



Where ideas work

BC Public Service Agency

2021/22 Estimates (June 2021)

Honourable Selina Robinson
Minister of Finance

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Resource Summary Overview

Core Business Area	2020/21 Estimates	2021/22 Estimates	2022/23 Plan	2023/24 Plan
Operating Expenses (\$000)				
BC Public Service Agency	54,381	59,507	59,507	59,507
Benefits and Other Employment Costs	1	1	1	1
Long Term Disability Fund Special Account	26,548	24,763	24,763	24,763
Total	80,930	84,271	84,271	84,271
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)				
BC Public Service Agency	10	10	10	10
Total	10	10	10	10

*Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates.](#)"

Resource Summary per Estimates

BC Public Service Agency				
Operations Vote				
Operating Expense (\$000's)				
Core Businesses	Budget 2020/21	2021/22	2022/23	2023/24
Human Resources Service & Solutions	13,990	15,841	15,841	15,841
People and Organizational Development	8,801	9,768	9,768	9,768
Policy, Innovation and Engagement	1,424	1,565	1,565	1,565
Employee Relations	4,084	4,675	4,675	4,675
Corporate Services	26,082	27,658	27,658	27,658
Total	54,381	59,507	59,507	59,507

**MINISTER ADVISORY NOTE
AS OF MAY 12, 2021**

**ISSUE: Implications of FY21-22 Funding
Increase in Base funding of \$5.126M**

Compared to the 2020/21 budget of \$54.381M, the 2021/22 budget for the BC Public Service Agency (Vote 27) increased by \$5.126M or 9.43% to \$59.507M (see Resource Summary per Estimates).

ADVICE AND RECOMMENDED RESPONSE:

- **The PSA required an increase in funding to support four key priorities:**
 - **To respond to COVID-19, specifically in the areas of education and training as the provincial workforce returns to offices this fall.**
 - **To deliver on the Minister of Finance's mandate letter direction to lead efforts to support increased Indigenous, Black, and People of Colour (IBPOC) representation within government in the context of the BCPS. This direction aligns with the new Diversity and Inclusion Strategy for the BCPS developed to capitalize on the Diversity and Inclusion Action Plan approved by Cabinet in 2017.**
 - **To support the ongoing operations (maintenance and support) of the Payroll and HR system supported by the current contract service provider TELUS. This contract has been in place since 2003 and a small team will be put in place to start the procurement planning this year as the July/23.**
 - **To support and enhance the bargaining team as the province enters negotiations under a new mandate for our 5 collective agreements; BC Government and Service Employees' Union (BCGEU), Professional Employees' Association (PEA), BC Nurses Union (BCNU), Queens printer (UNIFOR) and the Crown Counsel Association (CCA)**

SECONDARY MESSAGES:

Detailed Operational Vote funding changes include:

- Increase of \$2.360M in salaries & benefits and \$1.715M in other operational budgets to bolster increased core service demands and support new corporate priorities noted above.
- Increase of \$0.804M for increases in the Telus Employer Solutions Payroll Contract due to a larger employee base requiring payroll services. This funding also supports contract

procurement activities and the creation of a negotiation team as we move forward in the competitive process.

- Increase of \$0.247M for Schedule A increases under final year of the Sustainable Services Negotiating Mandate (SSNM).
- Employee Benefits Chargeback Rate remains unchanged at 25.4%.

CRF Capital Budget

Compared to the 2020/21 budget, the capital budget in 2021/22 remains the same at \$0.010M. The capital budget is for minor capital equipment needs under the Workplace Health & Safety program and audio-video equipment used by the Agency to support the Premier's Awards ceremonies.

The capital budget in 2020/21 was \$0.010M.

Reductions/Increases for 2022/23 and 2023/24

Compared to the 2021/22 budget of \$59.507M, the 2022/23 and 2023/24 budget remains the same.

KEY FACTS REGARDING THE ISSUE:

