

Public Sector Executive Compensation Reporting Guidelines

The Board of Education encourages and adopts practices that enable the district to attract, retain, incent, and reward qualified, high-performing employees, who are critical to the delivery of quality public education programs to students in School District No. 60 (Peace River North).

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 is based upon a set of principles 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 (compensation), but also more intangible elements such as career opportunities, learning and career development, work challenge, and supportive culture (rewards). This total rewards model further integrates with plans that establish the Board's overall education, business, and human resources strategies and objectives.

Inherent in the Board's compensation philosophy are the following objectives:

- To attract and retain qualified, experienced, motivated, and high-potential employees who are committed to the Board's overarching goal of delivering a high-quality public education experience to our students.
- To support employees through the provision of meaningful career growth and development opportunities, and a performance-based organizational culture.

Labour Market Comparators

Key to the compensation philosophy is the need to maintain a meaningful level of competitiveness with the external labour market. Consistent with industry standards, "labour market" is defined in the British Columbia Public School Employers' Association (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
- 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 is:

1. Other BC school districts (primary labour market)
2. Other Canadian school districts (To the extent that BC school boards 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.)
3. Other public sector organizations
4. Selected private sector organizations.

The Board's 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., required skill level, required competencies, job content, required qualifications).
- Ensuring appropriate relationships exist between positions in the district's compensation 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 Board typically has determined that the reference point for executive and exempt total compensation is the 75th percentile of the relevant comparator labour market.

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

Cash compensation

Total cash compensation includes annual base salary and monthly (*or annual*) vehicle allowance (*or leased vehicle or employer-provided vehicle, etc.*).

- Annual base salary

Annual base salary is considered in the context of the total compensation package. Generally, base salary is targeted at the 75th percentile of the comparator labour market. The base salary structure is a single rate structure.

- *Vehicle allowance*

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 the Superintendent and other senior management positions. The monthly vehicle allowance is set at a level competitive with the vehicle allowances provided to Superintendents and other senior managers in districts of similar size and geography. As of April 1, 2009, the vehicle allowance was removed and gas cards were issued to senior management.

- *Executive annual re-earnable performance-based incentive compensation plan*

The concept of an annual re-earnable performance-based incentive compensation plan was introduced to the K-12 public education sector in the fall of 2007. The BC Public School Employers' Association provided guidelines for development and administration of Incentive Plans that are

consistent with industry best practice and the guidelines established for such plans by the Public Sector Employers' Council.

The objectives of incentive plans generally are to:

- *effectively communicate organizational goals and objectives*
- *align individual and organizational goals and objectives*
- *reward effort and results*
- *provide competitive compensation*
- *provide a clear, consistent basis for determining compensation.*

The Incentive Plan clarifies what the individual needs to do in order to influence the amount of their annual re-earnable incentive payment. It allows individuals to set objectives aligned with overall organizational targets and measure success based on achievement. It will evolve in future years as executives and Boards become more familiar with the identification of objectives and the development of key performance indicators.

The annual re-earnable performance-based incentive, where approved by the Board of Education and the employers' association, results in a modest lump-sum annual re-earnable bonus as a percentage of annual salary.

Currently School District No. 60 is investigating the availability of this plan.

- **Vacation Travel Allowance**
Individuals are eligible for a travel allowance of \$3,000 per annum. The amount is pro-rated for employees starting or leaving employment during the year. This allowance is included in the amounts outlined in the salary schedule and is not separated on the monthly pay-slip. Accumulated travel allowance is reported in the appropriate box on the T4 supplementary at year end.

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 staff are enrolled in either the Teachers Pension Plan or the Municipal Pension Plan.

In addition, upon retirement executive staff is eligible to receive a long-service recognition award based on the following criteria:

The Board will pay an allowance of \$5,000 to Executive Staff who retire from the School District subject to the following conditions:

- a) employee must have a minimum of 10 years with School District No. 60;
 - b) employee must be a minimum of 55 years of age.
- **Paid time off**, including an annual vacation entitlement of 40 days. 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.

Up to two personal leave days are provided on the following basis:

- a) if the individuals have accumulated 50 sick days, they are eligible to receive 1 personal leave day per calendar year. This is non-chargeable to sick leave.
- b) if the individuals have accumulated 90 sick days, they are eligible to receive 2 personal leave days per calendar year, subject to the above conditions.

- **Other vehicle-related payments, including insurance and maintenance.**

These employees are eligible for reimbursement for the difference between the regular rate of insurance and the business insurance rate.

Compensation Administration

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

The Board works with BCPSEA to obtain information and advice relating to the executive and exempt compensation structures. In addition, the Board utilizes the BCPSEA *Report on Total Compensation Paid to Exempt Employees* — the results of BCPSEA's triennial survey of total compensation paid to exempt benchmark positions in BC public school districts as well as school districts in Alberta, Saskatchewan, and Ontario, and other relevant public sector employers.

- **Annual base salary administration**

The salary structure for the position of Superintendent of Schools (and other management positions) is a single rate structure, based on the premise that, at the outset of the employment relationship, the individual must be fully competent in all aspects of the position in order to effectively fulfill the duties and responsibilities of Superintendent.

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 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 legislation, and
- the *Public Education Negotiating Framework Compensation Plan – Exempt Staff (2006-2010)*.

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, we are accountable to our public and therefore ensure that we adhere to proper human resources practices with respect to executive and exempt staff compensation.
 - the Board must submit proposed compensation adjustments for all other executive and exempt positions in the district to BCPSEA for review and approval prior to implementation.
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Summary Compensation Table: Fiscal 2008-2009 (year ending June 30, 2009)

ITEM 3 – SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Salary (\$) (b)	Incentive Plan Compensation Paid (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)	Previous 2 Years Totals (h)*
LARRY ESPE, Superintendent /CEO	\$139,311	0	\$18,517	\$9,084	\$166,912	2007/08=\$162,240 2008/09=\$166,912
LESLEY LAHAYE, Assistant Superintendent	\$129,590	0	\$17,176	\$9,788	\$156,554	2007/08=\$151,899 2008/09=\$156,554
DOUG BOYD, Secretary-Treasurer	\$127,937	0	\$16,880	\$10,834	\$155,651	2007/08=\$146,794 2008/09=\$155,651

Notes:

*This amount includes vehicle allowance of **\$2,000 for Assistant Superintendent and \$1,750 for Secretary-Treasurer**, employer-paid CPP and EI benefits premiums, and employer-paid health and welfare benefits premiums.

**The first reporting year is fiscal 2007-2008.