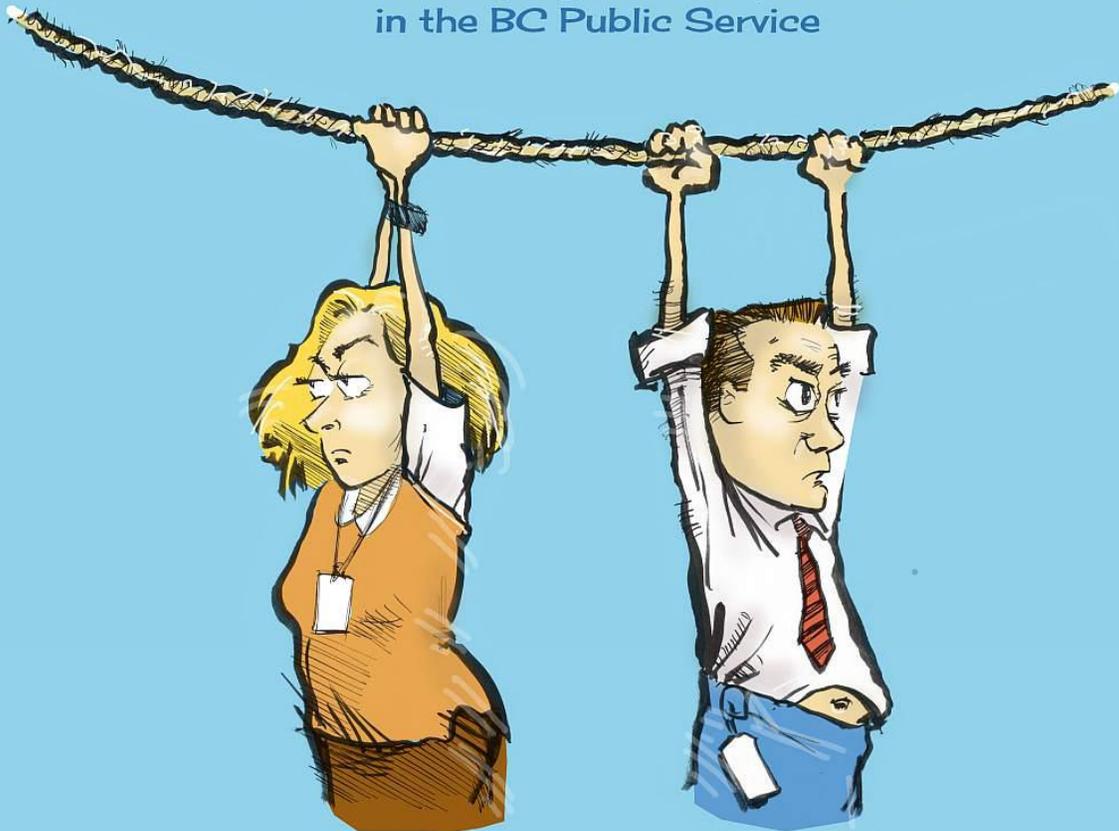




BC EXCLUDED EMPLOYEES' ASSOCIATION

Stuck Below The Line

Excluded Employees' Compensation
in the BC Public Service



Compensation Comparison 2008/09 – 2012/13

BC EXCLUDED EMPLOYEES' ASSOCIATION

303-852 Fort Street, Victoria, BC V8W 1H8

PHONE

250.356.2927

EMAIL

bceea@bceea.bc.ca

WEB

bceea.bc.ca

April 2014

STUCK BELOW THE LINE:

Excluded Employees' Compensation in the BC Public Service

Compensation Comparison 2008/09 – 2012/13

Executive Summary

When the BC Provincial Government introduced a 'temporary' wage freeze for its excluded employees in September 2012, the BCEEAA followed up in November to see how the freeze was affecting them. Excluded employees reported impacts on their morale and performance and expressed concerns about the longer term impacts of the wage and hiring freeze. These concerns were explored in greater depth in the 2013 BCEEAA study "Running on Empty", which revealed significant strains on managers' abilities to cope with increasing expectations and steadily declining resources, with excluded employees taking up much of the slack for unfilled positions and expanded mandates, through longer hours and constant juggling.

With the continued extension of the 'temporary' wage freeze for excluded employees into 2014, in February the BCEEAA decided to revisit its earlier research on compensation changes, and examine more closely how the wages of BCGEU employees, excluded employees and public services executives (ADMs and DMs) had changed over the past five years.

On March 27, the Head of the BC Public Service announced that excluded management employees would receive a 3% wage increase, observing that "this does not catch up the wage increases of excluded managers to those provided to bargaining unit employees, this increase is applied in recognition of the past five years of no increases." The communication also clarified that "Senior executives (DMs, Associates, and ADMs), political staff and employees who have received bargaining unit increases (e.g. legal counsel and 'Schedule A' employees) are not eligible."

The BCEEAA is pleased that senior management has recognized the significant impact on excluded employees of the wage freeze. In the announcement, the Work Environment Survey results are cited. We also note that in recent meetings with Head of the BC Public Service, John Dyble, he acknowledged to the BCEEAA Executive Director that he was aware that excluded managers' wages were not keeping pace with those of other government employees.

Provision of a modest increase of 3% in wages is a most welcome first step towards rectifying the compensation inequity. The BCEEAA urges government to take further action to resolve unfair disparities and compression challenges that excluded employees are subjected to. Our examination of compensation changes over the past five to ten years and our survey suggest that there are other significant issues which are not addressed by the across-the-board salary increase. We therefore

decided to release our study and renew the calls we have made for partnership with the public service in addressing the outstanding issues.

We heard from our members that the wage freeze had an impact in three main ways:

- Urgent and immediate pressures: A significant number of individuals have been ‘caught’ in the freeze – so that (for example) they were stuck at a probationary or entry pay level, despite having been hired on the basis of planned progression to a working rate. In addition there are situations where newer hires (since the freeze) are being paid more than longer term employees in the same positions doing the same work.
- Ongoing pressures: Salary compression and inversion are becoming ever more common, with one major consequence being a lack of potential candidates for management positions, as these positions are perceived to have longer hours, lower wages, fewer benefits and less security. For excluded employees, the continued erosion or elimination of realistic work/life balance is an ongoing concern, and forms part of the perceived gap in real wages between excluded and included government employees. Further exacerbating the situation, for excluded employees, many working hours are uncompensated.
- Systemic flaws: The long freeze served to highlight the inequity and lack of objectivity in the current system of compensation for excluded employees. With no ability to make adjustments, colleagues find themselves working side-by-side with others earning substantially more or substantially less for the same work. As Ministries have reorganized, it has become obvious that there has been little coherence and no transparency in setting pay rates.

