



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