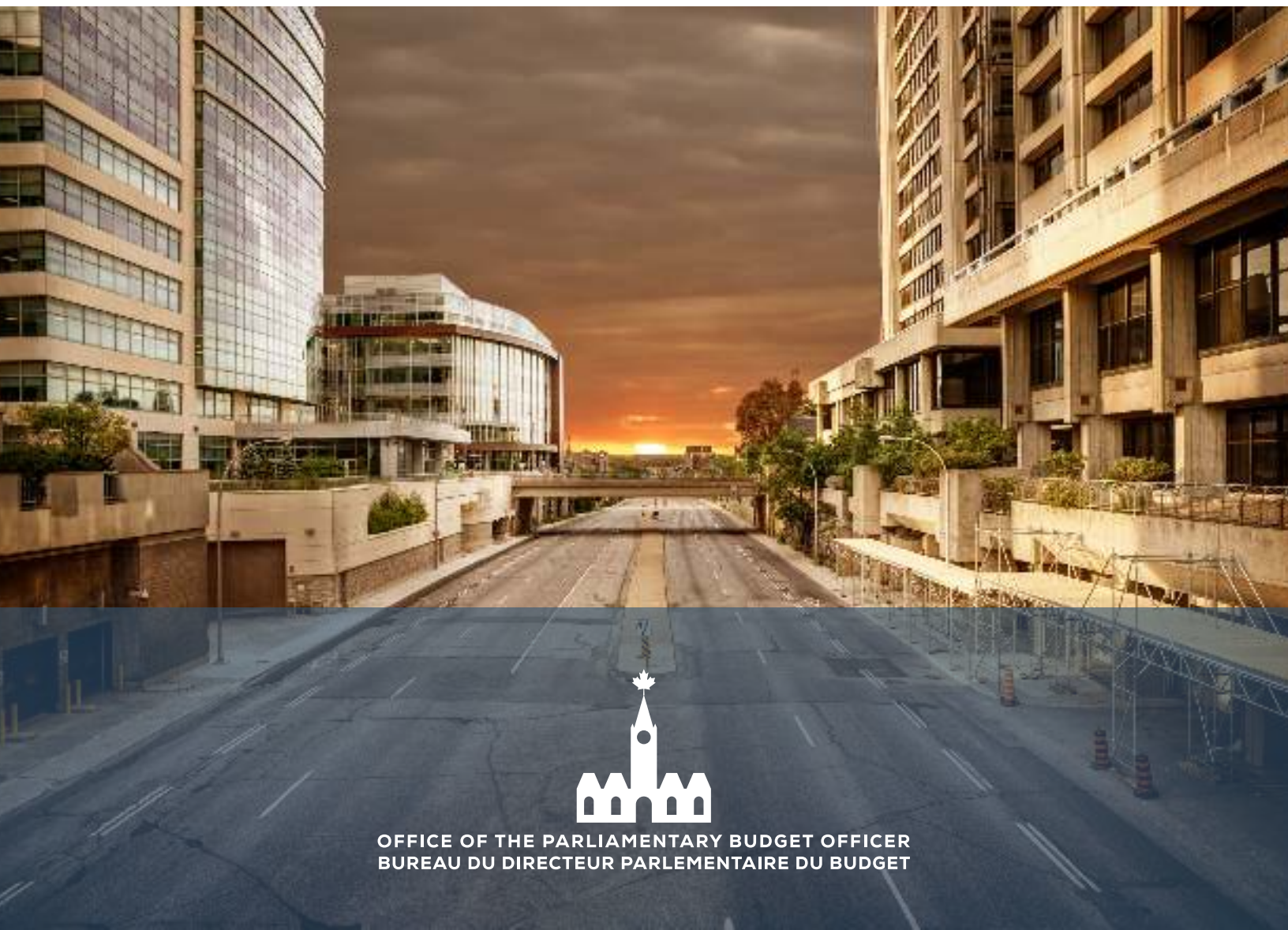


July 24, 2020



PUBLIC SERVICE USE OF PAID LEAVE FOR REASONS RELATED TO COVID-19



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

Kelly McCauley, MP for Edmonton West, requested that the PBO report on costs incurred from the federal Government's policy of allowing employees to use pay code 699 – *paid leave for other reasons* for leave related to the COVID-19 pandemic. This report presents the findings from 699 leave data provided by the Treasury Board Secretariat and supplementary data provided by the Canada Revenue Agency.