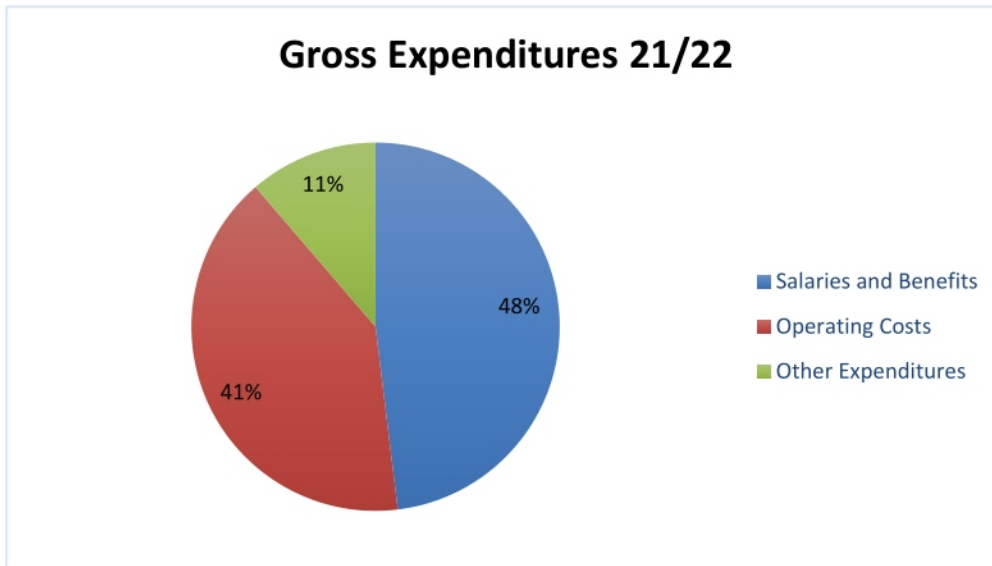
- It is critical that the PSA be adequately resourced to continue to perform its mandated core services, support the provincial workforce through the pandemic and return to workplaces, to embrace the Diversity and Inclusion mandate, assemble a team to ensure the procurement of the Human Resource Management Services (HRMS) is executed effectively and ensure the proper resources are in place to support the bargaining of the next collective agreements for our government unions and associations.
- Failure to adequately respond in any of these areas could have significant impacts to the province, including human rights complaints, increased payroll processing costs and other serious workforce consequences including potential labour relations issues.

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MINISTER ADVISORY NOTE
BC PUBLIC SERVICE AGENCY
Operations Vote (Vote 27)
Supplement to the Estimates by STOB

	2020/21 Estimates \$000	2021/22 Estimates \$000	Increase (Decrease) \$000	Increase (Decrease) \$000
Salaries and Benefits	35,405	38,562	3,157	8.92%
Operating Costs	30,403	32,592	2,189	7.20%
Government Transfers	0	0	0	0.00%
Other Expenditures	9,030	9,060	30	0.33%
Expenses Sub-Total	74,838	80,214	5,376	7.18%
Transfer to LTD Special Account	0	0	0	0.00%
Recoveries from LTD Special Account	-200	-450	-250	125.00%
Special Account Transfer Sub-Total	-200	-450	-250	125.00%
Recoveries Internal to CRF	-16,237	-16,237	0	0.00%
Recoveries External to CRF	-4,020	-4,020	0	0.00%
Recoveries Sub-Total	-20,257	-20,257	0	0.00%
Total	54,381	59,507	5,126	9.43%
Capital	10	10	0	0.00%



Resource Summary per Estimates

BC Public Service Agency				
Benefits and Other Employment Costs Vote				
Operating Expense (\$000's)				
Core Businesses	Budget 2020/21	2021/22	2022/23	2023/24
Pension Contributions & Retirement Benefits	336,884	376,268	379,166	379,262
Employer Health Tax	48,800	48,800	48,800	48,800
Employee Health Benefits	122,845	123,159	123,159	123,159
Long Term Disability	40,405	43,387	43,387	43,387
Other Benefits	8,522	8,522	8,522	8,522
Benefits Administration	9,643	9,993	9,993	9,993
Recoveries	(567,098)	(610,128)	(613,026)	(613,122)
Total	1	1	1	1

BC PUBLIC SERVICE AGENCY
Benefits and Other Employment Costs (Vote 28)
IMPLICATIONS OF 2021/22 FUNDING

The 2021/22 net budget for the Benefits Vote (Vote 28) increased by \$43.030M or 7.59% to \$610.176M compared to the 2020/21 budget of \$567.146M (see Resource Summary per Estimates).

The 2021/22 gross budget for the Benefits Vote (Vote 28) increased by \$43.500M or 6.77% to \$685.727M compared to the 2020/21 budget of \$642.227M (see Supplement to the Estimates by STOB below).

Highlights of changes include:

- \$39.384 increase in pension contributions and retirement benefits due to higher projected salary base offset by TBS adjustment to balance benefits chargeback across ministries.
- \$0.314M increase in Employee Health Benefits mainly due to higher projected employee extended health claims.
- \$2.982M increase in Long Term Disability costs due to higher salary base and increase in premium rate by 0.04%.
- \$0.350M increase in Benefits Administration costs due to increase costs in Workplace Health and Safety.
- \$43.030M increase in internal recoveries (benefits chargeback) to cover projected costs.