We set out to examine in some detail how pay rates for BCGEU members, excluded employees and executives had changed over the past five fiscal years. Given the experience of excluded employees, who had not received an across-the-board increase since 2009, we wanted to know whether this was part of a broader pattern of restraint or if excluded employees’ wages had been targeted in the search for savings.

We note that the March 27th announcement specifically excluded DMs and ADMs from the 3% increase. However the average compensation for these two groups has risen by an amount well above the BC Consumer Price Index (CPI) over the past 5 years, while average wages for excluded employees at the AL, BL and SL levels have in fact fallen with respect to the CPI. Employees represented by the BCGEU have seen increases more closely keeping pace with the CPI. Our report gives details for these findings. While it is welcome and appreciated, the 3% increase will not make up for the loss of earning power over the past five years, and leads us to conclude that indeed, excluded employees’ wages were a prime source of savings in meeting budgetary targets. We also observe that the announcement of March 27th mentions ‘hiring restraint’ as an ongoing source of savings, suggesting that the hiring freeze, and the negative consequences of this, are continuing.

We developed a number of recommendations based on our findings. We believe there is still much to be done to ensure that compensation levels for excluded employees are developed in a transparent and collaborative way and applied consistently.

The March 27th announcement acknowledges that “managers are leading the way, and leading on the ground, through expenditure management, LEAN initiatives and hiring restraint in support of the cooperative gains mandate. We expect much from our excluded managers and they have proven time and again that they are up to the challenge of ensuring that core government services continue to be delivered to meet the needs of the citizens of British Columbia, even in times of fiscal restraint.” The BCEEAA continues the offers of partnership and collective effort to address the fiscal and delivery challenges facing the BC public service that we articulated in our last report. In terms of compensation, we have the following recommendations:

For urgent and immediate pressures:

- Immediate attention and correction of compensation should be carried out for all those hired at temporary, transitional and probationary wages who did not progress to the full rate due to the freeze.

For ongoing pressures:

- Situations of compression and/or wage inversion between excluded managers and their staff should be addressed as quickly as possible through temporary adjustment of the managers’ salaries, until such time as an appropriate policy and pay grid are developed;
- A realistic ‘maximum hours’ policy for excluded employees should be established, ensuring that excluded employees receive, at a minimum, time-off in lieu for time worked beyond that; and,
- Wage increase levels for excluded employees, ADMs and DMs should be linked to CPI to ensure that there is no loss of earning power and that there is equity across this group.

For systemic flaws:

- Ensure that compensations for excluded employees are de-linked from concepts of “Ability to Pay” if other employees’ (e.g. BCGEU members) compensation increases are protected from this constraint;
- Policy establishing an appropriate compensation spread between excluded managers and reporting staff and an appropriate pay grid reflecting this salary spread should be developed and adopted;
- Senior leadership in the BC public service should work with the BCEEAA to develop a strategy for communicating the compensation system to be sure it is applied consistently; and commit to a review and revision on at least bi-annual basis to ensure that excluded employees’ compensation is equitable and based on objective factors; and,
- Provide targets and parameters and provide excluded employees the autonomy and authority to develop plans to meet those targets.

Executive and Excluded Management Employees Comparison

The following chart (Figure 1) compares the change in average compensation for DMs, ADMs, and excluded managers over the five fiscal years 2008/09 – 2012/13. It does not include figures for 2013/14 as these will not be available until the public accounts for the fiscal year are published.

What this chart demonstrates is that for five fiscal years, not including the one just ending, average compensation for DMs and ADMs rose by more than the BC Consumer Price Index (CPI) for the same period. Hence, these earnings were relatively higher in terms of purchasing power at the end of five years than at the beginning. For excluded employees at the Applied Leadership (AL), Business Leadership (BL) and Strategic Leadership (SL) levels, the picture was different. While average earnings did rise, the rate was less than the CPI, indicating a relative loss in purchasing power over the five year period.