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Executive Summary

Kelly McCauley, MP for Edmonton West, requested that the Parliamentary Budget Officer (PBO) report on costs incurred from the Government's policy of allowing employees to use pay code 699 – *paid leave for other reasons* for leave related to the COVID-19 pandemic. Guidance from the Treasury Board Secretariat (TBS) allows for employees to request 699 leave for a variety of reasons including being sick with COVID-19, having to quarantine, not being able to access the technology they need to complete their work, and having to care for dependents.

Working with TBS, the PBO has found that over 76,000 employees have taken 699 leave at some point between March 15 and May 31, 2020, with an estimated cost of \$439 million (1% of 2018-2019 total personnel expenditures) in terms of lost output. Average expenditure per employee on 699 leave was estimated at \$5,721.

Based on the data provided, the amount of 699 leave taken by employees varies significantly by department. The Canada Revenue Agency (CRA) accounts for 70% of reported expenditures, having the highest number of employees who have taken 699 leave of any duration within this period. Table S-1 shows the five organizations with the highest total expenditure.

Table S-1 Top five federal organizations in terms of 699 leave expenditure

Organization	Expenditure	Employee count	Average expenditure per employee
Canada Revenue Agency	\$ 311,105,760	40,057	\$ 7,767
Correctional Service Canada	\$ 33,873,858	8,350	\$ 4,057
Canada Border Services Agency	\$ 15,388,660	4,226	\$ 3,641
Employment and Social Development Canada	\$ 14,582,455	6,047	\$ 2,412
Statistics Canada	\$ 13,932,262	3,181	\$ 4,380

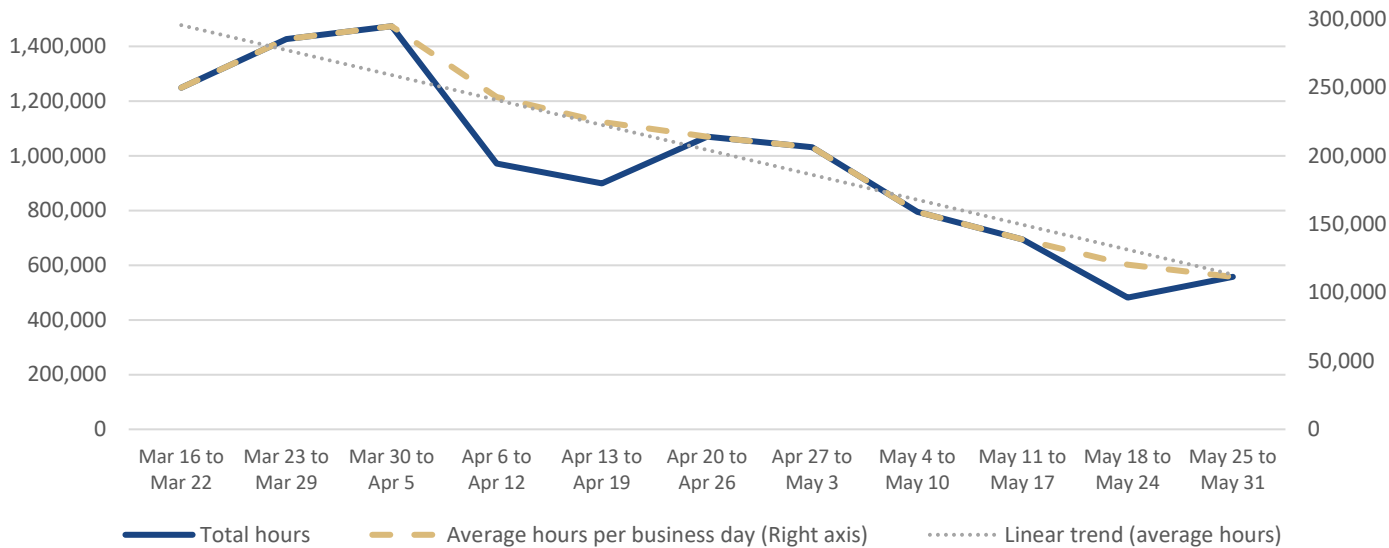
Source: Treasury Board Secretariat of Canada and PBO calculations

TBS was only able to report on 62 of the 88 federal public service organizations. These 62 organizations employ 70% of all federal public servants. Assuming the take-up of 699 leave was similar in the 26 missing organizations, we can extrapolate that the estimated cost between March 15 and May 31, 2020 has reached \$623 million for all federal public service.

The weekly number of hours of 699 leave is presented in Figure S-1. As can be seen, after reaching a peak of 1.47 million hours in the week ending

April 5, the number of weekly hours of leave has decreased by 62% to 557 thousand hours in the last week of May.

