



December 3, 2012

Ref 163945

Dear Board Chairs:

I am writing to provide you with information on the Cooperative Gains Mandate and the savings plans needed to support this round of collective bargaining with the K-12 education sector's support staff.

As you will have heard in recent announcements from the Honourable Michael de Jong, Minister of Finance, the priority for government is to balance the budget. As you are aware, government faces increased fiscal pressure at a time when public sector workers expect to negotiate wage increases.

The Cooperative Gains Mandate is intended to protect the Province's fiscal plan while increasing employers' flexibility in funding wage increases and assisting them in reaching voluntarily negotiated collective agreements. Ministries are required to work with their respective sectors to develop savings plans to free up funding from within existing budgets to provide for compensation increases. Savings plans can include savings resulting from operational cost reductions, increased efficiencies, service redesign, increases in revenue and other initiatives—including from within collective agreements.

Savings plans must adhere to the principles of the Cooperative Gains Mandate:

- savings must be real and measureable;
- savings must be incremental to savings required to meet budget targets;
- savings must not be generated by transferring costs to the public; and
- savings must not be generated by reducing service levels to the public.

To be clear, generated savings obtained by boards must not negatively impact the delivery of educational programming for students.

You will also be aware that each sector has approached bargaining within the Cooperative Gains Mandate differently, and this is reflected in the recent public sector collective bargaining settlements. For example, in the public service settlement, government used efficiency measures without reducing services, and a staggered implementation of wage increases, to reach agreement. The variations in these settlements reflect the fact that the Cooperative Gains Mandate is differentiated based on the financial capacity of each sector. Settlements in education will be unique to our sector.

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I recognize that boards of education also face fiscal pressures at this time, and have varying capacity to generate savings. In some cases, finding savings will be very difficult; therefore, we are proposing a variety of methods to generate a modest amount of funds to put towards an increase in compensation for support staff.

At the provincial table, the BC Public School Employers' Association (BCPSEA) will be discussing with support staff unions a benefits and disability management modernization initiative, which may create significant savings across school districts.

In addition, I am asking boards of education to look into their own district's operations to find savings to complement that amount. To that end, I am requesting that all boards develop their own savings plans to identify savings within the Principles of the Mandate, that would reach a target of 1.5 percent of support staff compensation in their district. My expectation is that savings plans will vary throughout the province. Together, I am hopeful that the combined provincial and local savings will enable boards and support staff to successfully negotiate a collective agreement that will recognize the needs of both parties.

To assist in working through this process and to answer related questions, the Ministry will be hosting two conference calls with Superintendents and Secretary Treasurers the week of December 14th, 2012. I encourage participation in these conference calls.

We would like to have savings plans completed by mid-January in order that bargaining can continue in order to arrive at settlements. Final approval of savings plans will be carried out by the Ministry of Finance.

I appreciate that the preparation of these savings plans is being asked within a tight time-frame and I wish to thank you in advance for your anticipated cooperation.

Sincerely,



Don McRae
Minister

pc: Melanie Joy, Chair, BCPSEA
Terry Sullivan, President, BCSSA
Linda Minnabarriet, President, BCASBO
Lee Doney, Interim President and CEO, PSEC



BOARD OF EDUCATION

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"Together We Learn"

December 13, 2012

The Honourable Don McRae
Minister of Education
PO Box 9045 Stn PROV GOVT
Victoria, BC V8W 9E2

Dear Minister McRae,

The Board of Education has received your letter dated December 3, 2012 providing information regarding the Cooperative Gains Mandate.

We understand that Government requires savings plans to support the collective bargaining process in the education sector. We also understand that all of our employees will be expecting a modest wage increase over the next few years. This will include support staff, teaching staff, Principals and Vice-Principals, other exempt staff, and contracted professionals. To achieve these wage increases, we also understand that the savings plans must adhere to the following principles:

- savings must be real and measurable;
- savings must be incremental to savings requested to meet budget targets;
- savings must not be generated by transferring costs to the public; and,
- savings must not be generated by reducing service levels to the public.