CRF Capital Budget

Compared to the 2020/21 budget, there is no change to the capital budget in 2021/22. There is no capital budget for the Benefits Vote.

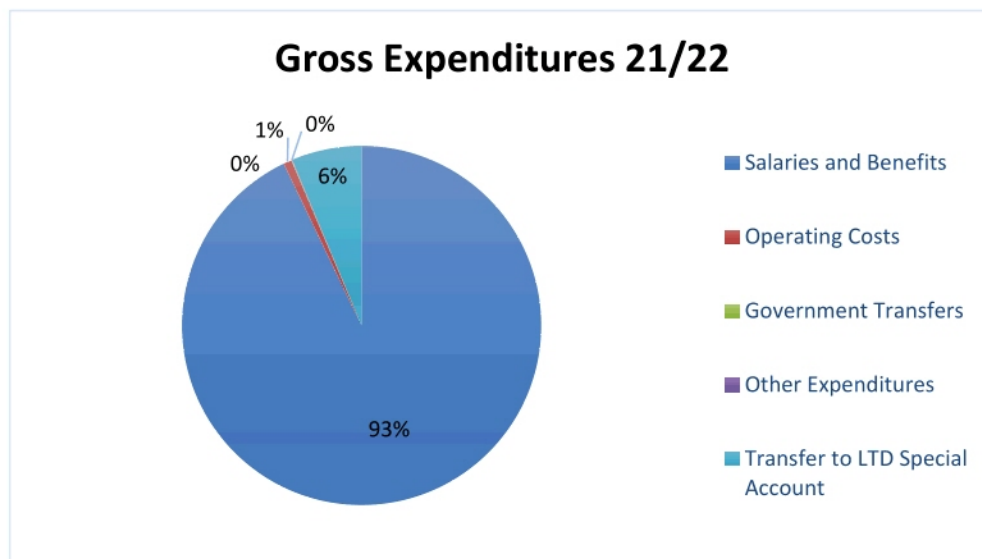
Reductions/Increases for 2022/23 and 2023/24

In terms of net expenditures, the 2022/23 budget for the Benefits Vote (Vote 28) will increase by \$2.898M or 0.47%, to \$613.027M, compared to the 2021/22 budget of \$610.129M and the 2023/24 budget will increase by \$2.994M or 0.49%, to \$613.123M, compared to the 2021/22 budget of \$610.129M.

In terms of gross expenditures, the 2022/23 budget for the Benefits Vote (Vote 28) will increase by \$2.898M or 0.42%, to \$652.046M, compared to the 2021/22 budget of \$685.727M and the 2023/24 budget will increase by \$2.994M or 0.44%, to \$653.937M, compared to the 2021/22 budget of \$685.727M.

BC PUBLIC SERVICE AGENCY
Benefits and Other Employment Costs (Vote 28)
Supplement to the Estimates by STOB

	2020/21 Estimates \$000	2021/22 Estimates \$000	Increase (Decrease) \$000	Increase (Decrease) %
Salaries and Benefits	608,387	648,071	39,684	6.52%
Operating Costs	4,885	5,719	834	17.07%
Government Transfers	350	350	0	0.00%
Other Expenditures	201	201	0	0.00%
Expenses Sub-Total	613,823	654,341	40,518	6.60%
Transfer to LTD Special Account	41,405	44,387	2,982	7.20%
Recoveries from LTD Special Account	-13,000	-13,000	0	0.00%
Special Account Transfer Sub-Total	28,405	31,387	2,982	10.50%
Recoveries Internal to CRF	-567,146	-610,176	-40,030	7.59%
Recoveries External to CRF	-75,081	-75,551	-470	0.63%
Recoveries Sub-Total	-642,227	-685,727	-43,500	6.77%
Total	1	1	0	0.00%
Capital	0	0	0	0.00%



Appendix 1 – Employee Benefits Chargeback Rate

The Benefits Vote provides for the costs of employee benefits for the public service. In addition to the direct benefit plan costs there is an administrative component consisting of the costs of managing and administering the benefit plans on behalf of government.

The Vote is fully recoverable through a chargeback to all ministries, plus recoveries from a number of external entities participating in the benefits plans (e.g. Royal BC Museum, Pension Corporation of BC). The 2021/22 employee benefits chargeback rate will stay at 25.4% as in fiscal year 2020/21.