Figure S-1 Weekly breakdown of 699 leave



Source: Treasury Board Secretariat of Canada and PBO calculations

Assuming the take-up of 699 leave in June continued to follow the downward trend (identified by the dotted line in Figure S-1), the estimated cost would amount to \$57 million during that month. However, assuming take-up of 699 leave remained constant in June at the level of the last week of May, PBO estimates an additional expenditure of \$99 million. If we extrapolate again for organizations not included in the sample, expenditure for June would be between \$80 million and \$140 million. This number will be updated once the PBO receives actual data for June.

1. Introduction

Kelly McCauley, MP for Edmonton West, requested that the Parliamentary Budget Officer report on costs incurred from the Government's policy of allowing employees to use pay code 699 – *paid leave for other reasons* for leave related to the COVID-19 pandemic. Guidance from the Treasury Board Secretariat (TBS) allows for employees to request 699 leave for a variety of reasons including being sick with COVID-19, having to quarantine, not being able to access the technology they need to complete their work, and having to care for dependents. There is no stated requirement that the employee must exhaust other forms of paid leave (sick, family, vacation, or personal) before taking 699. The use of 699 leave may increase overall personnel costs if other employees are hired or asked to work overtime to make up for the 699 leave taken.

2. Analysis

Working with TBS, the PBO has found that over 76,000 employees have taken 699 leave at some point between March 15 and May 31, 2020, with an estimated cost of \$439 million (1% of 2018-2019 total personnel expenditures)¹ in terms of lost output. Average expenditure per employee on 699 leave was estimated at \$5,721. The breakdown by organization is available in Appendix A. TBS was able to provide the PBO with estimated expenditures based on the actual number of employees who have taken 699 leave, the number of hours taken, and the average daily pay rate (\$309) of employees entitled to leave.² In a subsequent information request (IR504), the PBO has requested a more detailed breakdown of actual expenses incurred and will provide an update when that information becomes available.

Based on the data provided, the amount of 699 leave taken by employees varies significantly by department. The Canada Revenue Agency (CRA) accounts for 70% of reported expenditures, having the highest number of employees who have taken 699 leave of any duration within this period. Table 2-1 shows the five organizations with the highest total expenditure and Table 2-2 identifies the five organizations with the highest average expenditure per employee on leave. Table 2-2 indicates that only three organizations are above the average expenditure of \$5,721 per employee, which illustrates the outsized impact of CRA on the overall average.

Table 2-1 Top five federal organizations in terms of 699 leave expenditure

Organization	Expenditure	Employee count	Average expenditure per employee
Canada Revenue Agency	\$ 311,105,760	40,057	\$ 7,767
Correctional Service Canada	\$ 33,873,858	8,350	\$ 4,057
Canada Border Services Agency	\$ 15,388,660	4,226	\$ 3,641
Employment and Social Development Canada	\$ 14,582,455	6,047	\$ 2,412
Statistics Canada	\$ 13,932,262	3,181	\$ 4,380

Source: Treasury Board Secretariat of Canada and PBO calculations

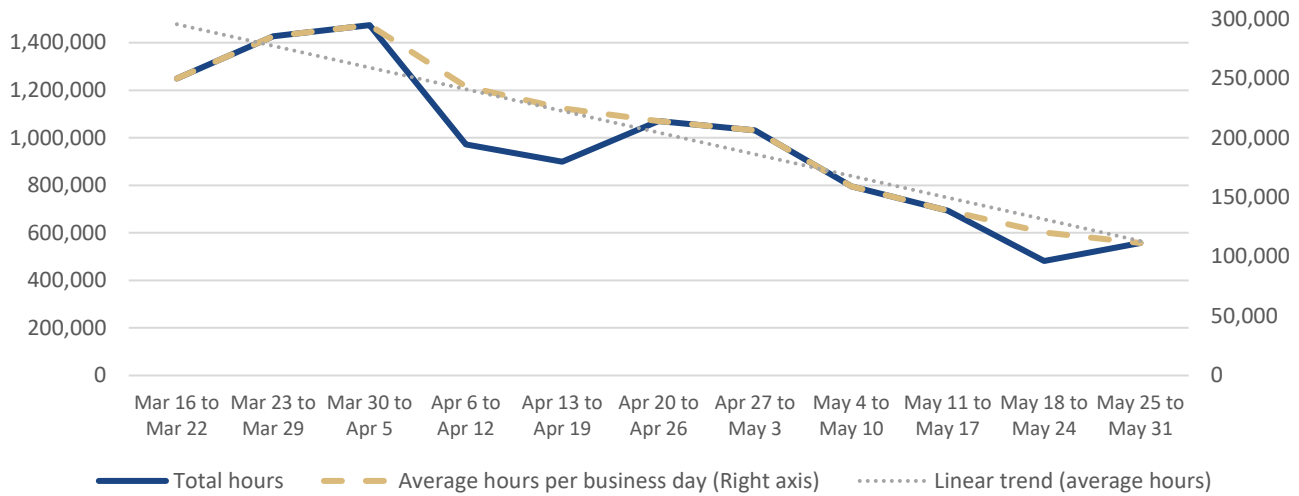
Table 2-2 Top five federal organizations in terms of average expenditure per employee who took 699 leave

