

## Economic Stability Dividend

As part of the 2014 Economic Stability Mandate, the provincial government committed to introducing a shared benefit that activates an ongoing general wage increase when GDP growth exceeds the Economic Forecast Council (EFC) forecasts. The wage increase is calculated based on 50% of the positive difference between the EFC forecast and the data released by Statistics Canada.

Statistics Canada recently reported that the BC economy grew by 3.3% in 2015, exceeding the forecast provided by the EFC of 2.6%. The difference of 0.7% translates into an increase of 0.35% for unionized provincial public sector employees who have reached agreements under the government's Economic Stability Mandate for collective bargaining (please see the Ministry of Finance [news release](#) and [backgrounder](#) for further detail).

The collective agreement reached between BCPSEA and the BC Teachers' Federation (BCTF) (July 1, 2013 – June 30, 2019) and the Provincial Framework Agreement reached between BCPSEA and the K-12 Presidents' Council and Support Staff Unions (July 1, 2014 – June 30, 2019) both contain a letter of agreement (see attached) that entitles employees to eligible increases under the Economic Stability Dividend. Employees covered by these agreements will receive the dividend effective May 1, 2017. The dividend is cumulative and is in addition to the general wage increases contained in the teacher and support staff collective agreements.

### How will the ESD be applied?

**Teachers:** The increase of 0.35% will need to be applied to the current salary grids. The new grids will take effect May 1, 2017. As this is a general wage increase that is cumulative, all grids that were to take effect after May 1, 2017 will also have to be revised.

BCPSEA will revise the teacher salary grids, including the subsequent salary grids, and will provide electronic copies to school districts. Districts that have already printed collective agreements will have to re-issue updated salary grids as an addendum.

**Support Staff:** The increase of 0.35% ESD plus the scheduled 1.0% general wage increase will need to be applied to the current salary grids. For support staff grids, districts will be required to create the new salary grid for May 1, 2017 and revise all subsequent salary grids with the cumulative changes. BCPSEA will provide an excel template to assist districts with the process. Please contact Leanne Bowes if you require assistance.

When printing collective agreements, please note that there is the potential for further ESD increases in each May 1, 2018, and 2019.

### Questions

If you have any questions, please contact your BCPSEA liaison. If you require any assistance with the revision of your salary grids, please contact Leanne Bowes (604 730 4509, [leanneb@bcpssea.bc.ca](mailto:leanneb@bcpssea.bc.ca)).

Attachment: LoU — Economic Stability Dividend (per teacher and support staff collective agreements)

## Attachment: Re Economic Stability Dividend

### Definitions

1. In this Letter of Agreement:

“Collective agreement year” means each twelve (12) month period commencing on the first day of the renewed collective agreement. For example, the collective agreement year for a collective agreement that commences on April 1, 2014 is April 1, 2014 to March 31, 2015 and each period from April 1 to March 31 for the term of the collective agreement.

“Economic Forecast Council” means the Economic Forecast Council appointed under s. 4 of the *Budget Transparency and Accountability Act*, [S.B.C. 2000] c. 23;

“Forecast GDP” means the average forecast for British Columbia’s real GDP growth made by the Economic Forecast Council and as reported in the annual February budget of the government;

“Fiscal year” means the fiscal year of the government as defined in the *Financial Administration Act* [1996 S.B.C.] c. 138 as ‘the period from April 1 in one year to March 31 in the next year’;

“Calendar year” Is a twelve (12) month period starting January 1<sup>st</sup> and ending December 31<sup>st</sup> of the same year based upon the Gregorian calendar.

“GDP” or “Gross Domestic Product” for the purposes of this LOA means the expenditure side value of all goods and services produced in British Columbia for a given year as stated in the BC Economic Accounts;

“GWI” or “General Wage Increase” means a general wage increase resulting from the formula set out in this LOA and applied as a percentage increase to all wage rates in the collective agreement on the first pay day after the commencement of the eleventh (11<sup>th</sup>) month in a collective agreement year;

“Real GDP” means the GDP for the previous fiscal year expressed in constant dollars and adjusted for inflation produced by Statistics Canada’s Provincial and Territorial Gross Domestic Product by Income and by Expenditure Accounts (also known as the provincial and territorial economic accounts) and published as “Real Gross Domestic Product at Market Prices” currently in November of each year.

### *The Economic Stability Dividend*

2. The Economic Stability Dividend shares the benefits of economic growth between employees in the public sector and the Province contingent on growth in BC’s real GDP.
3. Employees will receive a general wage increase (GWI) equal to one-half (1/2) of any percentage gain in real GDP above the forecast of the Economic Forecast Council for the relevant calendar year.

4. For greater clarity and as an example only, if real GDP were one percent (1%) above forecast real GDP then employees would be entitled to a GWI of one-half of one percent (0.5%).

*Annual Calculation and publication of the Economic Stability Dividend*

5. The Economic Stability Dividend will be calculated on an annual basis by the Minister of Finance for each collective agreement year commencing in 2015/16 to 2018/2019 and published through the PSEC Secretariat.
6. The timing in each calendar year will be as follows:
  - (i) February Budget – Forecast GDP for the upcoming calendar year;
  - (ii) November of the following calendar year – Real GDP published for the previous calendar year;
  - (iii) November - Calculation by the Minister of Finance of fifty percent (50%) of the difference between the Forecast GDP and the Real GDP for the previous calendar year;
  - (iv) Advice from the PSEC Secretariat to employers' associations, employers and unions of the percentage allowable General Wage Increase, if any, for each bargaining unit or group with authorization to employers to implement the Economic Growth Dividend.
7. For greater clarity and as an example only:

For collective agreement year 3 (2016/17):

- (i) February 2015 – Forecast GDP for calendar 2015;
- (ii) November 2016 – Real GDP published for calendar 2015;
- (iii) November 2016 - Calculation of the fifty percent (50%) of the difference between the 2015 Forecast GDP and the 2015 Real GDP by the Minister of Finance through the PSEC Secretariat;
- (iv) Direction from the PSEC Secretariat to employers' associations, employers and unions of the percentage allowable General Wage Increase, if any, for each bargaining unit or group with authorization to employers to implement the Economic Growth Dividend
- (v) Payment will be made concurrent with the General Wage Increases on the first pay period after respectively May, 1, 2016, May 1, 2017, May 1, 2018 and May 1, 2019.

*Availability of the Economic Stability Dividend*

8. The Economic Stability Dividend will be provided for each of the following collective agreement years: 2015/16 (based on 2014 GDP); 2016/17 (based on 2015 GDP); 2017/18 (based on 2016 GDP); and, 2018/19 (based on 2017 GDP).

*Allowable Method of Payment of the Economic Stability Dividend*

9. Employers must apply the Economic Stability Dividend as a percentage increase only on collective agreements wage rates and for no other purpose or form.