

Contract Management Committee

Retroactive Salary Increase Costs Implicating Regular Members and Reservists

Questions Related to the Estimate of Retroactive amount

1. *What is the purpose of the estimates, when the retroactive adjustment calculation can be done on existing information?*
2. *Why couldn't final calculations be done now, when the total pay expenditures for 2017/18 and other years (2018/19, 2019/20 and 2020/21) that you described as the retroactive period are known?*
3. *Why would you use 4-year average when you could go back and calculate based on the actual expenditures per year?*

Answer to questions 1-3:

The estimated ranges of retroactive payments over years 2017-18 to 2020-21 were developed to provide an estimate in support of jurisdictions' financial planning purposes.

Although the final salary expenditures for years 2017-18 to 2020-21 are known, adjustments are required to ensure all non-NPF related costs are excluded from calculations (such as Officers and Civilian Members).

To allow for the timely preparation of the planning estimates the 4-year average of direct wages and other salary related expenditures was used in lieu of the adjusted annual expenditures. Billing will be based on adjusted annual actual NPF related salary expenditures.

4. *Will there be a comprehensive breakdown of how the estimates for planning purposes were established?*

Answer to question 4:

No, the RCMP will focus on calculating the actual retroactive amounts by jurisdiction. Similar to any other billing, pertinent details will be provided at the time of billing.

5. *How was the 3.5% calculated, is it an average of all divisions?*
6. *Is the high end calculated on the 4-year average with a 3.5% escalator – why? Wouldn't the actual pay expenditures already reflect the growth?*
7. *The methodology states "3.5% expenditure growth factor to account for potential local fluctuations" and we believe that's what your high estimate is based on. But what about the low estimate of -1.5%?*

Answer to questions 5-7:

The planning estimates were based on 4-year averages of direct wages and other salary related expenditures. A growth factor was applied to the high end of the range based on historical national program growth rates to account for growth above the average rate from 2017-18 to 2020-21. Further, a margin of -1.5% was applied on the calculated estimate to account for possible downward expenditure trends.

- 8. *Were costs related to administrative staff salaries included in the planning estimates or are costs directly related to regular members of the RCMP. I see no reference to administrative staff in your letter?*
- 9. *Has Divisional administration been included in the four-year calculation?*

Answer to questions 8-9:

Yes, the estimated range for retroactive payments includes the impact on divisional administration salary costs affected by the NPF salary increases, inclusive of regular members represented by the NPF who performed administrative roles.

- 10. *Will the retro pay Senior Constable Allowance be part of the four year (2017 to 2020) separate invoice or will it remain in current year and be part of the 2021/22 reconciliation?*
- 11. *The letter also indicated that the methodology used will capture all material costs associated to retroactive salary impacts, however will not capture the impacts on certain ancillary programs, such as national rates. Are you able to advise what impact these ancillary programs will have on jurisdictions and exactly what these programs cover?*

Answer to questions 10-11:

As indicated in the letter to Contract Partners, the retroactive invoice will capture all material costs associated to retroactive salary impacts (~97%); however, the residual impact will be invoiced to Contract Partners as part of the normal billing practice and will not be included as part of the retroactive pay invoice.

The residual impact will be calculated at a later date as current coding does not allow the RCMP to isolate certain costs between current and prior year; such as but not limited to, Senior Constable Allowance, Designated Paid Holiday, Parental and Maternity allowance. Additionally, the salary impacts on ancillary programs such as Cadet Training and Recruiting will be billed as part of the normal billing practice.

- 12.** *Will the minimum and maximum amounts that PSC will provide in their letter include members who were discharged and/or on leave or does it cover active members only?*
- 13.** *Does the retroactive payment consider implications to those regular members that retired during the retroactive period and any future benefits payable?*

Answer to questions 12-13:

The range accounts for all members represented by the NPF who were paid in 2017-18 through 2020-21 including members who were on leave, since retired, or been discharged.

- 14.** *Will our retro active payment be required in one lump sum, or will a payment option be available?*

Answer to question 14:

We look forward to our meetings with contract partners, to better understand their individual situations and needs with respect to payment planning of retroactive costs. Public Safety Canada and the RCMP will review all feedback from these engagements and will determine a way forward.

Questions Related to Billing Methodology

- 15.** *Confirm that you will not be using the pay run in each division that reflects the actual cash payout of retroactive pay, rather you will be using the above calculation to bill PTs.*

Answer to question 15:

Correct, on an exceptional basis and based on feedback received by CMC, Canada will base the prior year (2017-18 to 2020-21) retroactive billing on the actual costs incurred by the contract partner in each of the affected fiscal years. The actual costs incurred will be adjusted to remove all costs related to employees excluded from the NPF collective bargaining (such as Officers and Civilian Members).

- 16.** *Can you provide a calculation using one division as an example, showing the actual calculations?*

Answer to question 16:

Please see Annex A for illustrative example of prior year retro calculation.

17. Can you provide the full list of pay expenditures that are included with the calculation above?

Answer to question 17:

Pay expenditures for members represented by the NPF included in the following general ledgers (GLs) will form part of the retroactive calculation.

