



SCHOOL DISTRICT No. 73 (KAMLOOPS/THOMPSON)

1383-9th Avenue, Kamloops, B.C. V2C 3X7 • Telephone: (250) 374-0679 • Fax: (250) 372-1183

September 30, 2015

Christina Zacharuk
Interim President and CEO
Public Sector Employers' Council Secretariat
Suite 201, 880 Douglas Street
Victoria, BC V8W 2B7

Dear Ms. Zacharuk:

RE: EXECUTIVE STAFF COMPENSATION

This will confirm that the Board of Education of School District No. 73 (Kamloops/Thompson) is aware of the total compensation paid to executive staff during the 2014-2015 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,

Denise Harper
Board Chair

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Tel: (250) 374-0679 Fax: (250) 372-1183 www.sd73.bc.ca

Executive Compensation

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.73 (Kamloops/Thompson).

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 (secondary labour market – 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, Saskatchewan and Ontario and is 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 for BC School districts with 10,001 to 20,000 FTE students.

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.

- Annual base salary

Annual base salary is considered in the context of the total compensation package. Generally, base salary is targeted at the 75 percentile for BC School districts with 10,001 to 20,000 FTE students. The base salary structure is a three-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;

- Vehicle allowance;

Due to the diverse geography of the district and the need to visit schools and other district worksites, administrative positions that qualify for provision of a district owned vehicle shall have the option of using the vehicle or accepting a monthly travel allowance instead of the vehicle. Vehicle allowances shall not exceed the cost of supply and operation of a district owned vehicle. 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.

- Re-earnable performance-based incentive compensation plan;

The Board of Education for School District No.73 approved a Five-year Plan submission on July 7, 2008 and the district provides a formal update to the BC Public School Employers' Association to determine if the plan meets the necessary criteria for executive annual re-earnable performance-based incentive compensation.

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 2.5% re-earnable bonus as a percentage of annual base salary.

With the province in an exempt staff wage freeze, the re-earnable performance report in support of a bonus for the Superintendent has not been filed for four years. The district will revisit this incentive program when the freeze is removed to determine if the program will be continued, modified or eliminated.

Non-cash compensation

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

- Health and welfare benefits including basic medical, extended medical, dental, group life, and an employee and family assistance program. Short-term disability is limited to accumulated sick leave earned at 20 days per year and long-term disability commences after 160 days of illness and long term disability is employee paid.
- Pension benefits — executive staff is enrolled in either the Teachers Pension Plan or the Municipal Pension Plan.

In addition, upon retirement executive staff is eligible to receive a retirement allowance based on the following criteria:

All Excluded staff with ten (10) or more complete years of service with the School District commencing in the contract year 2000-2001, shall be provided with a payout of \$1,000 per complete year after August 1, 2000, to a maximum of \$10,000 upon retirement.

Excluded Support Staff Management (non-educators) employed prior to December 31, 2002, earned entitlement to payout of unused sick leave after five years of service to the Board. (Provincial Legislation, "grand-fathered" sick leave payout entitlement) Balances remaining at termination of service are paid to the applicable Executive Staff Person based on their sick leave balance at December 31, 2002.

Excluded staff employees shall be paid the greater of the sick leave payout or the retirement allowance.

- Vacation benefits – executive staff are entitled to paid time off equal to 35 days of annual entitlement for the Superintendent and 30 days of annual entitlement for the balance of the executive staff. 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 like maintenance and insurance are not applicable as the vehicle allowance is paid to cover all related vehicle expenses.

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 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 typically 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

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.

School District No. 73 (Kamloops/Thompson)
Summary Compensation Table
Fiscal 2014-2015 year ending June 30, 2015

Summary Compensation Table at FISCAL, 2015								
Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Terry Sullivan, Superintendent - Retired	\$ 40,077	\$ -	\$ 423	\$ 10,565	\$ 42,558	\$ 93,623	\$ 200,172	\$ 197,872
Karl deBruijn, Superintendent	\$ 158,073	\$ -	\$ 8,611	\$ 24,693	\$ 8,370	\$ 199,747	\$ 166,348	\$ 164,154
Kelvin Stretch, Secretary-Treasurer	\$ 135,152	\$ -	\$ 8,182	\$ 14,096	\$ 8,370	\$ 165,800	\$ 164,167	\$ 164,226
John Churchley, Assistant Superintendent	\$ 129,475	\$ -	\$ 9,006	\$ 20,080	\$ 8,370	\$ 166,931	\$ 166,414	\$ 163,501
Alison Sidow, Assistant Superintendent	\$ 129,475	\$ -	\$ 8,311	\$ 20,080	\$ 8,370	\$ 166,236	\$ 165,884	\$ 149,448
William Hamblett,	\$ 129,475	\$ -	\$ 8,528	\$ 20,032	\$ 8,370	\$ 166,404	\$ -	\$ -

Summary Other Compensation Table at FISCAL, 2015							
Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)
Terry Sullivan, Superintendent - Retired	\$ 42,558	\$ -	\$ 31,188	\$ -	\$ 1,370	\$ 10,000	\$ -
Karl deBruijn, Superintendent	\$ 8,370	\$ -	\$ -	\$ -	\$ 8,370	\$ -	\$ -
Kelvin Stretch, Secretary-Treasurer	\$ 8,370	\$ -	\$ -	\$ -	\$ 8,370	\$ -	\$ -
John Churchley, Assistant Superintendent	\$ 8,370	\$ -	\$ -	\$ -	\$ 8,370	\$ -	\$ -
Alison Sidow, Assistant Superintendent	\$ 8,370	\$ -	\$ -	\$ -	\$ 8,370	\$ -	\$ -
William Hamblett,	\$ 8,370	\$ -	\$ -	\$ -	\$ 8,370	\$ -	\$ -

Compensation Table - Notes:

- Dr. Sullivan retired from the Superintendent position on July 31, 2014 but remained with the district completing a number of projects until his official retirement date of October 31, 2014. Mr. deBruijn was promoted from Assistant Superintendent to Superintendent on August 1, 2014.
- Benefits (d): Includes employer paid statutory benefits such as CPP, EI and Workers' Compensation. Also includes non-statutory benefits like Extended Health, Dental, Group Life, AD&D, Long-term Disability and Medical Services Plan premiums plus an annual vehicle allowance of \$8,370.00.
- Pension (e): The employees listed participate in the Teacher Pension Plan with the exception of Kelvin Stretch, Secretary-Treasurer, who participates in the Municipal Pension Plan.
- Perquisites/Other Allowances (j): Excluded staff with ten or more years of service commencing in contract year 2000-2001 shall be provided with a retiring allowance of \$1,000 per year to a maximum amount of \$10,000 upon retirement.
- Other Compensation: The Superintendent received a payout for unused vacation pay at October 31, 2014. There was no payout of unused vacation pay at June 30, 2014 or June 30, 2013.

Additional Notes:

- This report represents the eighth year SD73 had Named Executive Officers (NEO's) with base salaries in excess of \$125,000.
- School District No. 73 (Kamloops/Thompson) employs 1,633 full and part-time employees and 276 relief employees for a total of 1,909 employees plus 9 trustees on payroll.