Organization	Average expenditure per employee	Employee count	Expenditure
Canada Revenue Agency	\$ 7,767	40,057	\$ 311,105,760
Indian Oil and Gas	\$ 7,250	55	\$ 398,772
Statistical Survey Operations	\$ 6,280	1,472	\$ 9,244,165
Canadian Heritage	\$ 4,549	678	\$ 3,084,211
Statistics Canada	\$ 4,380	3,181	\$ 13,932,262

Source: Treasury Board Secretariat of Canada and PBO calculations

TBS was only able to report on 62 of the 88 federal public service organizations. These 62 organizations employ 70% of all federal public servants.³ Assuming the take-up of 699 leave was similar in the 26 missing organizations, we can extrapolate that the estimated cost between March 15 and May 31, 2020 has reached \$623 million for all federal public service.⁴

The weekly number of hours of 699 leave is presented in Figure 2-1. As can be seen, after reaching a peak of 1.47 million hours in the week ending April 5, the number of weekly hours of leave has decreased by 62% to 557 thousand hours in the last week of May. There are three small dips in the weeks ending April 12, April 19 and May 24, which are explained by statutory holidays (Good Friday, Easter Monday and Victoria Day respectively). To allow for better comparability across weeks, the dashed line represents the average number of hours of leave per business day. This line has also steadily decreased since the peak.

Figure 2-1 Weekly breakdown of 699 leave

Source: Treasury Board Secretariat of Canada and PBO calculations

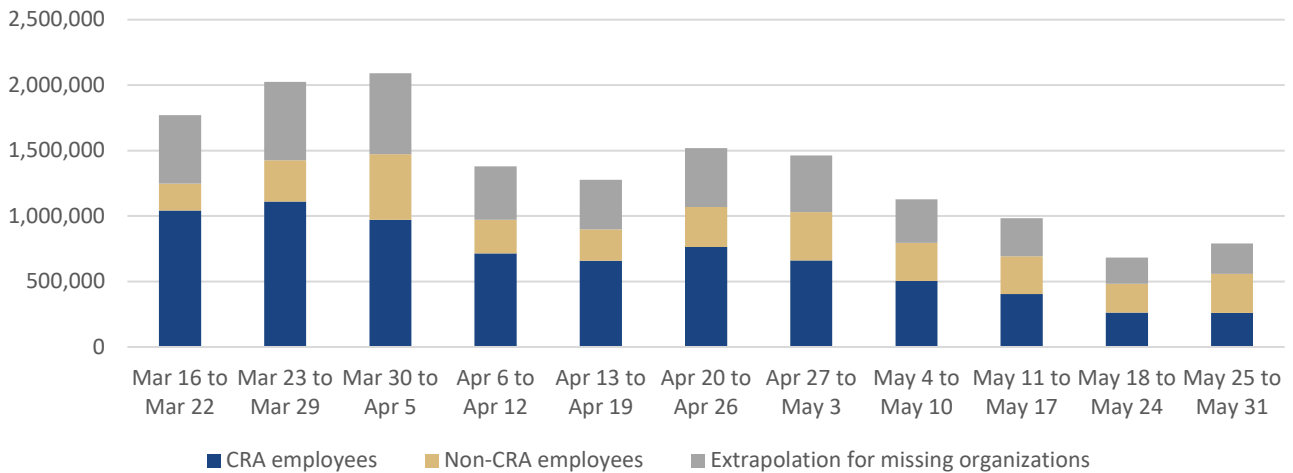
TBS informed the PBO that they could not yet provide information on 699 leave in June in part due to the large number of different human resource management systems used across government. Assuming the take-up of 699 leave in June continued to follow the downward trend (identified by the dotted line in Figure 2-1), the estimated cost would amount to \$57 million during that month. However, assuming take-up of 699 leave remained constant in June at the level of the last week of May, PBO estimates an additional expenditure of \$99 million.⁵ If we extrapolate again for organizations not included in the sample, expenditure for June would be between \$80 million and \$140 million. This number will be updated once the PBO receives actual data for June.