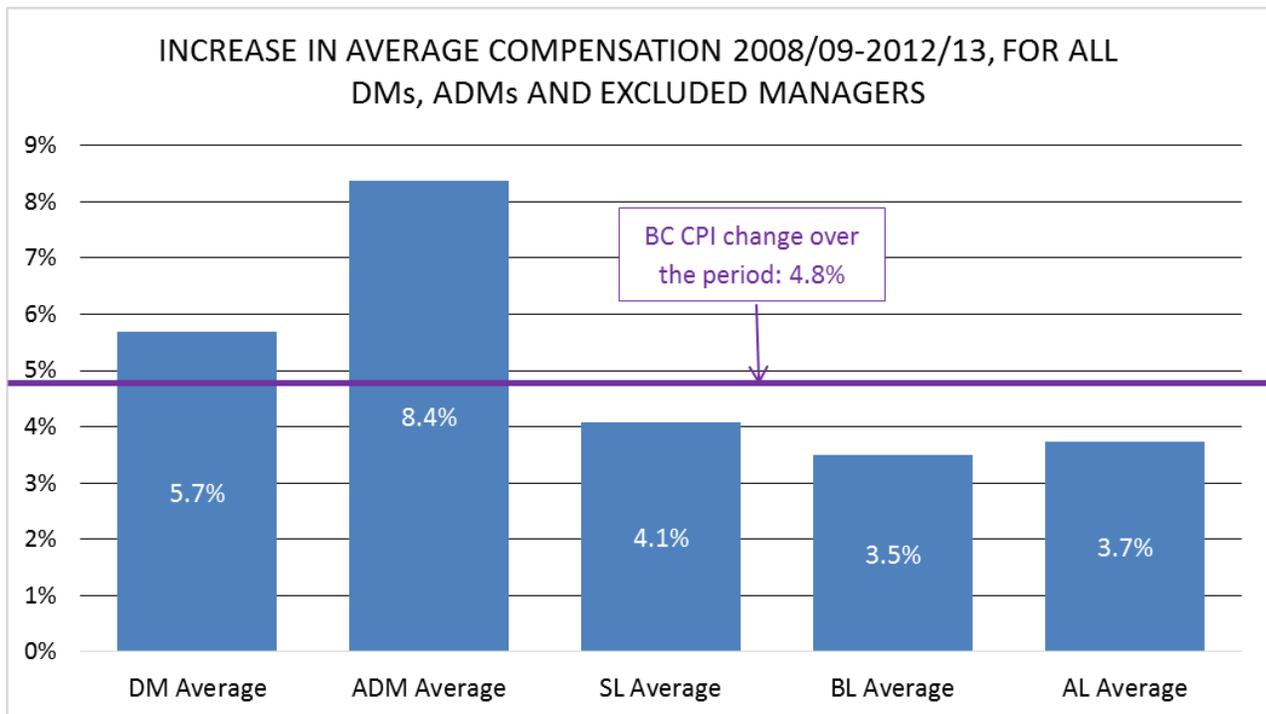


Figure 1: Average Increase in Compensation by Employee Band

Average earnings for an entire group are not necessarily a good indicator of the experiences of individuals. For example, there may have been a significant amount of turnover in the BL Band in the period surveyed, with many more new and relatively lower paid individuals in the group at the end of the period, artificially depressing the average. While this information seems to suggest that excluded employees were relatively worse off at the end of 2012/13 than they had been in 2008/09, we decided to look at the change in individual's earnings to see what had happened at the individual level. For ADMs and DMs we were able to identify 50 individuals who had been in the same band in 2008/09 and in 2012/13, and their compensation for a full year as reported in the *Public Accounts – Detailed Schedule*

of Payments. For excluded employee information, the BCEE conducted a survey in February 2014, receiving 438 responses. From this group, 253 individuals were identified who had remained in the same band and who reported full year earnings for the required years.

For each group we calculated the change in average compensation between the two years. This comparison reveals much more significant differences between the groups compared (Figure 2), with ADMs who remained in the ADM band receiving on average increases of close to 25%, while wages for Excluded Employees remaining in the same band rose by only 4.7% across all three groups (AL, BL, and SL) – or just under the CPI.

For the vast majority of individual DMs and ADMs, their earning continued to rise significantly over this five year period, at rates 3 to 6 times that of CPI, meaning significant increases in their purchasing power. For most excluded employees, their incomes continued to decline relative to CPI during the period.

The recently announced increase of 3% for excluded employees, while welcome, is acknowledged as not meeting the level of increase provided to bargaining unit employees, and is granted as part of a “disciplined approach to managing salary costs”. Given the observed trends in DM and ADM compensation, BCEE would suggest that ‘discipline’ is rather more commonly applied to excluded employees’ compensation than to that of executives.

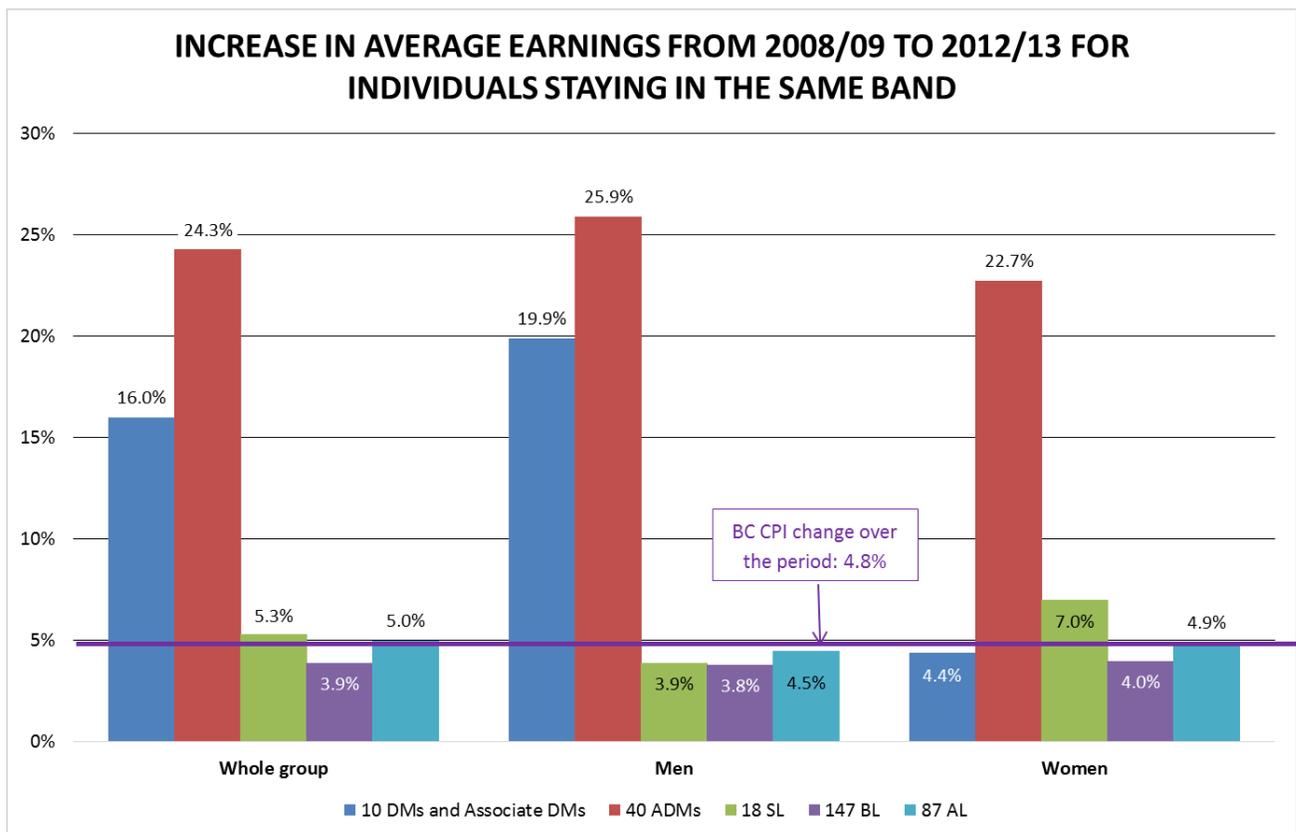


Figure 2. Same Band Comparisons Reveal Significant Gap in Salary Percentage Increases