The Board is concerned that Government believes that we have the ability to free up funding from existing budgets to provide for compensation increases without negatively impacting the delivery of education programming for students, or without transferring costs to the public, or without reducing service levels to the public.

Boards have had to make numerous reductions and changes to programs and services over the years to balance their budgets. This Board has closed schools, reduced staffing, cut discretionary budgets, redesigned the transportation system, introduced a transportation charge and made other changes to help find savings in order to achieve the balancing of the operating budgets. While not articulated the same way, the basic principle of our budget process parallels the principles of the Cooperative Gains Mandate and these measures have already been used to achieve previous budget reductions. However, if we understand correctly, further reductions of this nature would not be considered appropriate cost reductions for the Cooperative Gains Mandate, leaving the Board in a quandary of how to meet your request.

Our Board works to maximize programs and services for students with all available resources. For the current 2012/2013 school year, we completed a budget development process last spring. Since then, we have made staffing and resource adjustments to address changes to our actual student enrolment. These changes will be reflected in our amended operating budget.

Board of Education - Trustees

Moyra Baxter

Joyce Brinkerhoff

Deb Butler

Rolli Cacchioni

Julia Fraser

Christopher L. Gorman

Murli Pendharkar

For the 2013/2014 school year, the Board has already started to identify challenges and opportunities that will impact future staffing and resource allocations. Government is our major source of revenue and three challenges that could impact our Board next year are:

- a) Movement to a teacher's standardized extended health plan. Provisions under this plan are more generous than our existing plan and will lead to increased utilization, thereby increasing premiums. In addition, a recent arbitration settlement will allow teachers to have dual coverage for extended health, also increasing the premiums. Any relief of these costs will be limited under the fund that has been established for this purpose.
- b) The Teacher Pension Plan Premium will increase by 1.3% effective July 1, 2013 (Projected cost increase of \$1.1 million).
- c) Potential loss of \$ 433,484 from the supplement for the Education Plan, as this supplement is not confirmed for future years.

We are six months away from the next budget year and the Board is already looking to find financial savings of over \$1.6 million in 2013/2014. In addition, there will likely be other utility and inflationary cost increases.

Your specific request is for Boards to identify savings within the Principles of the Mandate, which would reach a target of 1.5% of support staff compensation in our district and we have since been informed an additional 1.5% for the 2013/14 year. This would require the Board to find approximately \$500,000 for 2012/13 and approximately \$1.0 million in 2013/14 in addition to the budget challenges already mentioned.

The Board wants to carry out its financial responsibilities in a complete and comprehensive manner. This requires the Board to collect information to ensure they have an accurate understanding of Government's expectations regarding the Cooperative Gains Mandate, and overall fiscal challenges that are foreseen. Therefore, as the Board reviews your request, we would appreciate receiving information and answers to the following questions:

- 1) Would you provide a clearer definition of the principle of 'service levels to the public' and how the concept of reduction would be measured?
- 2) Would you provide Boards with specific examples of how Government has used efficiency measures, without reducing services in other settlements, to reach agreements?
- 3) Will Government be providing funding to Boards to cover the cost of the pension plan premium increases?
- 4) Will Government be continuing the Education Plan supplement?
- 5) Is the effective date of your request for the 1.5% target for support staff compensation July 1, 2012 and will you confirm that an additional 1.5% is required for the 2013/14 year?
- 6) How is government going to backdate benefit modernization to July 1, 2012 to achieve the targeted savings of 0.5% in 2012/2013?
- 7) What is the expectation of Boards for the Cooperative Gains Mandate for teaching staff for the 2013/2014 and 2014/2015 school years?

- 8) Will Boards be provided with the flexibility to fund wage increases for exempt staff employees to help ensure we maintain an appropriate compensation structure throughout the School District?
- 9) Would Boards be expected to implement savings plans prior to receiving final approval from the Minister of Finance?

Considering your request provides Boards with very little time to develop savings plans, we would appreciate receiving answers to these questions prior to the Winter Break.

