



Windsor-Essex Catholic District School Board

MEDIA ADVISORY

1325 California Ave, Windsor, Ontario N9B 3Y6 ph: (519) 253-2481 fax: (519) 253-0620

Benefits for Retired Employees Over Age 65 To Terminate Effective August 31, 2014

At present, certain employees and retired employees of the Windsor-Essex Catholic District School Board are entitled to, or are receiving, health and welfare benefits as members of Board funded group benefit insurance plans after retirement, for life.

This is as a result of longstanding contractual provisions contained in the Board's collective agreements with its CAW bargaining units, and terms and conditions of employment pertaining to many of the Board's non-union support staff and administration, past and present.

The Ministry of Education has informed the Board that the provision of such benefits to retired employees who are 65 years or older is contrary to the *Education Act* and is therefore illegal and beyond the powers of the Board.

Therefore, the Board has been instructed that it must give notice to affected present and retired employees that benefits for retired employees over age 65 will terminate effective August 31, 2014. Supervisor Hartmann's Report, being released April 16, will detail the financial impact of this requirement on the Board's financial future.

The Board understands the impact this may have on former employees who delivered long and valued service to the Windsor-Essex Catholic District School Board and its predecessor Catholic boards. Unfortunately, the Board does not have the power to continue to fund these benefits.

The Board will work with the unions and individuals affected by this action to explore the possibility of assisting retirees to find a vehicle through which retirees may be able to establish self-funded group insurance plans.

For Further Information Contact: Paul Picard, Director of Education, 519-253-2481, ext. 1201
Sherrilynn Colley-Vegh – Media Contact
W.E.C.D.S.B. 519-253-2481 Ext. 1246

"Learning together in faith and service"

Ministry of Education

Ministère de l'Éducation

Assistant Deputy Minister
Business & Finance Division
20th Floor, Mowat Block
900 Bay Street
Toronto ON M7A 1L2

Bureau du sous-ministre adjoint
Division des opérations et des finances
20^e étage, Édifice Mowat
900, rue Bay
Toronto ON M7A 1L2



April 03, 2013

Paul Picard
Director of Education
Windsor Essex Catholic District School Board
1325 California Avenue
Windsor, ON N9B 3Y6

Dear Paul, *Paul*

I am writing to you today to provide direction regarding the board's non-compliance with the Education Act regarding benefits, more specifically the board's current health and dental benefits plan coverage.

Section 177 (3) of the Education Act states: "If a person retires from employment with a board before he or she reaches 65 years of age, the board may retain the person in a group established for the purpose of a contract referred to in clause (1) (a) until the person reaches 65 years of age."

In prior discussions with board staff, we have noted that since the early 70's the Education Act allows boards to provide health benefits to retired employees up to age 65. It has been recently brought to our attention that the agreements between Windsor Essex Catholic District School Board and some employee groups provide benefits for life, which is not in compliance with the Act. This has also resulted in a liability that, compared to other school boards, is the highest in the province.

Currently your board is facing a significant pressure because the retirees grandfathered under the existing plan are covered for life. This is reflected in the remaining \$41M liability which, under the new compliance requirement, the board must address in the next 10 years. In light of your board's financial situation, this is not sustainable.

Based on information on the 2001 arbitration that your board has provided to the ministry, our legal department has noted that the arbitrator declined to change the current level of benefits on the understanding that the issue would be addressed during the next round of bargaining. The arbitrator was reluctant to address then such a significant change to benefits through "legislated interest arbitration". This issue has however not been addressed in subsequent bargaining between the board and employee groups.

I am writing to provide your board with notification to comply with the requirements in the Education Act by August 31, 2014. This period would allow time for your board to

prepare for the next bargaining cycle and we recommend that you notify employee groups affected by these required changes as soon as possible. We also recommend that you make available to these affected employees a continued insurance plan, but the premiums must be paid for by the individual, not the board.

Under this proposal, the ministry will seek approval for making necessary amendments to *Ont. Reg. 488/10, Determination of boards' Surpluses and Deficits* so that for the two year restraint period, your board will address into compliance the amortization (over 10 years) of the liability that would have resulted if your plan was compliant with the Education Act. The remaining portion of the liability will remain out of compliance until the plan changes are made in September 2014. Starting in 2014-15, the board will phase into compliance the full remaining liability over the remaining amortization period. The plan changes, once renegotiated in 2014-15, would result in a one-time reduction in expense which will be out of compliance.

To determine the new amount which your board will be required to phase into compliance, your board will need to immediately seek an actuarial evaluation to assess the amount of the liability with the plan changes and forward this information to us.

If you have any questions regarding the above please do not hesitate to contact me at (416) 325-6127 or email at Gabriel.Sekaly@ontario.ca.

Sincerely,



Gabriel Sékaly
Assistant Deputy Minister
Ministry of Education

Cc
Andrew Davis
Mario Iatonna