There were also differences between earnings growth for men and women, with male DMs and ADMs receiving higher increases than their female counterparts. In contrast, among Excluded Employees, women in all three bands did slightly better in terms of average increases than their male counterparts. However, this represents a gradual narrowing of the gap in average compensation, with women in these bands still earning slightly less than their male counterparts: overall women’s reported average salary for 2013 was 94.7% of that for men. Only among the small SL sample do women’s earnings match or exceed those of their male counterparts, and with fewer than 20 individuals at this level reporting, this sample cannot be considered representative

BCGEU and Excluded Management Employees Comparison

Over the ten years since 2004, the BCGEU and excluded employees have received a number of wage increases. These can be compared with the average wage increases in BC (across all sectors) for the same period, and the BC Consumer Price Index (Table 1).

Table 1. Percentage Compensation Change over a 10-Year Period Compared to CPI and wage change for all sectors

	% change per year			
	Consumer Price Index	Average weekly wage all sectors	BC Excluded Employees % wage increase	BCGEU % wage increase
2004	2.0%	0.4%	0	0
2005	2.0%	2.6%	0	0
2006	1.7%	3.0%	2.5%	2.6%
2007	1.8%	2.9%	2.5%	3.0%
2008	2.1%	4.1%	2.5%	2.5%
2009	0.0%	2.6%	2.5%	2.0%
2010	1.3%	3.1%	0	0
2011	2.4%	1.8%	0	0
2012	1.1%	2.0%	0	2.0%
2013	-0.1%	3.2%	0	2.0%
2014	Not available	Not available	3% (takes effect for FY 2014/15)	-

BC CPI and wage information from BC Stats: *Earnings and Employment Trends*

The cumulative effect of these changes in compensation over time are shown in Figure 3, which shows that excluded management employees have fallen behind with respect to CPI while BCGEU wage increases have more closely kept pace with changes to the BC CPI. It also shows that public service wages in general are increasing at a significantly slower rate than the overall average for wages in BC.

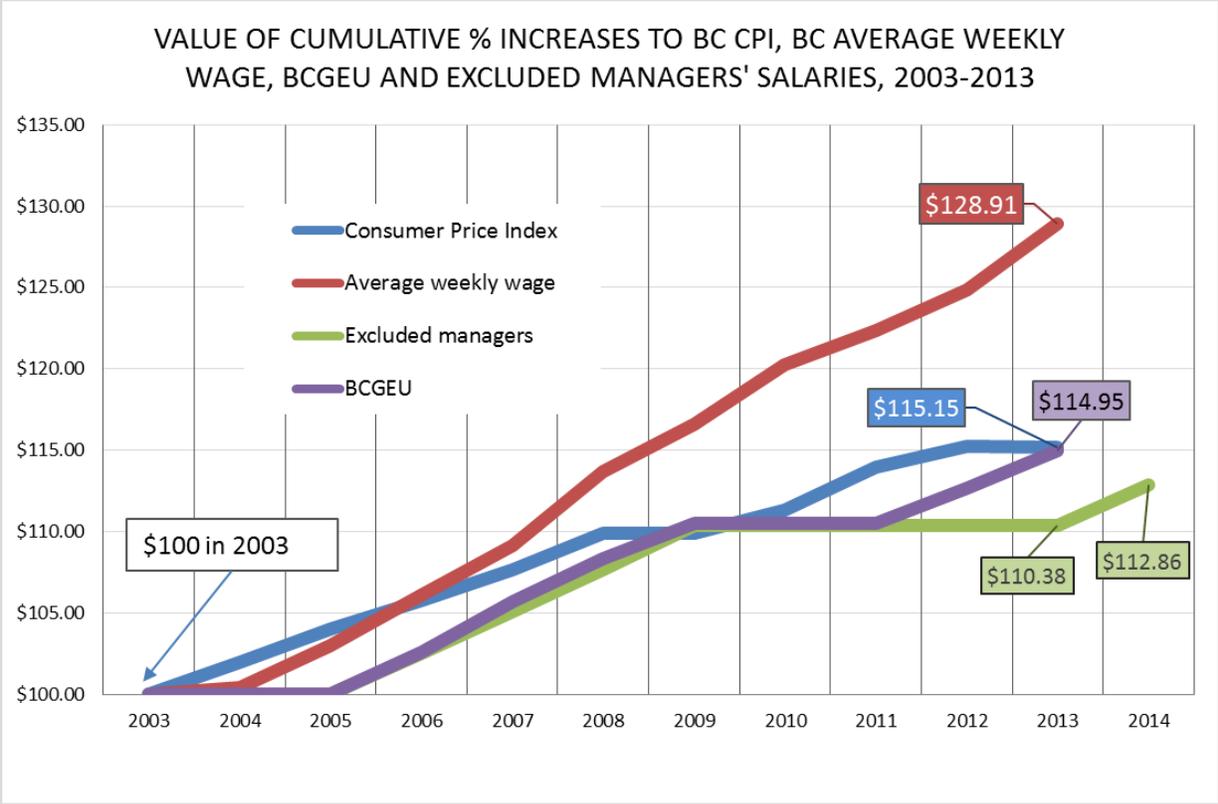


Figure 3. Value of BCGEU wage increases since 2003 has more closely kept pace with the change in BC CPI

As of the end of 2013, excluded employees' \$100 in 2003 had increased to only \$110.38, leaving them \$4.77 behind the CPI for every \$100 paid. Put another way, their earnings had actually declined by 4.77% relative to CPI. In this context, a 3% wage increase does not 'catch up' to CPI, even if CPI for 2014 does not grow. It also fails to address the issue of retroactivity for the time period in which excluded employee wages were frozen. The figure of \$112.86 for calendar year 2014 reflects the fact that the 3% increase affects only 9 months of salary for the year, hence the full value of a 3% increase is not realized until calendar year 2015. If the increase had been applied in January 2014 the value would have been \$113.69.

