

Notable PSEC Costing Terminology and Principles

Offsetting costs with savings: savings must be achieved through negotiated changes to a collective agreement or through approved operational savings. The savings must be real, measureable, and directly related to the negotiated changes.

Proposed savings must use realistic and conservative assumptions. They must be supported by the best possible evidence available. The costing of these savings must provide an adequate explanation of how the proposed collective agreement language changes will generate the anticipated savings. This includes a high-level implementation plan and identification of any associated issues.

4-year averages: when looking at headcount/FTE count, PSEC will typically ask for a 4-year average rather than a single point in time. This is to account for fluctuation of population over time. Where such data is unavailable or believed to be an unreliable predictor of future costs, please document the rationale.

If there is an outlier year this is skewing the average due to an operational reason, consider removing it from the set. For example, this may be due to COVID impacts.

Top step costing: when step placement of a population cannot be known, PSEC will assume that ALL employees are at the top step of their salary grid in order to maximize the cost projection.

Total Labour Cost: all wages or salary payments, plus wage-impacted and non-wage impacted benefits, for a given bargaining unit. Total labour costs include basic wages, incentive payments, paid time-off, allowances, premiums, and employer contributions to pensions and health and welfare benefits for regular, auxiliary, or casual work. Total labour costs also encompass “backfill” wages and benefits costs for absent employees, as well as non-negotiable statutory payments such as Canada Pension Plan (CPP), Employment Insurance (EI) and WorkSafeBC premiums.

Wage impacted benefits (WIB): the effect of wage increases on statutory and non-statutory wage impacted benefits must also be included in the costing. Examples of wage impacted benefits include long-term disability benefits, pension plan premiums, and statutory payroll costs such as EI, CPP and WCB coverage.

Non-wage impacted benefits (NWIB): benefits that are not affected by wage increases (e.g., extended health and dental benefits plan premiums) are assumed to remain constant for the purposes of costing, unless the language in the agreement specifically changes the benefit entitlements or employer contributions.

