

Status of Executive Compensation Process: Salary Ranges for Superintendents and Secretary Treasurers

As we identified in *Exempt Staff Issues* bulletin No. 4 dated September 20, 2006, there are currently three initiatives underway with respect to exempt staff compensation:

- Consideration of increases to the salary ranges for the positions of Superintendent and Secretary Treasurer
- Labour market adjustment analysis
- Exempt Staff Compensation Working Group.

We had previously advised that the employers' association was working with the Public Sector Employers' Council (PSEC) to obtain the approval of the Minister of Finance to increase the salary ranges for the positions of Superintendent and Secretary Treasurer as contained in BCPSEA Policy 95-06, *Compensation and Employment Standards for School District Employees Not Subject to a Collective Agreement* (the exempt compensation management plan for the K-12 public education sector).

The Public Sector Negotiating Framework, with the general wage adjustments and the one-time incentive payment, sets the current context for exempt compensation in the public sector. This includes the amended approach to the consideration of executive salary ranges.

To that end, we have now been advised by PSEC that submissions from the employers' associations to increase executive salary ranges beyond Negotiating Framework allocations will not be considered given the change in approach. This means that the BCPSEA submission to increase the salary ranges for the positions of Superintendent and Secretary Treasurer will not be considered at this time.

This bulletin outlines the rationale for the change in process and the next steps.

Public Sector Negotiating Framework

In December 2005, PSEC circulated the *2006 Negotiating Framework Employer's Guide* to all public sector employers' associations. The Guide established government's compensation framework for the 2006 rounds of bargaining with unionized employees in the public sector; this framework would also apply to public sector exempt staff. The employers' associations were required to prepare compensation framework plans for application to employee groups in the K-12 sector, including teachers, unionized support staff, and exempt administrative and management staff. The *Public Sector Negotiating Framework Compensation Plan – Exempt Staff* (PENFCP) was distributed by BCPSEA to school boards in March 2006.

In addition to general wage adjustments and a one-time early signing incentive, the government's Negotiating Framework contemplated a differentiated approach to public sector compensation through labour market adjustment monies set aside to address specific issues — e.g., recruitment/retention, compression, competitiveness — in recognition of the fact that labour market challenges are faced by some but not all employers.

Under the PENFCP, exempt staff in the K-12 sector (including the Superintendent and Secretary Treasurer) received a 2% general wage adjustment annually, commencing July 1, 2006 through July 1, 2009.

All exempt staff in our sector, including the Superintendent and Secretary Treasurer, also received a one-time incentive bonus of \$3,800 — unlike CEOs in other parts of the public sector.

Change to Consideration of Executive Compensation

PSEC also advised that the approach for consideration of executive compensation has changed.

To date, maintenance of the BCPSEA exempt staff compensation management plan has been a cyclical activity:

1. BCPSEA surveys British Columbia, Alberta and Ontario school districts to obtain total compensation data for exempt benchmark positions.
2. The BCPSEA exempt staff compensation management plan is reviewed and updated as indicated/required.
3. The compensation data is refreshed to maintain currency.
4. The survey cycle commences again.

Since BCPSEA developed the first exempt compensation management plan in 1994, the framework for development and review of the salary ranges has been on a labour market competitiveness basis. The process, as outlined above, included a survey of total compensation paid to exempt benchmark positions in BC school districts (conducted triennially). The survey also included market data from other relevant public sector organizations. The data were then analyzed and the salary ranges for the two senior positions were developed and adjusted based on this market approach.

Under the amended approach, PSEC advises that the market comparators and the associated analyses that were the basis of the triennial total compensation survey are no longer considered relevant for the purposes of reviewing the executive salary ranges. From a public sector policy perspective, a determination will be made as to whether compensation for senior staff disproportionately affects the ability to recruit and retain.

Next Steps

In an effort to continue to move forward on this matter, the BCPSEA Exempt Staff Compensation Working Group, which includes representation from the management partner groups and PSEC, will be discussing initiatives and formulating strategies. We recognize the frustration this outstanding matter continues to cause for both school boards and executive staff. We are committed to working with boards, the management partners and PSEC to achieve a satisfactory resolution to this issue.

In addition, the district-by-district analysis in order to access the labour market adjustment funds under the PENFCP is proceeding. Where labour market pressures are identified, BCPSEA will make a submission to Treasury Board through PSEC for allocation of labour market adjustment funds under the *Public Education Negotiating Framework Compensation Plan — Exempt Staff* (PENFCP). It should be noted that the labour market adjustment funds are fixed and will be allocated where the demonstrated need is greatest on a priority basis.

Questions

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