

FREQUENTLY ASKED QUESTION **Fort McMurray Allowance (FMA)**

Part 1 – Prepared by Alberta Education

1. **Question:** How will school boards be showing this “Compensation” on pay stubs and in what reporting box will this allowance be shown on the employee’s T4?

Answer: Because the Fort McMurray Allowance (FMA) is considered a modifier that deals specifically with off-setting the high cost of housing in the city of Fort McMurray, boards are encouraged to work with their payroll providers to amend the pay table to include earning codes that will reflect this compensation as “other income”. Canada Revenue rules require that all income, including taxable allowances, must be reported in Box 14 of the T4.

2. **Question:** Will individuals on Extended or Long Term Disability benefits be eligible for the FMA?

Answer: Education sector employees who are in receipt of extended or long term disability benefits continue to receive the FMA, provided they continue to reside in Fort McMurray.

3. **Question:** How will the eligibility rules for the FMA apply to staff on maternity leave and the supplementary unemployment benefits (SUB) plan?

Answer: The allowance will only be paid for the “health related portion of the maternity leave” or the amount of paid maternity leave time identified in the applicable collective agreement. The remainder of the maternity leave is normally without pay and benefits; hence the FMA will not apply.

4. **Question:** Will staff on paid sabbaticals, deferred salary leaves and/or teaching exchange programs be eligible for the FMA?

Answer: To receive the FMA, the employee must be earning salary or wages, and be living in the eligible geographic area.

Employees on a paid leaves of absence continue to receive the FMA provided they maintain residence in Fort McMurray. Employees on unpaid leaves are not eligible for the FMA during the time of their unpaid leave.

5. **Question:** If a staff member was on contract with the board for the month of June 2007 but not thereafter, will he/she receive the FMA retroactively for this period?

Answer: Yes, the individual is responsible for ensuring their human resources department is aware of his/her situation.

6. **Question:** How will staff who are contracted for periods of time between the beginning and the end of the year be assured of receiving the FMA for the appropriate period of time?

Answer: This will be a joint responsibility of the school board and the individual staff member.

7. **Question:** Why is the FMA considered taxable income?

Answer: Revenue Canada is responsible for determining what is and what is not taxable income. The Fort McMurray Allowance is considered taxable income under the Government of Canada's *Income Tax Act*.

8. **Question:** Why is the FMA not considered pensionable income?

Answer: This allowance is not an entitlement or salary; therefore, the income is not pensionable. The FMA is a modifier that deals with the current situation in the Fort McMurray area. The FMA will be reviewed annually and could change very quickly if the economy were to take a down turn. The FMA is in place to financially assist employees with the high cost of housing and is not related to job duties. In addition, it affects a very specific group of individuals within a very specific area.

9. **Question:** Why do employees working for provincially funded organizations in Fort McMurray receive this allowance and not workers in other areas like Grande Prairie or Calgary or remote northern communities where the cost of living is also high?

Answer: While the cost of living in most parts of Alberta has increased, Fort McMurray remains the city with the highest cost of living in the province. Fort McMurray is a relatively isolated community with no major centers within a reasonable driving distance. This means there is very little capacity outside of the community to absorb excessive growth.

Fort McMurray is unlike other centers like Red Deer, Lethbridge, Grande Prairie and Calgary, which have a number of satellite communities within a reasonable commuting distance that have the potential to provide supportive infrastructure such as housing, hotel accommodation, recreational facilities, etc.

In addition, the high rate of sustained population growth of Fort McMurray is unique. The community's growth rate over the last 10 years has been almost double the rate of Alberta's second-fastest growing community, Grande Prairie, and is four times the average growth rate for Alberta. Population forecasts indicate that rapid population growth in Fort McMurray will continue for at least five years.

10. **Question:** Do some education sector employees of provincially funded organizations in Fort McMurray currently receive a living allowance other than the FMA?

Answer: Yes. Some employees do, but amounts vary, ranging from \$350 per month to \$1,040 per month. This new policy ensures that all living allowances for employees of provincially funded organizations in Fort McMurray will be the same amount.

11. **Question:** Are public sector organizations like school boards able to provide “living allowances” to employees who do not meet the eligibility criteria for the FMA but are nevertheless faced with high cost of living challenges?

Answer: Yes. If an employer such as a school board believes it needs to establish a “living allowance” in order to attract employees to a community or an area outside of the defined “Fort McMurray and vicinity” description, then it may use its own budget dollars to support such an initiative.

12. **Question:** Where will this money come from? Is this in-year spending?

Answer: The funding to support the FMA for the period from June 2007 to April 2008 is not considered in-year funding. The money will be drawn from funding previously approved in response to the report, “Investing in Our Future: Responding to the Rapid Growth of Oil Sands Development (Radke Report).”

13. **Question:** Will any employee of a provincially funded organization see a decrease in the living allowance they currently receive because of this new allowance?

Answer: No. Employees will either receive the same amount or more than what they are currently receiving for this year.

14. **Question:** Will teachers in temporary contracts be eligible for the Fort McMurray Allowance?

Answer: All teachers who meet the eligibility criteria working on continuing, probationary, temporary and interim contracts will be eligible for the FMA.

15. **Question:** Will this amount ever change?

Answer: The amount of the FMA will be reviewed and adjusted annually. If any changes are required, employees will be given three months notice of change. The review will be based on housing information available in September of each year and any changes will be implemented the following April.

16. **Question:** When does the extension of the FMA to education sector workers in Fort McMurray take effect?

