracts

The Employment Termination Standards established by the Public Sector Employers Council are adopted as employment termination standards for the purposes of section 14.4 of the *Public Sector Employers Act*.

Definitions

1 In these standards:

"Act" means the *Public Sector Employers Act*;

"employee" has the same meaning as in section 14.1 of the Act;

"notice of termination" means notification by a public sector employer to an employee that his or her contract of employment will be terminated;

"notice period" means the length of time from the date on which notice of termination is given to an employee until the date on which employment will terminate;

"retiring allowance" means a payment that, by a contract of employment, an employee may receive on or after retirement of the employee from his or her employment in recognition of the employee's service, but does not include the following:

(a) superannuation or a pension benefit;

(b) an amount received as a consequence of the death of the employee;

(c) a benefit designated by the minister;

"severance" means the severance payment made in lieu of the notice period;

"successor employer" means a purchaser, lessee or transferee referred to in section 35 of the *Labour Relations Code*.

[am. 2002-64-Sch, s. 1.]

Limitation on notice period and severance

2 (1) An employee must not be given a notice period or severance in the case of

(a) termination for cause,

(b) expiry of a contract of employment with a definite term, or

(c) voluntary resignation or retirement.

(2) Subsection (1) does not prevent an employer from providing severance under a labour adjustment policy or program approved by the minister.

(3) A labour adjustment policy or program approved by the council before this subsection comes into force is deemed to be a labour adjustment policy or program approved by the minister for the purposes of subsection (2).

[am. 2002-64-Sch, s. 2.]

Limitation on retiring allowance

2.1 (1) An employee who receives a notice period or severance must not be given a retiring allowance.

(2) Subsection (1) does not prevent an employer from providing a retiring allowance under a labour adjustment policy or program approved by the minister.

(3) A labour adjustment policy or program approved by the council before this subsection comes into force is deemed to be a labour adjustment policy or program approved by the minister for the purposes of subsection (2).

[en. 2002-64-Sch, s. 3.]

Duties of employee during notice period

3 (1) During the notice period, a public sector employer, in its sole discretion, may

(a) require the employee to continue with his or her duties, assignment, tasks or projects,

(b) assign the employee to other duties, assignments, tasks or projects with the same or a successor employer, notwithstanding that the assignment may amount to a constructive dismissal, if

(i) the assignment is reasonably consistent with the employee's ability and responsibility at the time of the assignment, and

(ii) the employee is not required to relocate unreasonably,

(c) assign the employee to a non-successor employer with the agreement of the employee, or

(d) excuse the employee from performing his or her duties.

(2) If an employee refuses to perform duties assigned by the employer in accordance with this section, the employee is deemed to have voluntarily resigned and is not entitled to a continuation of the notice period or any payment in lieu of the notice period.

Severance payment instead of notice

4 (1) If an employer terminates employment without cause and excuses the employee from performing his or her duties under section 3 (1) (d), the employer, in its sole discretion, may provide the employee with severance.

(2) Severance must be in the form of periodic payments unless the employer, in its sole discretion, considers a lump sum payment to be more appropriate.

Amount of notice and severance

5 (1) A notice period or severance must not exceed the following:

(a) an amount calculated according to an employment termination plan for the employee that has been approved by the minister;

(b) if no employment termination plan has been approved by the council, the lesser of

(i) an amount equal to the remaining term of the contract, or

(ii) an amount provided under common law calculated as though the employee were subject to an indefinite term agreement with no provision regarding severance.

(1.1) An employment termination plan approved by the council before this subsection comes into force is deemed to be an employment termination plan approved by the minister for the purposes of subsection (1).

(2) Despite subsection (1), the maximum notice period that an employee may be given is 18 months.

(3) Despite subsection (1), the maximum severance that an employee may be given is the value of salary and benefits the employee would otherwise be entitled to for the notice period.

[am. 2002-64-Sch, s. 4.]

Executive notice and severance

5.1 (1) In addition to the limits imposed under section 5, this section applies in relation to employees of a public sector employer, other than an employer referred to in paragraph (g) of the definition of "public sector employer" in section 1 of the Act, who are appointed to or employed in the following positions:

(a) deputy minister;

(b) chief executive officer or president of a public sector employer;

(c) superintendent of a school.

(2) The notice period or severance that may be given to an employee in a position referred to in subsection (1) must not exceed

(a) an amount calculated according to an employment termination plan for the employee that has been approved by the Treasury Board, or

(b) if no employment termination plan has been approved by the Treasury Board, the following limits:

(i) up to a 6 month notice period or severance, if the employee has served or been employed in that position for fewer than 12 months;

(ii) up to a 9 month notice period or severance, if the employee has served or been employed in that position for 12 to 17 months;

(iii) up to a 12 month notice period or severance, if the employee has served or been employed in that position for 18 to 35 months;

(iv) up to a 14 month notice period or severance, if the employee has served or been employed in that position for 36 to 47 months;

(v) up to a 16 month notice period or severance, if the employee has served or been employed in that position for 48 to 59 months;

(vi) up to an 18 month notice period or severance, if the employee has served or been employed in that position for 60 or more months.

(3) Treasury Board may not approve an employment termination plan under subsection (2) (a) that would provide an employee more than a 12 month notice period or severance for fewer than 18 months of service or employment.

(4) An employment termination plan approved by the council before this subsection comes into force is deemed to be an employment termination plan approved by the Treasury Board for the purposes of subsection (2).

[en. 2002-64-Sch, s. 5.]

Re-employment in the public sector

6 (1) In this section, **"re-employment"** includes entering into a contract for services with a public sector employer either individually or through a sole proprietorship, partnership or corporation.

(2) An employee must notify the employer of any re-employment with a public sector employer during the notice period or period of notice in lieu of which severance is provided.

(3) If an employee commences employment with a public sector employer during the notice period or period of notice in lieu of which severance is provided,

(a) no severance covering this period of re-employment is payable, and

(b) the employee must pay the government any amount that is attributable to the period during which the employee is re-employed.

(4) During the notice period or period in lieu of which severance is provided, if an employee is re-employed at a lower level of compensation, nothing in this section prevents an employer from providing to the employee an amount equivalent to the difference between their former compensation level and their compensation level upon re-employment.

Term of employment contracts

7 If an employee is employed under a contract of employment for a definite term the contract must

(a) subject to paragraph (b), be for a term of not more than 5 years, and

(b) if employment under the contract may be extended for more than 5 years, make the extension conditional on a renegotiation of the contract during the term of the contract.

[en. 2002-64-Sch, s. 6.]

Provisions of the *Public Sector Employers Act*, R.S.B.C. 1996, c. 384, relevant to the enactment of this regulation: section 14.4]

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