The Board is supportive of modest salary increases for all of our employees and would like to work with you and your government, along with our employee groups, to find appropriate ways to accomplish this in conjunction with the Board's current financial reality. While the Board is willing to look for savings as part of our budget development process, given that we need a response to the questions we have posed to you and that our budget process always includes input from our partner groups, we cannot possibly accomplish this by the deadline you have set.

In closing, we repeat, the Board is concerned that Government believes that Boards of Education have the ability to free up funding from existing budgets to provide for compensation increases without negatively impacting the delivery of education programming for students, or without transferring costs to the public, or without reducing service levels to the public, especially considering these savings will need to be found in addition to savings required to offset other financial pressures.

Sincerely,



Moyra Baxter
Board Chair

cc Central Okanagan Board of Education Trustees
All Boards of Education c/o BCSTA
Ben Stewart, MLA Westside - Kelowna
Bill Barisoff, MLA Penticton (Peachland)
Norm Letnick, MLA Kelowna - Lake Country
Steve Thomson, MLA Kelowna - Mission



January 14, 2013

The Honorable Don McRae
Minister of Education
PO Box 9045 Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister McRae:

Re: Cooperative Gains Mandate

The Board of Education for School District #33 (Chilliwack) met at a special meeting to discuss the Cooperative Gains mandate for support staff collective bargaining. Unfortunately, due to the time of the request for input on this matter relative to the winter holidays this was the first opportunity our Board had for such a meeting. It is unfortunate that the timing of the request for the savings plan did not allow for a higher level of consultation and consideration at the local Board level.

Chilliwack's Board wishes to emphasize its long standing practice and continued desire to work cooperatively with Government. Further, this Board supports a modest wage increase for our support staff employees who are members of the Canadian Union of Public Employees. The Board has a strong commitment to our support staff employees and believes that their contribution to the success of our students is invaluable.

The Minister has requested a savings plan with no reduction in service to the public or transfer of costs to the public. The Board believes these criteria to be unrealistic in our district environment where finances are carefully analyzed to ensure optimal supports to learning for students. In addition, the Chilliwack Board of Education submitted a deficit budget for the Chilliwack School District 2012/2013 fiscal year. Furthermore, our Board is committed to extensive consultation with our partners and community in the establishment of our annual budget and making unilateral fiscal changes at this time would undermine the consultative process.

Finally, it is clear that a salary increase for one group of our employees will be precedent setting for our other employee groups and that salary increases will impact future budgets. A savings plan within district budgets, aimed at resourcing salary increases, is not sustainable over the long term.

Improvement of student achievement remains our Board's primary objective. The Board believes that a savings plan within the cooperative gains mandate will interfere with our progress in student achievement and therefore all the current resources available to the Board are required to support student learning.

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**Chilliwack
School District**

Partners in Learning!

Minister Don McRae
January 14, 2013
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Our Board is willing to work with this government to find solutions to fiscal challenges but is convinced that it is not possible to find solutions within our district budget that will not impact service to students.

Yours truly,

A handwritten signature in black ink, appearing to read 'Walt Krahn', written over a light blue horizontal line.

Walt Krahn
Vice Chair
Board of Education

cc: BCSTA
Board of Education



December 18, 2012

Honourable Minister, Don McRae
Ministry of Education
PO Box 9045 STN Prov Govt
Victoria BC V8V 1X4

Dear Honourable Minister McRae:

Our Board has received your letter, dated December 3, 2012, providing information on the Cooperative Gains Mandate and the savings plan needed to support this round of collective bargaining with the K-12 education sector's support staff.

We understand that the priority for government is to balance the budget and that government as a whole faces increased fiscal pressure at a time when public sector workers expect to negotiate wage increases.

Our district vision is for every individual to feel valued and for all learners to reach their full potential. Furthermore, we value the contribution that all employees make to the success of every student in our district. Our Board's priority, however, is to provide high quality educational services for all learners in Maple Ridge and Pitt-Meadows in a fiscally responsible manner. To that end, our Board follows a rigorous budget process for building balanced budgets. For 2012/2013, a balanced Preliminary Budget was adopted in June 2012 and an Amended Budget will be prepared and submitted to the Ministry of Education by February 2013.