Table 2. Estimated value of 3% increase for average earnings for AL, BL and SL 2013

Average annual salary	AL	BL	SL
Actual 2013	\$70,462	\$84,900	\$105,375
2014	\$72,047	\$86,810	\$107,746
2015	\$72,576	\$87,447	\$108,536
Biweekly pay increase as of April 2014 (before taxes)	\$81	\$98	\$122
Additional earning for the year compared to previous year (before taxes)			
2014	\$1,585	\$1,910	\$2,371
2015	\$528	\$637	\$790

There is no question that the modest additional earnings projected in Table 2 will be welcome. However, this across-the-board increase does not begin to address issues such as compression and inversion, or evident differences in pay for the same work.

Basis for Compensation Change

Most compensation systems rely on some criteria to establish the basis for increases in pay, apart from individual or collective bargaining. Factors considered include job-specific ones such as expanded numbers of staff, greater responsibility and/or scope of work, increased authority, and general ones such as cost of living and seniority.

The BCEEA survey asked excluded employees to comment on their experience in terms of changes in number of staff members (direct and indirect reporting relationships), their scope of responsibility (defined in the survey as “ability to control or direct program activities and outcomes within a unit, department, branch”) and authority (“decision-making in terms of personnel, programs and budgets”).

Number of staff reports

Over the whole group of respondents a majority of BLs and SLs reported an increase in the number of direct and indirect reports since 2008/09 (Figure 4). When asked for the size of the increase, over a quarter stated that it was of a magnitude of 100% or more, and a further 42% described the increase as being in the range of 50-75%. Even among ALs, where the likelihood of supervision and number of supervised staff tend to be less, 37% reported an increase in the number of reports.

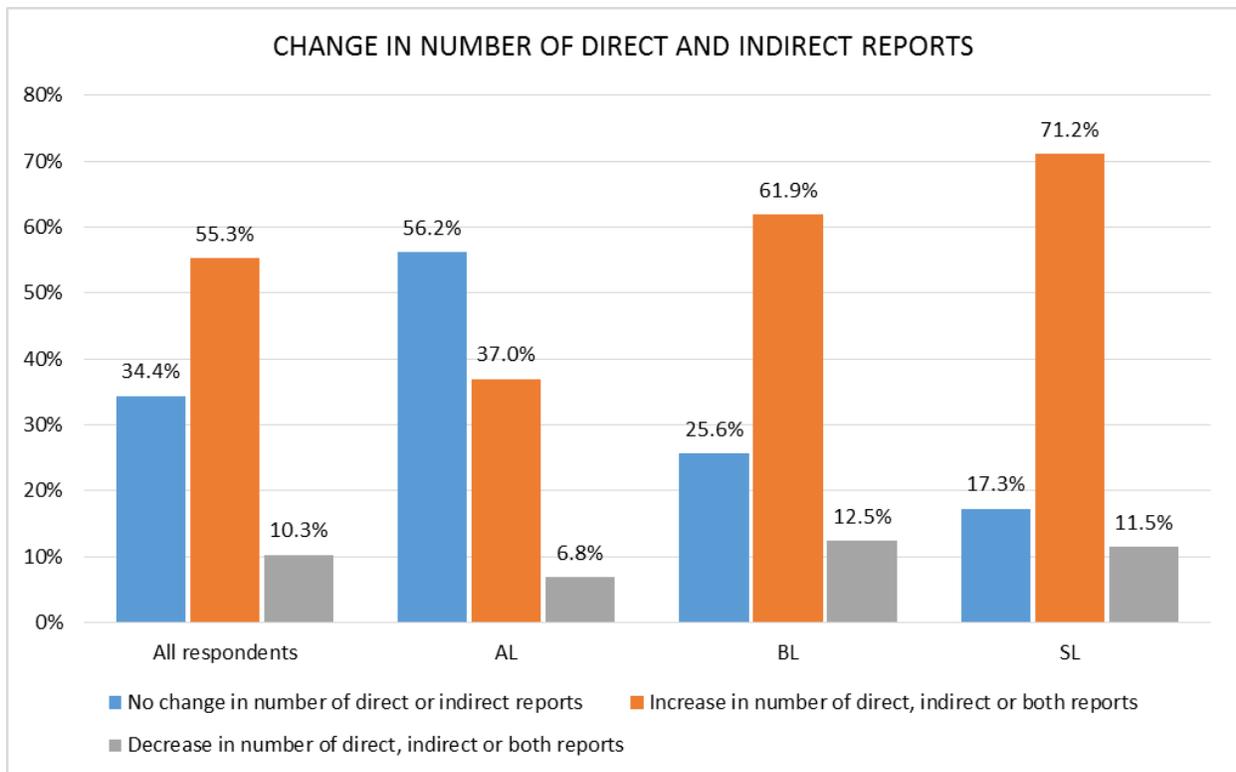


Figure 4. Change in Number of Direct and Indirect Reports

Scope of responsibility

Fewer than 10% of respondents across all levels reported any decrease in responsibility, with the majority reporting increases (Table 3). This was particularly notable for SL and BLs, with well over half of SLs reporting a significant increase in scope of responsibility, and almost 47% of BLs the same. Although the response was less striking for ALs, within that band more than half reported an increase in scope of responsibility, while nearly 28% classified it a significant increase.

Table 3. Change in Scope of Responsibility for Excluded Employees

Position	Total	Significant Decrease	Moderate Decrease	No Change	Moderate Increase	Significant Increase
Applied Leadership (AL)	100.0%	2.2%	6.6%	31.4%	32.1%	27.7%
Business Leadership (BL)	100.0%	3.4%	6.0%	16.4%	27.6%	46.6%
Strategic Leadership (SL)	100.0%	4.3%	4.3%	8.5%	25.5%	57.4%
Whole group average	100.0%	3.1%	6.0%	20.4%	28.8%	41.6%

These results echo the comments made by respondents in this and past surveys and interview research carried out by the BCEE, where excluded employees have reported on significantly expanded scope of responsibility, often with no increases in resources. Overall, 70% of excluded employees reported moderate to significant increases in their scope of responsibility.

Authority

As centralized controls over budget, staffing and other decisions have reduced excluded employees' autonomy in some key areas and instances, the picture on changes in authority is less consistent, echoing comments made here and elsewhere by excluded employees who reported that many managerial decisions are no longer within their authority. Not surprisingly, nearly half of ALs reported no change in their authority, although those who experienced change saw it overwhelmingly in terms of greater authority (Table 4). However, while overall almost a third of respondents reported no change in this area, 56% reported an increase in authority and less than 13% reported a decrease.

