

MEMORANDUM TO: Implementation Cost Estimate (ICE) Working Group

FROM: Gabriel F. Sékaly
Assistant Deputy Minister
Elementary/Secondary Business and Finance Division

DATE: July 8, 2013

SUBJECT: ICE Update

Thank you for participating in the Implementation Cost Estimate (ICE) Working Group meeting of June 24, 2013. As we discussed with you at the meeting, the Ministry is committed to working collaboratively with school boards in order to support implementation and to start a new school year with the current labour process finalized. This has not been an easy process for the sector and the involvement and advice of school boards along the way has been helpful in achieving important agreements.

We acknowledge that this has not been a process you feel sufficiently recognizes the role of boards as employers. As you will know, this is a matter being examined in the current talks on the future bargaining process, and I encourage you to participate actively in those discussions so your input can be taken into consideration in developing this process.

The government also recognizes that there will be pressures on school boards because of these agreements. You have been very clear in your concerns about this and you have been heard. That is why we convened the Implementation Cost Estimate (ICE) Working Group. As a result of your input and expertise, we have made significant strides in understanding school board concerns related to the costs associated with the Memoranda of Understanding (MOUs) signed between the government and Federations/Unions since January 23, 2013.

Support has been announced throughout this process, which is aimed at providing school boards with additional funding to help implement the 2012-14 labour framework and its MOUs. At the meeting we covered the available funding that has been announced to date, including:

- \$10M announced December 2012 to implement sick leave benefit plan reforms;

- \$30M per year effective 2012-13 announced in March 2013 for a potential increase in supply teacher costs. For 2012-13, a table amount has been provided in the GSN regulation. In subsequent years, the supply teacher benchmark will be adjusted. Over the two-year life of the current contracts, this totals \$60M in additional funding. The government's position is that this funding is intended to support boards as they adopt the new sick leave plan set out in regulation;
- Support for sick leave top-up banks announced in March 2013. The government is currently working with Board actuaries and will be providing the funding necessary to establish the closing liability for the implementation of the sick-leave rolling top-up bank;
- Support for the pay-out of non-vested retirement gratuities announced in March 2013. The government is currently working with School Boards and will be providing the funding necessary for the wind-up payment to employees;
- \$3M announced in May 2013 to offset the cost of extending eligibility for sick leave and short-term leave and disability plan benefits to a wider group of employees;
- \$15M announced in May 2013 for payroll system and training to support implementation of new benefit plan provisions;
- Up to \$60M announced in May 2013 to support any residual costs of an unpaid day;
- And approximately \$10M that represents the efficiencies in Professional Development that will account for 16% of the total cost of the October 11, 2013 unpaid day.

As I noted at the meeting and as detailed in the respective B memos, the last four items are contingent on boards fulfilling the MOU requirements including incorporating/appendixing the MOUs into local collective agreements.

While these funds are significant, and the government has stated it expects Boards will be able to implement the MOUs within their existing funding envelopes, we appreciate the opportunity to understand any additional operational issues that Boards may be experiencing on the ground.

At the ICE meeting Boards identified a number of items that they felt could result in incremental costs, such as expanding maternity leave to LTOs, costs for attendance recognition and the back-stopping of unpaid days, among others.

While a number of these concerns would be addressed through the funding available and identified above, we are also able to share the following additional information with you:

1. Maternity Leave - the Ministry is prepared to consider providing additional support to reflect the increase in maternity leave from 6 weeks to 8 weeks. Additional data from boards related to the incremental costs anticipated based on historical maternity leave data will need to be analyzed before any funding determination can be made.
2. Attendance Recognition - I can provide assurance that the government is prepared to provide up to \$30M in 2013-14 to cover any incremental costs

relating to any payments made to eligible staff that use less than 6 sick days. This is based on existing data that shows that approximately 50% of staff used less than 6 days in the past. This figure, and any funding considered, would need to be reconciled with actual experience – particularly if the average number of sick days taken drops as a result of this incentive as that would create additional savings.

3. Sick leave top-up banks- we explained that the Ministry is awaiting a determination of the liability from the Board actuaries. Once that figure is determined, the Ministry will fund school boards accordingly.
4. Unpaid days- I can confirm that the Ministry is working on determining further details with respect to the 16% of PD Efficiency funding. We will also take back to our policy ADMs the message about the logistical challenges associated with providing PD to LTOs on particular days.
5. Arbitration Costs - There is insufficient information related to incremental legal and arbitration costs at this point in time and this item will require further discussion.
6. Inflationary Pressures - For inflationary pressures related to benefits, further follow up by Boards is required.
7. Sick Leave Usage - For sick leave usage above trend, boards would provide the Ministry with data tracking sick leave utilization from 2009-10 on. Once that data is available, including analysis of trends, the ICE working group would have further discussion. We also agreed that sick leave utilization would need to continue to be tracked by boards over time as part of good attendance management processes.
8. Sick Leave Eligibility - Extension of sick leave eligibility, we explained that this was the focus of the \$3M already announced.

We are hopeful that this information and available funding will enable an acceleration of talks between boards and unions that will allow this process to be finalized before the new school year begins.

As was discussed at the meeting, any incremental funding resulting from this process is conditional upon the Board fulfilling the MOU requirements including incorporating/appendixing the MOUs to their collective agreements.

I look forward to working with the ICE working group to develop a basic template for documenting any incremental costs beyond current supports as part of the end of year financial process for both 2012-13 and 2013-14.

I am also pleased to confirm that the attestation date has been changed to August 29, 2013.

In closing, I want to thank you for participating in the ICE working group. For everyone's reference, I have attached a copy of the presentation we used in our initial meeting.

Original signed by

Gabriel F. Sékaly
Assistant Deputy Minister

Attachments: Ministry Presentation to ICE