As a Board, we believe that effective decision-making requires that requests to free up funding from existing budgets are not analyzed in isolation. Additional requests for funding for both the current and future years can therefore only be adequately considered once 2013/2014 estimates of cost pressures and revenue changes are available to our Board. Some of the cost pressures identified to date include:

- Teacher pension plan premium increase of 1.3% effective July 1, 2013 (estimated cost pressure \$0.93 million);
- Transition back to PST as of April 1, 2013 (estimated cost pressure \$0.23 million);
- Salary increments and employee benefit changes (estimated cost pressure \$0.70 million);
- Impact of 2013/2014 Operating Grant Funding from the Ministry of Education (estimated cost pressure cannot be precisely quantified before March 15, 2013);
- Impact of 2011/2012 operating surplus of \$3.19 million carried forward and used to fund 2012/2013 Preliminary Budget expenditures (full impact cannot be estimated before the Amended Budget for the current year is adopted on or before February 28, 2013).

In addition to the savings required to achieve a balanced budget so as to provide for compensation increases within existing budgets, the Board will have to consider reducing existing budgets by an additional estimated \$3.25 million (approximately 2.5% of our annual expenditure budget) over three years without negatively impacting the delivery of educational programs. The estimated \$3.25 million includes:

- Ministry of Education savings plan target of 1.5% of support staff compensation over two years (estimated existing budget reduction for 2012/2013 \$0.33 million and for 2013/2014 \$0.33 million)
- Application of Cooperative Gains Mandate with a savings plan target of 1.5% of all other employee groups compensation over two years (estimated existing budget reduction for 2013/2014 \$1.28 million and for 2014/2015 \$1.30 million)

Over and above all the cost pressures identified, our Board is committed to implementing the new BC Education Plan, which requires additional investments in our educational system (i.e. professional development, technology, etc.).

Our Board has experienced a 6.1% regular enrolment decline over the past ten years and has had to make difficult budget balancing decisions every year. Over the past five years, the repercussions of these decisions included the closure of Riverside Elementary and Mount Crescent Elementary schools in September 2010; the implementation of a local school calendar; the elimination of 35 teaching positions, 7 CUPE positions and 4 management positions; as well as a reduction of services and supplies budgets by over \$3 million.

Given our history of budget cuts, reducing existing 2013/2014 budgets by an estimated \$5.11 million (approximately 4% of our annual expenditure budget) without negatively impacting the delivery of educational programs in our school district is not something that can be achieved by mid-January 2013, and will be exceedingly difficult to achieve at any time in the foreseeable future.

In concluding, although our Board is not able to submit a savings plan for approval by Ministry of Finance by mid-January, our Board is supportive of modest salary increases for all our employees and would like to work with you and your government along with our employee groups to find appropriate ways to accomplish this.

Sincerely,



Mike Murray, Chairperson
Board of Education

cc: Board of Education
Jan Unwin, Superintendent of Schools
Flavia Coughlan, Secretary Treasurer
Marc Dalton, MLA – Maple Ridge-Mission
Michael Sather, MLA – Maple Ridge – Pitt Meadows
BC School Trustees' Association for Dissemination to all School Boards



THE BOARD OF EDUCATION OF SCHOOL DISTRICT NO. 58 (NICOLA-SIMILKAMEEN)

ADMINISTRATION OFFICE

Dr. Robert Pasarek, Superintendent of Schools
Kevin Black, C.G.A., Secretary Treasurer

P.O. Box 4100, 1550 Chapman Street, Merritt, B.C., V1K 1B8, Phone: (250) 378-5161, Fax: (250) 378-6263

13 December 2012

The Honourable Don McRae
Minister of Education
PO Box 9045 STN PROV GOVT
Victoria BC V8V 1X4

RE: Cooperative Gains Mandate and Savings Plans

Dear Minister McRae,

Our Board received and reviewed your letter dated December 3, 2012 providing information on the Cooperative Gains Mandate and the Savings Plans needed to support the current round of collective bargaining with the K-12 education sector's Support Staff.

