



September 20, 2011

Paul Straszak
President and CEO
Public Sector Employers' Council Secretariat
PO Box 9400 Stn Prov Govt
Victoria, BC
V8V 9V1

Dear Mr. Straszak:

RE: EXECUTIVE COMPENSATION REPORT 2010-2011

This will confirm that the Board of Education of School District No. 33 (Chilliwack) is aware of the total compensation paid to executive staff during the 2010-2011 fiscal year and further, that we verify the amount of compensation paid was within the compensation plan as approved by the Board and as reported in the Summary Compensation Table.

Yours truly,

A handwritten signature in blue ink that reads "Doug McKay".

Doug McKay
Board Chair

DM/kg

School District No. 33 (Chilliwack)

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. 33 (Chilliwack).

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.
- To ensure fairness and equity in compensation between and among executive and exempt staff.

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, responsibility and authority required in the position, consequence of error upon the organization).
- 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.

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, in the case of key senior executive staff, annual vehicle allowance.

- **Annual base salary**
Annual base salary is considered in the context of the total compensation package. The base salary structure is a three-step pay band with a range spread of 12% from the minimum to the maximum of the range and 6% between steps in the 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.
- **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.

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, 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.
- **Service recognition** - upon retirement executive staff are eligible to receive a long-service recognition award based on the following criteria:

Payment of an amount equal to 6 days base salary (exclusive of benefits) for each year of completed service in School District No. 33 (Chilliwack), to a maximum of 120 days salary, is provided upon resignation or retirement after not less than 3 years service in an executive or exempt role. No service recognition payment is made if employment is terminated by the Board.

- **Paid time off**, including an annual vacation entitlement of 40 days. Carry forward of unused accumulated vacation, to a maximum of 10 days 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 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 based on placement at the appropriate pay band in the structure reflective of labour market competitiveness and internal equity. Placement and progression through the steps on the pay band is dependent upon competency growth and performance. The maximum point on the pay band represents the job rate for the position, defined as the salary that should be paid to an incumbent who has established him/herself 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 pay band reflective of the required competence, qualifications, and experience.

The decision whether to grant a salary increase is at the sole discretion of the Board. In determining whether a salary increase is warranted, the Board considers such factors as performance, competence, external competitiveness, and internal equity including the maintenance of appropriate salary differentials through the organization. Increases are considered within the Board's overall compensation budget.

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.

2010-2011

Name	Position	Salary	Bonus	Incentive Plan Compensation	Pension	All Other Compensation*	Total	Previous 2 years**
Corinne McCabe	Superintendent	\$144,553.86	\$0.00	\$0.00	\$20,712.81	\$17,830.63	\$183,097.30	2008-2009: \$180,604 2009-2010: \$181,594
Ruth Wiebe	Assistant Superintendent	\$127,779.06	\$0.00	\$0.00	\$18,716.35	\$7,656.16	\$154,151.57	2009-2010: \$150,122
Maureen Carradice	Secretary-Treasurer	\$129,510.29	\$0.00	\$0.00	\$10,969.52	\$12,070.25	\$152,550.06	2009-2010: \$149,401

Superintendent Notes:

- * This amount includes vehicle allowance of \$6023.18, payout of unused accumulated vacation of \$2,769.23, employer-paid CPP and EI benefits premiums, and employer-paid health and welfare premiums.
- ** The first reporting year is fiscal 2007-2008.

Assistant Superintendent Notes:

- * This amount includes employer-paid CPP and EI benefit premiums and employer-paid health and welfare premiums.
- ** Previous incumbent Michael Audet - 2009-2010 \$153,035.

Secretary Treasurer Notes:

- * This amount includes employer-paid CPP and EI benefit premiums and employer-paid health and welfare premiums.
- ** The first reporting year is fiscal 2009-2010.
Position changed from - Director of Human Resources to Associate Superintendent then to Secretary Treasurer.
Previous incumbent Ray Velestuk – 2009-2010 \$162,622.