Table 4. Change in Authority

Position	Total	Significant Decrease	Moderate Decrease	No Change	Moderate Increase	Significant Increase
Applied Leadership (AL)	100.0%	2.9%	6.5%	47.8%	30.4%	12.3%
Business Leadership (BL)	100.0%	6.5%	8.2%	24.1%	27.2%	34.1%
Strategic Leadership (SL)	100.0%	8.5%	4.3%	17.0%	19.1%	51.1%
Whole group average	100.0%	5.5%	7.2%	31.2%	27.3%	28.8%

In Their Own Voice

The BCEE compensation survey received over 400 responses, many including additional comments. These covered many individual experiences, but some clear themes emerged:

- **Urgent and immediate pressures:** Cost of living; and anomalies of pay resulting from the freeze
- **Ongoing pressures:** Salary compression and inversion; and erosion of work/life balance
 - **Systemic flaws:** A compensation system that seems inequitable and lacks transparency or consistency. Continued concern about excluding managers from meaningful participation in cost savings or reform initiatives.

Cost of Living

Excluded employees were very clear about the impact the wage freeze, formal and informal, has had on their own budgets, seeing a steady decline in their purchasing power and ability to meet bills. They reported strategies such as taking vacation payouts where this was permitted to earn additional income to meet higher costs of living.

Some typical comments from the survey are presented below:

“The thing about the pay freeze that really gets to me is how it treats low-level managers the same high paid executives (except that it doesn't, because executives get all sorts of cute 'non-salary' bonuses... so in fact it treats lower paid managers who are only just out of the union ranks as if we're the problem.) They talk about curbing government growth for the people of BC, but my family and I are all 'people of BC' who are facing higher costs of living on a frozen salary.”

“Over the past few years there has been no change in my salary yet cost of living has increased, incl. MSP coverage, Hydro, Gas, groceries, fuel, Insurance (usually by about 10%). I love my job but it's very frustrating to watch the cost of everything go up, hear items on the news about the super high government wages and yet every year I go backwards as far as what I can buy with my earnings. I am also part of a single income family as the main income due to a disabled husband, the current income for the position is a great second income but it is not enough as a single income to purchase a home in most of BC.”

“An analysis of wages compared to increases in the CPI, show a loss in purchasing power for a Business Manager of about \$10,336 over the past 5 years. This loss in buying power, coupled with increases in responsibility and workload, result in an undervalued and demoralized manager level in the BC provincial government.”

“Being within 2 years of retirement the government's decision will greatly impact my future with respect to general wage increases.”

“I work variable hours, but my hourly wage has not changed since 2008, \$42/hour. This is becoming a source of significant dissatisfaction among my peers.”

“My pay-stubs show I have been paid the same hourly salary (i.e. \$48 per hour) since April 1, 2009. I am in the exact same job with the exact same pay for the past 4 years and 10 months. To help manage inflation costs, I take only part of my annual vacation entitlement, and receive Section 66 Vacation Payouts each year.”

Recommendation: Wage increase levels for excluded employees, ADMs and DMs should be linked to CPI to ensure that there is no loss of earning power and that there is equity across this group.

Inequities Directly Resulting from Imposition of the Freeze

Many respondents noted that salary levels which were agreed to were ‘caught’ in the freeze and commitments have not been honoured: staff continue at ‘probation’ level pay, staff were hired based on an agreed-upon wage progression plan which was frozen, a negotiated wage level for a new hire was rolled back to meet Ministry-wide ceilings, etc. Some comments drawn from the survey regarding this issue were:

“I have been held at 90% of my full pay due to the wage freeze. I was to be at 100%, 2 weeks after the wage freeze began and have not been able to be given my full wage since that time. I have the same job duties as my counterparts but am receiving 10% less compensation.”

“I participated in hiring a number of excluded managers prior to the 2012 freeze who were impacted by staying at their starting wage. Regardless of their performance, these managers are less engaged and less motivated as a result.”

“I took on a new position in 2012 which resulted in a minor increase in pay. Although the competition was for a higher salary, I was only awarded 8% over my existing pay due to a Ministry policy. In any other ministry, I would have received the pay that I competed for”

Recommendation: Acknowledge that the imposition of the ‘short term’ wage freeze has had significant impacts on individuals who were at that time on a probationary or starting wage which was intended to move to a higher level within a stated period of time. Identify those individuals and ensure their salaries are adjusted appropriately.

Ensure that compensations for excluded employees is de-linked from concepts of “Ability to Pay’ if other employees’ (e.g. BCGEU members) compensation increases are protected from this constraint.

Salary inversion and compression

Situations where unionized staff now earn close to or more than their excluded supervisors are becoming common. This has several negative effects: a definite impact on the attractiveness of management jobs for those in the natural succession group; and demoralization of excluded supervisors. As some survey respondents noted:

“In the past three years, there were at least three included staff that exceeded my annual salary due to overtime opportunities, this year I expect at least 4, and in the coming increases in the contractual raises, a significant number of my direct and indirect staff will bring home more in

annual pay than myself, at least one will have an annual salary BEFORE overtime greater than my current salary, 4 more will be within \$20 per pay. After 15 years of government service and working my way to a position of responsibility and leadership, I'm not sure how long I will remain in the public service if this is the way they treat their excluded employees."

"It is sad when both social workers and team leaders pick up overtime and make more than I do. It seems totally unfair that government can decide to take one segment of their employees and arbitrarily freeze their salaries because they are non-union excluded employees. Excluded benefits and perks fall far behind those negotiated by union employees. Managers are not afforded the same work life balance opportunities that are extended to other employees. Salary compression is a real issue. Union jobs in and out of government are becoming increasingly attractive as excluded employees' pay is frozen."

"My direct reports are making only 2% less than me and surpass my salary when in an acting role in my position."

"My included union staff make more money than me and get overtime and flex days while I work extra time for free and work through weekends and vacation days."

"Fewer staff prepared to step into management roles. The hiring restraints have increased my number of direct reports as we have not been able to hire a team lead in one area. This not only adds to my workload but restricts the ability to provide career development in supervision and management to my staff. As I am heading for retirement these concerns, along with pay compression, mean there are fewer staff prepared to step into management roles."

