

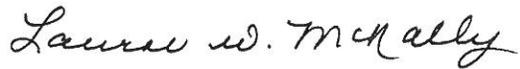
2012-09-13

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

Dear Mr. Straszak:

This will confirm that the Board of Education of School District No. 36 (Surrey) is aware of the total compensation paid to executive staff during the 2011/2012 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,



Laurae McNally
Chairperson
Board of Education
of School District No. 36 (Surrey)

WDN/lm

School District No. 36 (Surrey)

Public Sector Executive Compensation Reporting

2011/2012

Compensation and Related Benefits Philosophy

The success of the largest school district in BC, School District No. 36 (Surrey), is dependent on the ability to recruit, retain and motivate high performing employees. The district realizes the competitive labour market it operates in and inherent in their approach are the following objectives:

- To support employees by providing meaningful career growth and development opportunities.
- To support employees by providing regular performance evaluation and feedback.
- To support employees by ensuring the compensation package is market competitive.
- To recruit, retain and motivate high performing individuals.
- To support current and future workforce improvement strategies such as retention and recruitment.
- To offer a consistent framework and eliminating subjective decision-making regarding compensation issues.

Compensation Guidelines

SD36 (Surrey) recognizes the importance of a common and consistent approach to compensation. The use of consistent guidelines sets the framework for employment contracts.

The terms and conditions of employment of SD36 (Surrey) executives are outlined in individual employment contracts. All employment contracts exceeding \$125,000 per annum in base salary are filed with BCPSEA and are available under the Freedom of Information ACT (FOI).

Compensation 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 district's assessment 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 of a similar size (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.

In balancing external competitiveness with internal equity, the Board has determined that the reference point for executive and exempt total compensation is the median of the relevant comparator labour market (similar sized districts).

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 vehicle allowance or leased vehicle.

- **Annual base salary**

Annual base salary is considered in the context of the total compensation package. The base salary is generally targeted at the (median) of the comparator labour market.

- (a) The base salary structure for the Superintendent, Secretary-Treasurer and Deputy Superintendent is a two-step pay band with a range spread of 3% from the minimum to the maximum of the range.
- (b) The base salary structure for all other positions is a four step pay band with a range spread of 9% from the minimum to the maximum of the range and 3% between steps in the structure.

- **Leased vehicle (Superintendent, Secretary-Treasurer, Deputy Superintendent)**

Due to the size of the district, the need to visit schools and other district worksites, the requirement to transport out of district individuals, and the need to be available at any time, the Board provides a leased vehicle to the Superintendent, Secretary-Treasurer and Deputy Superintendent. Recognizing the personal use that may be realized, these three individuals reimburse the district one-third of the vehicle leased costs.

- **Vehicle allowance (All remaining Executive with employment contracts)**

Other senior management positions have the option to take a monthly allowance or the kilometerage reimbursement which is available to all employees who use their vehicle for business purposes. The monthly vehicle allowance is set at a level competitive with the vehicle allowances provided to senior managers 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 health, dental, group life, employee and family assistance program, etc. consistent with such benefits as offered in the K-12 sector generally. The employee pays 20% of the costs associated with the plans. Short and long term disability programs are paid 100% by the employees.
- **Pension benefits** — executive staff are enrolled in either the Teachers Pension Plan or the Municipal Pension Plan.
- **Paid time off**, including an annual vacation entitlement of 45 days for the Superintendent and 40 days for the Secretary-Treasurer and Deputy Superintendent and 35 days for the remaining senior management positions. 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.
- **Other vehicle-related payments**, including insurance and maintenance.

The Superintendent, Secretary-Treasurer and Deputy Superintendent are offered a vehicle leased by the district. The district is responsible for insurance, maintenance and operating costs consistent with Revenue Canada guidelines. All other executives receive a monthly allowance.

Compensation Administration

The Board engages in consistent and ongoing administration of the compensation structure to ensure that reality matches philosophy and that external and internal 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 and other compensation consultants to obtain information and advice relating to the executive and exempt compensation structures. 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, Secretary-Treasurer and Deputy Superintendent is a two step 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 the above-noted positions. All other executive positions are on a four step structure that allows for individual and career growth in a systemic manner.

The decision whether to grant a salary increase to the Superintendent 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.

Any recommendation to the Board to grant a salary increase for the remaining executive including the Secretary-Treasurer and Deputy Superintendent is at the discretion of the Superintendent, who will consider such factors as performance, retention and competing external and internal equity.

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.

**Summary Compensation Table: Fiscal 2011-2012
(year ending June 30, 2012)**

Name and Principal Position (a)	Salary (\$) (b)	Bo-nus &/or Incentiv e Plan Comp. Paid (\$) (c) <i>Note 1</i>	Benefits (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)	Previous 2 Years Totals (h)
Mike McKay, Superintendent/ CEO	203,999.90	0	8,092.06	29,501.60	Severance: \$0 Vacation: \$12,161.61 Leave: \$0 Perquisites: \$16,227.00 Other: \$0	269,982.17	2009-2010: \$254,965 2010-2011: \$256,895
Wayne Noye, Secretary- Treasurer	180,449.88	0	7,405.17	16,691.74	Severance: \$0 Vacation: \$9,716.56 Leave: \$0 Perquisites: \$16,942.00 Other: \$0	231,205.35	2009-2010: \$215,580 2010-2011: \$223,894
Sharon Cohen, Deputy Superintendent	180,033.50	0	7,971.70	25,947.47	Severance: \$0 Vacation: \$0 Leave: \$0 Perquisites: \$14,728.00 Other: \$0	228,680.67	2009-2010: \$182,406 2010-2011: \$217,825
Pius Ryan, Director of Instruction	130,098.02	0	6,905.54	18,542.02	Severance: \$0 Vacation: \$28,166.29 Leave: \$0 Perquisites: \$6,751.02 Other: \$0	190,462.89	2009-2010: \$158,239 2010-2011: \$161,559
Dave Paul, Assistant Superintendent	150,869.94	0	7,842.74	21,622.54	Severance: \$0 Vacation: \$1,450.68 Leave: \$0 Perquisites: \$6,000.00 Other: \$0	187,785.90	2009-2010: \$184,553 2010-2011: \$189,720

NOTES:

- No bonus or incentive plans are in place at SD36 (Surrey).