Commitment Item 030- Pay-Members	
General Ledger #	General Ledger Description
110	Regular Time – Members (<i>Pensionable</i>)
113	Acting Pay - Members
114	Service Pay – Members (<i>Pensionable</i>)
1131	Cadet Trainer Allowance - Members
1194	Regular Time - Reservists
Commitment Item 031-Extra Duty Pay-Members	
General Ledger #	General Ledger Description
111	Overtime - Members
1110	Operational Availability - Members
1168	Immediate Operational Readiness - Members

18. How is the CM cost being carved/isolated out?

Answer to question 18:

All pay transactions have employee numbers attached to them. CM and Officer pay costs will be excluded by using the associated employee numbers.

- 19.** *Why is pre-October 2021 pay not considered retroactive period for calculation and billing purposes?*
- 20.** *Can you provide clarity on how billing for outstanding backpay amounts will be collected for the 2021-2022 billing cycle?*

Answer to questions 19-20:

Adjustments for the period of April to October 2021 represent current year pay and are being billed in the members' substantive cost centre as part of the normal billing practice.

Prior year retro costs related to years 2017-18, 2018-19, 2019-20, and 2020-21 will be billed to each partner as described above.

- 21.** *How is the RCMP going to do the (manual?) retro calculations for items like special leave, div admin and indirect pension costs? How will these be factored into any billing?*

Answer to question 21:

Costs in Divisional Administration impacted by the NPF collective bargaining formed part of the estimated ranges for retroactive payments and will form part of the billing calculations.

The current pension rate is 19.44% and is appropriately applied to all pensionable retroactive costs. Refer to illustrative example on Annex A.

- 22.** *From a financial planning approaching PT treasury/management boards perspective it would be best to address all pay increases at once. Some PTs have raised that submitting multiple submissions that cover the same general topic of Policing Services pay increases as it would be inefficient and repetitive for the board to review and approve. The Collective Agreement does not affect those of rank of Inspector or higher, does Public Safety Canada anticipate pay increases for those ranks as well, reasonably one would anticipate this, is this included in the 3.5% escalator?*

Answer to question 22:

The Collective Agreement between the Treasury Board and the National Police Federation applies to RCMP Regular Members (below the rank of inspector) and Reservists. The retroactive salary increase cost estimate ranges provided in the February 28, 2022 letter to contract partners does not include salary increases for Commissioned Officer (rank of inspector and above). The Government examined the salaries of non-represented Commissioned Officers, and details of a new-six year pay package was communicated to Contract Management Committee on March 30, 2022.

23. *Are the estimates for planning purposes communicated via the February 28, 2022 letters the total for the 4-years or a per year amount?*

Answer to question 23:

The ranges of estimates for planning purposes included in the February 28, 2022 represent the Contract Partners' share of the total for the 4-years of retroactive payments and not a per year amount.

Annex A

**RM NCO Prior Year Retro Pay Raise Calculation FY2017-18 to FY2020-21
Non-Muni Under
Illustrative Example**

Jurisdiction ABC

	Effective Date	Rate	2017-18	2018-19	2019-20	2020-21	Total
Total Expenditures with Pay Raise Implications ¹			5,944,000	6,443,500	6,466,000	6,746,500	25,600,000
Economic Increase	2017-04-01	1.75%	104,020	112,761	113,155	118,064	448,000
Market Adjustment	2017-04-01	1.50%	90,720	98,344	98,687	102,968	390,720
Economic Increase	2018-04-01	1.75%		116,456	116,862	121,932	355,250
Market Adjustment	2018-04-01	1.50%		101,566	101,921	106,342	309,828
Economic Increase	2019-04-01	1.75%			120,691	125,927	246,618
Market Adjustment	2019-04-01	2.50%			175,433	183,043	358,476
Economic Increase	2020-04-01	1.75%				131,334	131,334
Market Adjustment	2020-04-01	1.75%				133,632	133,632
1. Economic Increase and Market Adjustments			194,740	429,127	726,749	1,023,241	2,373,857
2. Pension Costs ²		19.44%	30,633	63,624	111,789	154,042	360,088
3. Divisional Administration Costs ³							
Actual Total Members (NCOs, Officers, CMs) FTEs			40	43	47	48	
Divisional Administration per Capita			400	800	1,600	1,700	
			16,000	34,400	75,200	81,600	207,200
Total Retroactive Pay Raise Costs at 100%							2,941,146
Total Retroactive Pay Raise Costs at Applicable Contract Share		90%					2,647,031

Note 1:

Annual Expenditures would be lower than what was reported in each year's reconciliation due to the exclusion of Officer and Civilian member costs.

Note 2:

The retroactive pay calculated on pensionable general ledgers (110 and 114) will result in retroactive pension costs at the 19.44% pension rate.

Note 3:

This is the pay raise impact from Core administration and Special Leave Cost Centres divided by the Divisional Administration denominator from each fiscal year. Regional Administration is calculated in similar fashion.