"Why did I move into management? I worked 80% time in my BCGEU job. Then I moved to an excluded position, I work more than full time and I now get paid less than I would have in my union job. Really makes me question why I moved into management!"

"Our own staff will not apply for policy analyst positions. Our policy analysts used to earn more than our consultants. Excluded staff have not received the same wage increases as unionized staff, the consultants now have a higher income. This makes recruiting people for policy analyst positions very difficult, as the ideal pool of people that would make good policy analysts are the consultants."

"Staff considers work outside the public service. This freeze has negatively affected my ability to recruit staff to the excluded positions. No pay raises, more responsibilities, and time at work don't make it an attractive option. In addition, people are now looking at work outside the public service as the amount of time expected from excluded management makes the hourly wage quite low."

Recommendation: Policy establishing an appropriate compensation spread between excluded managers and reporting staff and an appropriate pay grid reflecting this salary spread should be developed and adopted.

Work-life Balance

Larger workloads, greater scope of responsibility and stagnant pay levels all contribute to manager's sense that they can no longer maintain a realistic work-life balance. Survey respondents reported that the 'flexibility' for excluded staff seemed to mean, in practice, being on call 24/7, no access to time off in lieu, no maximum hours of work, and benefits that were no better and possibly not as good as those of union members. With respect to work-life balance, survey respondents provided feedback including:

"If salaries are frozen due to tight budgets, why not consider other benefits for excluded employees such as additional leave options, but for our employer to just freeze excluded salaries for this length of time without considering any other options is totally unreasonable."

"Lack of access to modified or flexible work schedules does not match what is available for professional or GEU staff and results in professional staff having greater benefits & wages than mid-level management."

"Lack of transparency on the issue of earned time off / flex days for excluded."

"Workload prevents taking all of annual vacation. The most significant change is the increase in hours I need to work to manage the growing workload. In 2008, I only worked extra hours during peak times. I now work 40+ hours a week, every week and during peak times this is 50+ hours. I have also taken vacation payouts for the last few years because the workload has prevented me from taking all of my annual vacation."

"There appears to be no will on the part of government to support employees, such as working mothers, to achieve a work-life balance which would help in staff retention efforts. For example, prior to last summer (2013), we used to have a flex day every 3 weeks in my work unit and this was really helpful in managing family appointments and in my availability to care for my own children at times when school and day care are closed for staff Pro-D days (schools have monthly pro-D days). Most mothers I know here, myself included, have no extended family to care for our children in these situations. Our friends also have young children and jobs outside the home as well. So, when school is closed, my 6-year son has to spend the day following my husband around at his workplace (not ideal), or if we are lucky, we hire a teenager also on a ProD day to care for him - this costs \$10 per hour so adds up. Another strategy to aid in work life balance is the option of 'working from home contracts.'"

Recommendation: Establish a realistic "maximum hours" policy for excluded employees, and ensure that excluded employees receive (at minimum) time off in lieu.

An inequitable compensation system

The freeze has served to highlight many compensation practices that seem arbitrary, unrelated to value of the work or performance, and profoundly unequal across different Ministries or even between women and men in the same workplace. Many excluded employees noted that the freeze interrupted in-progress compensation reviews, for example in the natural resources sector, leading to prolonged inequities. Others observed that even before the freeze there appeared to be little transparency in the wage setting process. As some respondents commented:

“I moved from a Community Services Manager to a Director of Practice with provincial responsibilities, increased travel, coverage for Executive Director without the employer following through on their agreement re: salary and classification increase despite my counterparts being at the higher pay and classification. It has been very frustrating.”

“I work in a branch with 5 (excluded) directors. I have the most seniority of them all (over 10 years) and the most education (a Ph.D., which I started and finished during my tenure in the BC public service). However, I earn the LOWEST amount of all 5 directors. I have been told that this is because of historical anomalies in how/why subsequent hiring and compensations were made, but it seems VERY unfair to me, and it is the one part of my job that I am very dissatisfied with. Thank you for conducting this survey - it is very important!”

“The excluded managers’ wage freeze came at a very unfortunate time for managers such as myself in the Natural Resource Sector. The sector had done significant work to align salaries among equal ranked positions; however this was not implemented prior to the salary freeze meaning that 3 years into the sector, I am still significantly underpaid compared to other Directors in my field of work within the sector “

“There is no recognition of the amount of planning, coaching, administration, training and follow-up that it takes to be a good manager to direct reports. I don't feel compensated for my efforts.”

“Crown corporation staff paid more. There are significant differences between salaries for excluded employees and the private sector, or other agencies having similar responsibilities. For example a Director in BC Government earns between \$90k and \$100k whereas at BC Hydro they will be in the \$125k to \$150k range plus annual bonus. This needs to change.”

“Men still paid more for the same and/or less work. I have witnessed several instances of women being underpaid and under-classified, and yet taken on greater responsibility in the excluded positions. My female manager took on responsibility for two departments versus one department that the male was assigned to. Her pay was considerably less than the male's pay.”

“I have noticed a huge disparity even across the SL stream, ranging from 100k to 122k, and it does not appear to be linked to responsibility.”

“I am now on the org chart in 2 managerial positions and have been for the past 4 years. They have increased my pay nominally, but I'm still not at 100% unlike my male counterparts (who are doing only one job).”

Recommendations:

Work with the BCEEA to develop a strategy for communicating the compensation system to be sure it is applied consistently; and commit to a review and revision on at least bi-annual basis to ensure that excluded employees’ compensation is equitable and based on objective factors.

Erosion of Management Role

Excluded employees consistently report greater scope of responsibility, complexity and demand; in a context in which they have increasingly little freedom of action to make budget and staffing decisions. This has led to situations such as excluded employees taking on clerical/administrative responsibilities (as staff cannot be hired to fill these roles), simultaneously increasing their work load and reducing the efficient use of their time. As some respondents indicated:

“More accountabilities but less autonomy. I have more accountabilities than I did in 2008 - but less autonomy when it comes to spending and hiring.”

“Increased responsibility but erosion of ability to direct programs. Over my 15+ years as a manager, I have seen significant erosion in my ability to 'manage' the programs for which I am responsible. I have less control over direction and services; I have less control over budgets and resources. I have INCREASED responsibility to ensure the programs are being adequately delivered, with no impact to the public of the decreasing resources and decreasing local control.”