The chargeback rate is a function of the estimated benefits costs for a year in relationship to the salary base for government. The basic process is:

1. Agency gathers data on the estimated costs for provided benefits, including statutory rate/salary driven benefits (e.g. provincial pension, CPP, EI) usage driven benefits (e.g. extended health, dental, WorkSafe BC, Employer Health Tax) and other benefits (e.g. group aviation insurance, legal services).
2. Treasury Board Staff compiles information regarding estimated salary budgets for ministries and agencies receiving benefits.
3. Finally, Treasury Board Staff calculates the chargeback rate for the coming fiscal year by dividing the estimated total costs into the estimated salaries.

Example:

Estimated benefits cost	\$ 400,000,000 (divided by)
Estimated salary base	\$1,680,000,000 (equals)
Employee benefits chargeback rate	24%

4. The chargeback rate is applied automatically to public service salaries via the PeopleSoft payroll system, with charges and recoveries flowing through an interface to the general ledgers of the ministries and Agency respectively.

Appendix 2 – Sustainable Services Negotiating Mandate

Sustainable Services Negotiating Mandate

The Sustainable Services Negotiating Mandate balances the need for fair and reasonable wage increases with outcomes that are affordable and managed within the fiscal plan. It includes the ability to negotiate conditional and modest funding that can be used to drive tangible service improvements for British Columbians.

A three-year agreement with the BCGEU was ratified on August 26, 2018. BCGEU employees will receive a salary increase of 2.0% effective April 01, 2019 and expiring March 31, 2022.

Schedule A Employees

The BCGEU Sustainable Services Negotiating Mandate also applies to Schedule A employees. The Agency has 198 Schedule A employees, 24 of whom are paid through the Benefits Vote.

Tab 3c Benefits Vote by Benefits Type.xlsx

BENEFITS VOTE BY BENEFITS TYPE		
<u>in 000's</u>	FY21/22 Net Budget	Benefits Chargeback Allocation %
Pension Contributions & Retirement Benefits		
Provincial Pension	229,257	9.54%
Miscellaneous Statutory Items	1,075	0.04%
CPP	97,918	4.08%
Death & Retiring Allowances	15,939	0.66%
EI	32,079	1.34%
Pension Contributions & Retirement Benefits Total	376,268	15.66%
Employer Health Tax		
Employer Health Tax	48,800	2.03%
Employer Health Tax Total	48,800	2.03%
Employee Health Benefits		
Ext Health & Dental	93,712	3.90%
Group Life Insurance	7,606	0.32%
Gen Flex Credit	0	0.00%
WCB	17,191	0.72%
EFAP	3,600	0.15%
Cold and Flu	366	0.02%
Workplace Health and Productivity Strategy	684	0.03%
Employee Health Benefits Total	123,159	5.13%
Long Term Disability		
EE Long Term Disability Benefit	43,387	1.81%
Long Term Disability Total	43,387	1.81%
Miscellaneous Benefits		
Group Aviation	61	0.00%
Severance	2,320	0.10%
Leave Liability	3,350	0.14%
Legal Services	2,791	0.12%
Miscellaneous Benefits Total	8,522	0.35%
Benefits Administration		
Benefits Administration	9,993	0.42%
Benefits Administration Total	9,993	0.42%
Internal Chargebacks Recoveries		
Internal Chargebacks Recoveries	(610,128)	-25.40%
Internal Chargebacks Recoveries Total	(610,128)	25.40%
Net	1	

* This is only an estimate of the costs and is not representative of actual spending.

Resource Summary per Estimates

BC Public Service Agency				
Long Term Disability Fund Special Account				
Operating Expense (\$000's)				
Core Businesses	Budget 2020/21	2021/22	2022/23	2023/24
LTD Fund Special Account	26,548	24,763	24,763	24,763
Total	26,548	24,763	24,763	24,763

**BC PUBLIC SERVICE AGENCY
LTD Fund Special Account
IMPLICATIONS OF 2021/22 FUNDING**

Compared to the 2020/21 budget of \$26.548M, the 2021/22 budget for the LTD Fund Special Account decreased by \$1.785M or 6.72% to \$24.763M (see Resource Summary per Estimates).

Highlights of changes include:

- Decrease of \$0.947M in recoveries due to adjustment in salary bases for external entities.
- Increase of \$0.250M in Transfer from Ministry Operations Vote for increasing labour relations support.
- Increase of \$2.982M in Transfer from Benefit Vote due to adjustment in salary bases for provincial government.

CRF Capital Budget

Compared to the 2020/21 restated budget, there is no change to the capital budget in 2021/22. There is no capital budget for the LTD Fund Special Account.

Reductions/Increases for 2022/23 and 2023/24

Compared to the 2021/22 budget of \$24.763M, the 2022/23 and 2023/24 budgets remain the same at \$24.763M.