The Board believes a wage increase for our Support Staff, in addition to wage increases for all of our other employee groups, is warranted. However, given the current guiding principles of the cooperative gains mandate the Board does not expect to find any savings that meet the constraints imposed by the mandate. Most recently the Board approved a budget that has the district spending in excess of its revenue for the 2012/2013 school year, thereby reducing the accumulated surplus. This budget was approved by the Board based on the principle of maintaining the current level of service for students.

Each year our Board has implemented changes to help find the necessary savings to ensure a balanced budget. Most recently these changes have included closing our Middle School, reducing professional and para-professional staff; and looking for shared opportunities with our local municipalities and health units.

Our Board has already started to identify budget challenges that will have a direct impact upon staffing and resource allocations. The Board is quite aware that the following challenges will have a major impact on our budget:

- a) Reduction of funding protection for the next budget years (assuming a 1.5% reduction):

2013/2014	\$360,188
2014/2015	\$354,785
2015/2016	\$349,463
- b) A 1.3% increase to the Teacher pension plan effective July 1, 2013 anticipated expense \$155,000.
- c) Potential loss of \$45,075 from the supplement for the Education Plan as this supplement is not confirmed for future years.

In order to meet the 2013/2014 budget challenges, financial savings of \$560,263 or 2% of our budget will need to be reduced. This does not take into account a number of other items that are adding pressure to balance our budget. For example fleet insurance, EI, CPP, and WorkSafe rates to name a few.

Our Board has been advised that our savings plan is to provide for a 1.5% salary increase for Support Staff in 2012/2013 and an additional 1.5% in 2013/2014. To achieve a balanced budget for the 2013/2014 school year this would require our Board, in addition to the \$560,263, to find further savings of approximately \$200,000.

Given the time and mandate constraints outlined in the letter dated December 3, 2012 the Board will not have a real opportunity to come together to identify potential savings. In addition, the timing for development of the savings plan, with half a year already completed, presents another set of challenges. Truly, districts are being asked to cover off the 2012/2013 school year by developing a 3% savings plan in the last half of this school year.

The Board is concerned that government believes that Boards have the ability to allocate funding from existing budgets to provide for compensation increase without negatively impacting the delivery of education programming for students, transferring costs to the public or reducing service levels to the public.

In closing, given the current guiding principles of the Cooperative Gains mandate the Board does not expect to find savings that meet the constraints imposed by this mandate.

Sincerely,



Gordon Comeau
Board Chair

CC Dr. R. Peacock, Superintendent
Board of Education School District 58 (Nicola-Similkameen)
All Boards c/o BCSTA



BOARD OF EDUCATION

SCHOOL DISTRICT NO. 61 (GREATER VICTORIA)
556 BOLESKINE ROAD, VICTORIA, BC V8Z 1E8
PHONE (250) 475-4106 FAX (250) 475-4112

Via email educ.minister@gov.bc.ca

December 17, 2012

The Honourable Don McRae
Minister of Education
P. O. Box 9045, Stn Prov Govt
Victoria, British Columbia
V8W 9E2

Dear Minister McRae:

I am writing to provide you with information from our Board's point of view regarding your concept of the Cooperative Gains Mandate and the savings plans needed to support this round of collective bargaining with the K-12 education sectors' support staff. I understand that the Minister of Finance's priority for the government is to balance the budget. I am aware that government faces increased fiscal pressure at a time when public sector workers expect to negotiate wage increases. I am not sure that you are aware that Boards of Education face increased fiscal pressure at a time when demands for student support are increasing.

The Cooperative Gains Mandate is intended to protect the Province's fiscal plan while increasing employers' flexibility in funding wage increases and assisting them in reaching voluntarily negotiated collective agreements. Our Board of Education's mandate is to provide quality education for each and every student. This means that we employ the appropriate number of teachers, administrators and support staff and provide programs to fulfill our mandate. To accomplish our goals, annually our needs exceed the present funding structure.