“It appears that as staff are not replaced it falls on me to pick up the slack. For example if we don't hire clerk 14 it is still my responsibility to ensure all the work is managed and it means more work for me at a lower level and less professional development for me in the decision-making level. Moreover there is virtually no professional development. There is more overall responsibility but no staff to do it so I find myself having to do my job and administrative jobs as well. I am held accountable for all of it.”

“Effective strategies and plans for branch cannot develop. My role changed significantly with a new position, which significantly reduced the number of direct/indirect reports, however, my duties increased. The lack of ability to hire into vacant positions has significantly increased my workload and diminished the time I need to effectively strategize and plan for my branch.”

“Managers busy with morale instead of department goals. Since 2008, I have moved into a different position within the same band. The expectations of government have increased while the organization attempts to manage the work although there is no one to distribute it to. Additionally, the challenges of the fiscal environment have affected staff morale, which has also drawn the manager's attention away from other duties in order to support staff and team.”

“Workloads have increased, support decreased, and financial resources continually reduced. Managers push the government's agenda even though most are unpopular with the staff. My direct reports do not have to think about work when on days off or on vacation but I have to always be thinking of work in order to meet increasing deadlines. I am becoming quite frustrated and have even considered taking a demotion. What about succession planning? Who will take our places when the financial compensation is not there?”

Recommendation: Provide targets and parameters and provide excluded employees the autonomy and authority to develop plans to meet those targets.

In Conclusion

The BCEEA is pleased that government has recognized and responded to the longstanding unfairness of a prolonged wage freeze affecting the excluded employees on whom, as the March 27th announcement acknowledges, the long term success of government's fiscal and reform agendas relies. However, the freeze has served to expose an approach to compensation for non-union employees that appears to be both capricious and uncoordinated, with some groups (DMs and ADMs) receiving increases at three to six times the rate of their employees; wages not set in relation to an external standard (such as the CPI) to ensure at least maintenance of purchasing power during times of restraint; widespread differences in the rates of pay for similar work; wage compression and/or inversion between excluded employees and their senior staff and little apparent recognition of changing scope and responsibility in setting wages. The BCEEA would welcome opportunities to work with government on developing a fair, objective and transparent strategy for compensation for excluded employees, one that is also reflected in executive compensation.

Sources, Methodology and Notes on the data

1. Changes in Average Compensation for DM, ADMs and Excluded Employees

ADM and DM compensation is reported annually in the *Public Accounts for the Consolidated Revenue Fund Detailed Schedules of Payments*. These are accessed at the Ministry of Finance, Officer of the Comptroller General website. The link for Public Accounts 2012/13 is http://www.fin.gov.bc.ca/ocg/pa/12_13/pa12_13.htm (accessed January 2014). Previous years are accessed through the OCG site. The figures for DM/Associate DM salaries are based on all data, excluding partial years. The figures for ADMs are based on a sample, which is the first 39 salaries reported in the accounts for the year.

Data on average salaries for exclude employees was provided by the PSA on January 31, 2014:

	Applied	Business	Strategic
2008	\$ 67,216	\$ 81,335	\$ 100,454
2009	\$ 69,513	\$ 83,847	\$ 104,606
2010	\$ 70,370	\$ 84,151	\$ 105,578
2011	\$ 70,488	\$ 84,471	\$ 105,865
2012	\$ 70,265	\$ 84,796	\$ 105,708
2013	\$ 70,462	\$ 84,900	\$ 105,375

Note: salaries are from the month of June in each year

To create a comparison with changes in average compensation for DM and ADMs, which are reported on a fiscal year basis, fiscal year averages were estimated using a formula of $((\text{year1}/12)*9)+((\text{year2}/12)*3)$.

2. Changes in Average Compensation for DMs, ADMs, and Excluded Employees Remaining in the Same Band

ADM and DM compensation is reported as noted above, including names. Fifty individuals had been in the same band over the period with full year information reported for the two reference years. This group consists of:

Band:	Total*	Female	Male
Assistant Deputy Minister	40	21	19
Deputy and Associate Deputy Minister	10	2	8
Total	50	23	27

*Not all survey respondents indicated their gender

The percentage change was calculated using the difference between the overall average compensation for the group in the first reference year (2008/09) and the second reference year (2012/13) and showing that as a percentage change over the first reference year (2008/09).

To obtain information on individual earnings change of excluded employees, the BCEEI commissioned a survey of excluded employees in February 2014, using Fluid Survey and publicizing the survey through a

mail-out to BCEEA members and a link for the BCEEA website. Respondents were asked for their band level in 2008 and 2014, and for their full year earnings for 2008, 2009, 2012 and 2013.

There were 438 responses to the survey, of which 253 met the criteria for use in this report: respondent was in the same band level in 2008 and 2014, and provided full-year wage information for all four years. This sample included:

Band:	Total*	Female	Male
Applied Leadership	87	56	30
Business Leadership	147	17	74
Strategic Leadership	19	9	10
Total	253	82	114

*Not all survey respondents indicated their gender

Due to the very small number of SL respondents, one female respondent’s data was not used in calculating average wages and change, as it was exceptionally high (an increase of over 30%) and would have unduly distorted the small sample. The total number used for SL calculations was therefore 18, including 8 women.

Fiscal year averages were estimated using the same formula as in point one.

3. BC CPI and BC Average Wage Increases

This is from the monthly BC Stats report *Earnings and Employment Trends*, linked as an excel report from the BC Stats webpage at <http://www.bcstats.gov.bc.ca/StatisticsBySubject/LabourIncome/Earnings.aspx> (accessed February 2014). The data used are on the tab labelled “page 1” in the file.

4. Wage Increases for BCGEU and Excluded Staff

Reported wage increases from 2004-2009 are from a document titled *Salary Increases, Historical – Management and Salary Increases, Historical – BCGEU* provided by the BC Public Service Agency. Increases from 2010 onward are from the *Salary Comparison Chart* on the BC Public Service Agency My HR website, linked from the page http://www2.gov.bc.ca/myhr/content_hub.page?ContentID=a8e8855a-debd-1976-5496-3353b78b1343 (accessed January 2014).