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# **Inflation, bargaining and the threat to labour peace in the schools**

**IPE/BC**

**Occasional Paper No.4**

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**Revised September 10, 2022**

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# Inflation, bargaining and the threat to labour peace in the schools<sup>1</sup>

Updated: 09/10/2022

The return of inflation and future price uncertainty threatens labour stability in BC's public school system. As such, it holds the possibility of ending a system of labour negotiations that has allowed the provincial government to constrain settlement costs and finance other priorities in the school system.

## Inflation

The Covid-19 pandemic, through all of its various waves, has produced massive disruption to global economies. Global supply chains that had evolved in accordance with 'just-in-time' inventory models proved themselves less than robust at dealing with such disruption. Across the developed capitalist world, state responses to the pandemic centred on an infusion of massive new liquidity into domestic markets in efforts to sustain purchasing power. Much of this money found its way into asset and property markets. And the spring 2022 escalation of the war in the Ukraine has, by disrupting international trade and investment flows, added further inflationary pressure into the mix.

In the two decades running from 2001-2021, consumer price increases in BC averaged 1.7% per year.<sup>2</sup> Yet, already, by the final five years in this period, price increases were gathering real momentum, restrained only temporarily by the economic impact of Covid in 2020. By the start of 2022, monthly BC inflation rates were overshooting the 4% mark and showing signs increase into the 7 to 9% range.

## Public school labour negotiations

A mandate-governed system of wage and salary negotiations has institutionalized relative labour peace in the public schools for much of the past decade and a half. BC's mandate system has its origins in the 1993 provincial commission which recommended creation of an overarching governmental agency to administer bargaining of public sector agreements in line with provincial priorities and fiscal means. Since then, mandate bargaining has been updated and deployed by successive provincial governments. No public sector union of any size has successfully broken through mandate-governed restrictions on wage and salary increases since the time of the system's inception.

The so-called "Olympic round" of bargaining (covering the period 2006-10) was the last that saw labour poised to exercise real power in the face of a booming provincial economy and significant shortages in labour supply. However, for various reasons, the labour movement failed to leverage this potential and ended up with extremely conservative settlements, both in terms of what they delivered to members as

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<sup>1</sup> This document was revised and updated Sep-10-2022 to take account of updated BC CPI data as well as to correct an error in wage and salary calculations. Revised information is found primarily in Table 1 on page 3 and in the accompanying discussion at the top of page 4.

<sup>2</sup> [Statistics Canada. Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted.](https://doi.org/10.25318/1810000501-eng) <https://doi.org/10.25318/1810000501-eng> (Downloaded 4/1/22 & 9/10/22).

well as their financial impact on government. Completed in this manner, the Olympic round effectively set the template for the mandates that were to follow.

Since 2005 bargaining mandates have centred on securing union acquiescence to modest general wage increases coupled with a variable mix of labour supply and benefit-related initiatives. These included:

- Targeted increases directed to trades workers and other technical staff within bargaining units where employers experienced problems “attracting and retaining” workers within the larger labour marketplace,<sup>3</sup>
- Training and qualification initiatives to redress specific constraints affecting labour supply,
- Focused efforts to rationalize and contain costs associated with various pension and benefit plans.

Unlike in the province of Quebec, public sector unions in BC have never confronted provincial mandates in a collective fashion, choosing rather to “go it alone” on a union-by-union basis. From the employer side, efforts to secure restrictive settlements have been directed by the Public Sector Employers’ Council (PSEC) via sectoral organizations like the BC Public School Employers’ Association (BCPSEA.)

Of all public sector unions, the BCTF has clearly shown the greatest pluck in challenging PSEC mandates. Following a major provincial teacher work stoppage in 2005 – backed directly by unionized support staff – teachers’ next and last provincial strike action came in 2016. But neither of these actions conferred significant benefit in terms of increased salary outcomes for teachers.

The recent history of negotiated public-school wage and salary outcomes – shown in the following table – confirms this. The data in this table does not represent a full and complete costing of contract settlements but rather a more limited attempt to tabulate broadly reported wage and salary increases negotiated by the respective unions and to map these increases in relation to applicable PSEC mandates.

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<sup>3</sup> These kinds of increases undermined pay equity systems in the health and education sectors which had evolved over decades of union agitation and mobilization.