Minister McRae, you ask that the savings be real and measurable. I would like to explain what is real and measurable. Real and measurable is the unexpected and presently unfunded employer contribution increase of 1.3% of salary for the Teachers' Pension Plan totaling \$1.2 million per year for the Greater Victoria School District. Real and measurable is the \$507,000 out of this year's budget as well as an additional \$507,000 out of the 2013/2014 budget for the Cooperative Gains Savings Plan. Minister McRae, let me assure you that if there were savings to be had, we would be using them to support student learning in classrooms. You asked that savings be incremental. I trust you understand that our needs are also incremental. You ask that savings not be generated by transferring costs to the public. I can assure you that we are looking for parental involvement; not parental donations or fees. And you ask that the savings not be generated by reducing service levels to the public. Minister McRae, as Board Chair, I know the staff and the School District and let me assure you that every person contributes to the service levels to our public. Nobody who works in the Greater Victoria School District is superfluous to our needs.

The Honourable Don McRae

December 17, 2012

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To be clear, the Cooperatives Gains Mandated savings plan would negatively impact the delivery of educational programs for students.

I appreciate that you would like to have saving plans completed by mid-January in order that bargaining can continue. If we were able to create a savings plan by mid-January, it would be used to resolve our budget shortfall for the 2013/2014 school year. If our Board had an additional \$507,000 (1.5%) in our current fiscal year, it would have been directed to support education in our schools.

I would respectfully request that you rescind your letter of December 3, 2012, prior to December 21, 2012. I understand that this would be tight timelines for you; however, it is imperative that Boards of Education in this Province spend their time focused on educating our students.

Sincerely,



Peg Orchardton

Board Chair

cc Trustees, Greater Victoria School District
All Boards of Education, c/o BCSTA
Adrian Dix, Leader of the Opposition
Robin Austin, Education Critic
Brad Hall, President, CUPE 947
Gilles Larose, President, CUPE 382
Barry O'Neill, CUPE BC



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December 20, 2012

Honourable Don McRae
Minister of Education
Room 310 Parliament Buildings
Victoria, B.C.
V8V 1X4

Dear Minister McRae:

Re: Cooperative Gains Mandate

I am writing on behalf of the Fraser-Cascade Board of Education to express our concerns over your letter of December 3, 2012 regarding the application of the Cooperative Gains Mandate in support of an increase for our support staff.

I want to emphasize that, like Michael McEvoy, President of BCSTA our hope is that BCSTA is engaged in a consultation process as set out in the recently signed co-governance protocol agreement in order to ensure a coherent approach to significant issues in education.

Our board is supportive of a salary increase for staff; however, the principles of the Mandate make the likelihood of savings plans meeting all the criteria set in place as very unlikely if not impossible. Any money found to support an increase is at a cost in some other area of the budget. It is hard to separate out the impact on educational services.

Our board, in conjunction with our partner groups, continually strives to manage the funds allocated to the district in an effective and efficient manner. We have concluded the budget process for the current year and are beginning to look forward to the next budget year. Asking for a plan mid-year, given such short timelines is very difficult. As other boards have indicated, each year there are significant challenges and next year doesn't appear to be any different. With a reduction in funding protection, teacher pension cost increases, benefit premium costs and MSP likely to increase, the Board anticipates having to continue to review all areas of the budget to ensure a balanced budget is submitted in June. Like other districts we have closed schools, consolidated transportation, reduced district and school based administration and continued to look at sharing services where they make sense.

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We have also been informed that money currently in the block for school districts is now being reallocated to support BCPSEA administration. This means less money out to Districts and will result in additional cost pressures.

While we understand the constraints government faces, we too face budgetary constraints and asking for a plan that does not impact service levels to the public and that are real and measurable will be impossible to achieve in the short-term. We wish to continue to work with government on the Tier One initiatives that will provide longer-term savings that were outlined in the Deloitte report.

Again, I wish to reiterate that the board is supportive of a salary increase; however, how it is achieved requires further discussion.

Yours truly,



Ron Johnstone, Chair
Fraser-Cascade Board of Education

c.c. Board of Education
Karen Nelson, Superintendent of Schools
Natalie Lowe-Zucchet, Secretary-Treasurer
Stan Watchorn, Director of Instruction
BC School Trustees' Association for circulation to member School Boards