Answer: It became effective June 1, 2007.

17. **Question:** If my employer already provides a “living allowance”, will I be eligible for the full \$1040/month?

Answer: No. Government expects that all public sector employers will receive the equivalent of \$1040/mos or whichever amount is annually determined. Individuals reviewing COLA benefits of less than \$1040/mos will receive the additional funding to ensure they achieve this full amount.

18. **Question:** How is the FMA different from earnings?

Answer: The allowance is subject to change and may be increased, reduced or discontinued based on the housing cost differential in the Fort McMurray vicinity and other major Alberta cities. The ongoing payment of the allowance can therefore not become a commitment between the funded entity, its employees or its employee’s bargaining agent.

19. **Question:** Will support staff workers employed on 10 month contracts get the allowance?

Answer: Yes, the FMA will be provided to all eligible employees, based on the pro-rated portion of their contract. In this example, the FMA would equal 10/12 the amount of the allowance.

20. **Question:** At what point is an employee considered to be working full-time?

Answer: Generally, government will provide \$1040 per month to Boards for all teachers on full time contracts and for all support staff employees working the equivalent of at least 30 hours a week. Boards may have their own definitions or formulae for determining “full-time” employment status of employees.

21. **Question:** Will supply (substitute) teachers or support staff workers receive the FMA?

Answer: Substitute staff employed on a day to day or casual basis will not be eligible for the FMA. If a substitute teacher or support staff member has an extended assignment and receives a temporary contract, he/she will then become eligible for the FMA.

Part 2 – Additional questions specific to Fort McMurray Catholic Schools

22. **Question:** How will the FMA be calculated for teachers?

Answer: The FMA will be calculated in the same manner as salary as defined in article 111 (1) of the Alberta School Act where salary is earned or deducted based on the basis of 200 teaching days per year.

In the context of the School Act, teaching days include all operational days in the District Calendar and a day not taught means a day where the teacher was on a leave without pay (e.g. not receiving salary).

Depending on the length of the contract and the number of days taught during a school year, the method of calculation will be different:

- Art 111 (1) (b): Teachers on contract for all teaching days of the school year that have taught 100 days or more:

Annual Allowance (FMA & NTA)	\$12,480
<u>Less:</u>	
Annual Allowance X 0.5% =	(\$62.40) for each day “not taught”

- Art 111(1)(c): Teacher not on contract for all teaching days of the school year or taught less than 100 days in the school year

0.5 % of the annual allowance X # days taught = \$ 62.40 per day

23. **Question:** How will the FMA be calculated for hourly paid employees?

Answer: The FMA will be paid at a rate of \$8 per regular hour worked to a maximum of 30 hours per week. Hours worked include paid vacations and paid leaves of absence such as personal days and sick leave. For employees receiving vacation pay in lieu of vacation, the vacation pay percentage will be applied to the FMA allowance.

A full-time contract of employment for support staff working in a Fort McMurray School is defined as 52 weeks of employment at 30 hours per week (1,560 hours). Dividing the annual allowance (\$1,040 x 12 months) by 1,560 hours is equal to \$8 per hour.

The payment of the FMA based on regular hours worked allows for the prorating of allowance which is necessary to ensure the education sector FMA mirror the allowance provided to Government of Alberta employees working and living in Fort McMurray (see Minister’s letter to Board’s Chair).

This method of paying the FMA is similar to how the Northern Allowance is paid to Provincial employees working under the AUPE contract whereby the

Monthly Northern Allowance is pro-rated based on the number of days worked in a month (AUPE Master Agreement – Article 22.02 – Northern Allowance). Under both methods of calculating the FMA, the annual amount of FMA payable to a hourly paid employee is statistically the same (a difference of \$10 to \$15 per year – less than 0.15%).

24. **Question:** Will the employees receive all the Fort McMurray Allowance funding that will be paid to the School Board?

Answer: Yes. As indicated in the letter from the Minister, the FMA funding can only be used for the purpose of the program which to pay a total of \$1,040 monthly in living allowance or the appropriate pro-rated portion of this amount to eligible employees. The amount of the annual FMA grant provided to the Boards will be adjusted based on the actual amount of FMA paid to employees during the year. Certification to that effect will be provided from the senior financial officer of the Board and payroll information will be reviewed by the external auditors of the Board to confirm the amount paid in FMA. In other words, the total in Fort McMurray Allowance that will be provided to the School Board will match the amount of FMA that will be paid during the year.

25. **Question:** Why is support staff employees working 10 months of the year not receive the full allowance for the year as they reside in Fort McMurray for the entire year?

Answer: The Fort McMurray Allowance is an employment, not a residency allowance. It is therefore tied to eligible hours or days worked. This is consistent with the conditions set the Department of Education that the FMA must be equivalent to the allowance paid to Provincial Employees working and residing in Fort McMurray. Their Provincial allowance is also pro-rated based on the number of days worked in each month.

26. **Question:** Is the FMA payable to Support Staff working for the Board in a Summer School program?

Answer: Yes. The allowance will be paid at the same rate (\$8 per hour) to a maximum of 30 hours per week for eligible employee. However, casual and summer students are not eligible for the FMA.

27. **Question:** Is the Fort McMurray Allowance paid for staff away on vacations, sick leave or compassionate leave?

Answer: Payment of the FMA is tied paid days or hours. It will therefore be paid for all approved leaves of absence with pay including sick or medical leave, compassionate leave and vacations.