<b>Table 1: BCTF and CUPE settlements matched to PSEC mandates <sup>4</sup></b>			
<b>Date</b>	<b>Teachers</b>	<b>Support Staff</b>	<b>PSEC Bargaining Mandate</b>
7/1/06	2.50%	2.10%	Olympic round (4 year)
7/1/07	2.50%	2.10%	
7/1/08	2.50%	2.10%	
7/1/09	2.50%	2.10%	
7/1/10	2.00%	0.00%	Net zero (2 year)
7/1/11	0.00%	0.00%	
7/1/12	0.00%	0.00%	Co-operative gains (3 year)
7/1/13	0.00%	1.00%	
2/1/14	-	2.00%	
5/1/14	-	0.50%	
7/1/14	2.00%	-	
1/1/15	1.25%	-	
7/1/15	-	1.00%	Economic Stability (4 year)
7/1/16	1.00%	0.50%	
5/1/17	-	1.00%	
7/1/17	0.50%	0.50%	
5/1/18	1.00%	1.00%	
7/1/18	0.50%	0.50%	
5/1/19	1.00%	1.00%	
Economic stability dividends (4)	1.96%	1.96%	
7/1/19	2.00% + .5% <sup>5</sup>	2.00%	Sustainable Services (3 year)
7/1/20	2.00%	2.00%	
7/1/21	2.00%	2.00%	
End of period (6/30/22)			
<b>16-year total for the period ending June 2022 (compounded)</b>	<b>31.6%</b>	<b>28.6%</b>	
<b>Increase in BC CPI over 16 years (June 2006 to June 2022)</b>	<b>34.8% <sup>6</sup></b>		

<sup>4</sup> Compiled from a range of collective agreements and publicly-available reports, including those provided by the BC Public School Employers' Association. (<https://bcpssea.bc.ca/>) Teachers are all represented by the BCTF. Close to 90% of support staff in schools are represented by CUPE with the remainder divided amongst a smattering of other unions and employee associations.

<sup>5</sup> The BCTF received a 1% lift to salary maxima under the Sustainable Services agreement, immediately benefiting a little over half of teacher members. (Data from BC Ministry of Education, *Legacy Teachers Statistics, 1990/91 to 2016/17* shows that in the latter year, 56 per cent of BC teachers had ten or more years of teaching experience putting these teachers at salary maximum.) For this reason, the 1% lift to salary maxima in 2019 is costed at half value or .5%. Data downloaded from <https://catalogue.data.gov.bc.ca/dataset/bc-schools-teacher-statistics>.

<sup>6</sup> The calculation is based on a comparison of the BC Monthly Index for June 2022 with the same index for June 2006 (16 years prior). Price data are from Statistics Canada. [Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted](#).

As can be seen, both teachers and support staff have negotiated very limited increases over the period in question. Indeed, both groups have, under the auspices of the “Net Zero” and “Co-operative Gains” mandates, had to endure three years with no increase at all. The cumulative impact of this has been telling, this despite prevailing low rates of price inflation over the period under review. By the end of this June, teacher salary levels lagged overall inflation since mid-2006 by 3.2% points (using mid-2006 as a base). For support staff, the lag in wage growth is 6.2% points. Taking account of the compounding effect of year-to-year increases, this means that teachers would have to negotiate a 2.5% increase just to get back to where real salaries were in 2006. CUPE support staff would need an even larger 4.8% increase to achieve the same result.

### Effects of mandate-restricted wages and salaries

As the preceding table confirms, mandate-restricted contract negotiations have had a direct impact in lowering the real wages and salaries of those working within BC’s public school system. Reduced system costs have, in turn allowed provincial governments to allocate reduced financial resources to the K-12 sector. Expressed as a percentage of provincial Gross Domestic Product (GDP), spending on public schools continued its long downward slide during the period in question, reaching a low point of 1.7% of GDP by the year 2021. Ten years earlier in 2011 spending had registered 2.1% of GDP and ten years before that 2.8%. Were BC to be spending at a rate commensurate with the percentage level found a decade ago, there would be \$2.0 billion more in board budgets annually; if spending were at the percentage rate found in 2001, this figure rises to \$4.3 billion annually.<sup>7</sup>

Another major effect of the decline in real wages and salaries has been a significant reallocation of internal shares of public-school budget spending. The following table tracks relative spending shares by Ministry of Education-defined “Expenditure Object” at five-year intervals over the past two decades.

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<sup>7</sup> A more extended data series tracking spending and GDP can be found in Dan Laitsch, Larry Kuehn, and John Malcolmson, “Critical Response to “A Short History of K-12 Public School Spending in British Columbia”,” *Canadian Journal of Educational Administration and Policy*, 198, 8-15.

