



September 13, 2012

Paul Straszak
President and 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. 10 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,

A handwritten signature in black ink, appearing to read 'Patti Adam', written over a light grey rectangular background.

Patti Adam
Board Chair

/sb

Public Sector Executive Compensation Report School District # 10 (Arrow Lakes)

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. 10 (Arrow Lakes).

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 (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.

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 median of the relevant comparator labour market.

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 an employer-provided vehicle.

- Annual base salary

Annual base salary is considered in the context of the total compensation package. Generally, base salary is targeted at the median of the comparator labour market. The base salary structure is a single rate structure.

- Employer provided vehicle

Due to the diverse geography of the district and the need to visit schools and other district work sites, the Board provides a District owned vehicle to the Superintendent/Secretary Treasurer and the Technology Manager. Other senior management positions receive a kilometer mileage rate for travel.

Non-cash compensation

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

- **Health and welfare benefits**, such as basic medical, extended medical, dental, group life, short-term and long-term disability, employee and family assistance program, etc. consistent with such benefits as offered in the K-12 sector generally.
- **Pension benefits** — executive staff is enrolled in either the Teachers Pension Plan or the Municipal Pension Plan.
- **Paid time off**, including an annual vacation entitlement of six (6) weeks. 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.

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 position of Superintendent/Secretary Treasurer of Schools (and other management positions) is a single rate 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 Superintendent/Secretary Treasurer.

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 2010-2011 (year ending June 30, 2011)

Name and Principal Position	Salary (\$)	Bonus (\$)	Incentive Plan Compensation Paid (\$)	Pension (\$)	All Other Compensation* (\$)	Total (\$)	Previous 2 Years Totals **
Walter Posnikoff Superintendent/ Secretary Treasurer	119,622	0	0	11,474	29,267*	160,363	2009-2010: \$ 150,353 2010-2011: \$ 153,875
Denise Perry ** Superintendent/ Secretary Treasurer	7,692	0	0	1,025	668	9,385	nil

Notes:

*This amount includes payout of unused accumulated vacation of \$22,820, employer-paid CPP and EI benefits premiums, and employer-paid health and welfare benefits premiums, and WCB.

**Denise Perry was hired to replace Walter Posnikoff June 1 2012