**Table 2: Percentage shares of audited public school spending by major expenditure object<sup>8</sup>**

Expenditure Object	2000/01	2005/06	2010/11	2015/16	2020/21	Change over 20 years
Teachers' salaries	47.6%	44.9%	45.9%	44.0%	43.6%	-4.1% pts.
Principals' & vice-principals' salaries	5.7%	5.5%	5.3%	5.2%	5.9%	+0.2% pts.
Support staff wages (total)	16.4%	16.7%	15.7%	16.1%	17.0%	+0.6% pts.
- Educ. assistants	5.3%	6.3%	6.4%	6.9%	7.9%	+2.6% pts.
- Other support	11.1%	10.4%	9.3%	9.2%	9.1%	-2.1% pts.
Other professionals' salaries	2.2%	2.3%	2.3%	2.4%	2.9%	+0.6% pts.
Substitute wages/salaries	2.6%	2.8%	3.1%	3.1%	2.9%	+0.3% pts.
Benefits costs	14.0%	14.9%	16.9%	18.2%	17.7%	+3.7% pts.
Services & supplies costs	11.3%	13.0%	10.8%	11.0%	10.0%	-1.4% pts.
Total spending (audited)	100.0%	100.0%	100.0%	100.0%	100.0%	

The province's 50,000+ teachers have seen a near-secular drop-off in budgetary allocations directed to their salaries. This is a direct product of mandate-reduced bargaining outcomes together with layoffs of staff concentrated in the special education system, layoffs that have yet to be fully repaired as per an historic court decision reversing the legislative stripping of contract provisions affecting class size and composition. The result is a relative share of spending plumbing ever-deepening lows over the entire period this measure has been calculated.

Principals and vice-principals, while representing a much smaller expenditure category, have a relatively constant percentage share with some growth registered in the final five-year period.

On the other side CUPE – representing most of more than 31,000 support staff in schools – has seen an increase in the share of spending allocated to Education Assistant wages, driven by the expanding role EAs play in the provincial special education system. At the same time, the increased share devoted to EAs has been largely offset by a significant decline in reported wage spending for other categories of support staff – clerical workers, custodial staff, transportation, maintenance and trades workers, and central office technicians. The net effect for school support workers has been somewhat muted – their overall percentage share has averaged 16.2% of total audited spending over the entire comparison period with the final year coming in at 17.0%

The share accorded Other Professionals – primarily board-based administrative staff – has risen by a significant amount given the relatively small size of this group. Spending on substitute or replacement staff has fluctuated throughout this period.

A significantly rising share for benefit costs reflects both changes in and improvements to the areas of pension coverage along with growth in health & welfare plan coverage. Key here has been a larger

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<sup>8</sup> Calculated from BC Ministry of Education, Revenue and Expenditure Information, Tables 23 & 24 (various years). (<https://www2.gov.bc.ca/gov/content/education-training/k-12/administration/resource-management/school-district-financial-reporting/revenue-expenditure-tables>). Data for just the past six years can be found on the above Ministry of Education website. Most recent data accessed March 19, 2022).

rollout of benefits such as long-term disability to school sector staff, broadened municipal plan pension coverage, as well as prices for inputs in the health & welfare area rising at rates exceeding levels of overall provincial funding support.

Relative spending directed to Supplies and Services has been stable for the most part despite some year-to-year fluctuations.

The overall pattern reflected in these trends is one pointing to governments being able to finance labour supply initiatives as well as pension and benefit updating with the proceeds of savings wrung from the successful imposition of contract settlement restrictions across the public school sector, settlements primarily affecting teachers and support staff by simple virtue of the relative size of these labour groups.

### **Current bargaining context**

BCTF has been circumspect in terms of public statements on the current bargaining round. This is a posture that will surely evolve as bargaining progresses and pressure mounts for a settlement in the fall of 2022. In the case of support staff, CUPE announced a recess in negotiations this past spring. This likely reflected a perception that the provincial government's bargaining mandate was not yet "fixed" and that further negotiations at that time (early April 2022) would be fruitless. As things stand, CUPE has announced a return to its provincial bargaining table by mid-September.

At the same time, the BC government has been pre-occupied with other cost and spending pressures. BC's Recovery Program has been given a high profile in the most recent provincial budget, coming in the wake of both COVID-19 shutdowns and last year's climate-related disasters. Health care restructuring, along with mounting costs associated with Site C dam construction will certainly lead to an ever-mounting draw on financial resources in the coming period.

At the same time, initial tentative settlements affecting hospital workers and provincial public service in early September appear to set a standard for what is to follow. How much this directly affects negotiations in the province's public school system will become more apparent in the weeks ahead.