2.1. Supplementary information from CRA

As mentioned earlier, CRA is the organization with the highest take-up of 699 leave in the sample of organizations that the TBS was able to report on. Figure 2-2 presents a breakdown of weekly hours of 699 leave between CRA employees, other public servants included in the TBS sample and other public servants not included in TBS sample (and thus extrapolated by PBO).⁶ CRA provided the PBO with additional information explaining why it represents such a large share of the total leave usage. CRA explained that it is one of the largest departments in the federal public service; a large part of their work (compliance and collections) cannot be conducted during the pandemic; and, they have a culture of thoroughly completing timesheets which enables the organization to more accurately report the use of leave code 699.

This confirms the PBO’s view that some organizations have likely underreported their take-up of 699 leave. The fact that CRA was tasked with implementing new benefits for millions of individuals and businesses (CERB and CEWS) in a very short timeframe, while continuing to process tax returns and other payments, would normally suggest that a sizeable share of employees were in fact working. Conversely, anecdotal evidence indicates that several activities in other organizations (even those with legislated deadlines, such as access to information requests) were put on hold, suggesting that a large proportion of employees were not working, despite the numbers reported to TBS by these organizations. Thus, the leave reported by federal organizations is likely an underestimate of the number of hours of work lost during that period.

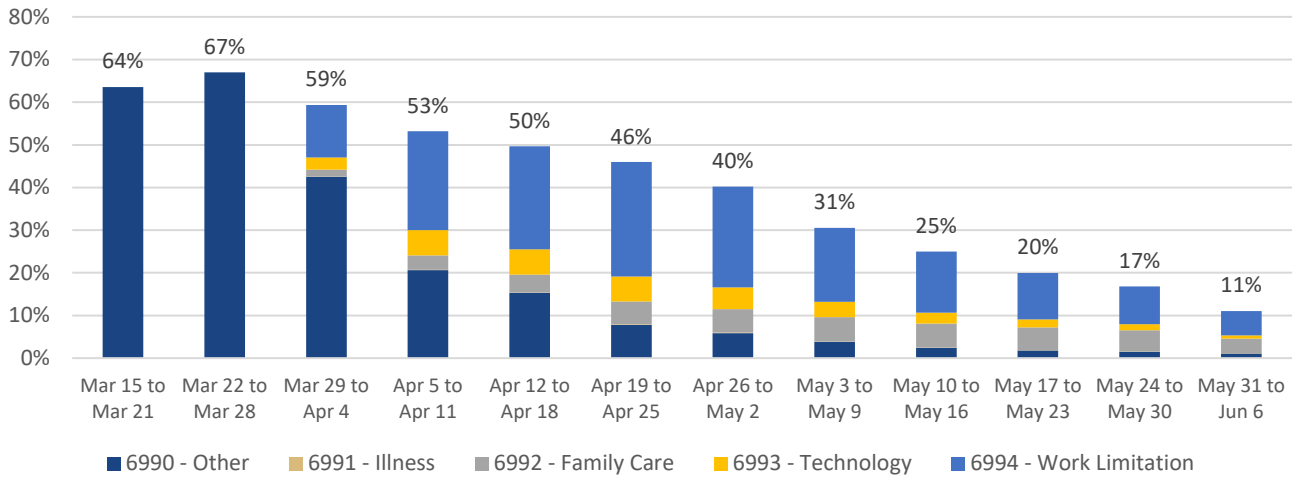
Figure 2-2 Weekly hours of 699 leave



Source: Treasury Board Secretariat, Canada Revenue Agency and PBO’s calculations

Additional data provided by the CRA indicates that 699 leave decreased significantly during the period (67% of all working hours in late March to 11% in the beginning of June), and that the most common reason for taking leave was due to work limitations (mostly for compliance and collection work postponed). The CRA has indicated that it does not believe significant overtime will be required in the coming months to complete the postponed work. Figure 2-3 shows the breakdown of 699 take-up by subcategory in terms of percentage of scheduled hours. Note that CRA introduced specific 699 codes only on April 1 (middle of the third week), which is why all the hours are coded “6990 – Other” in the first two weeks. CRA was also able to provide us with one additional week of data covering May 31 to June 6, 2020. We can see the downward trend in 699 take-up has continued through the beginning of June.

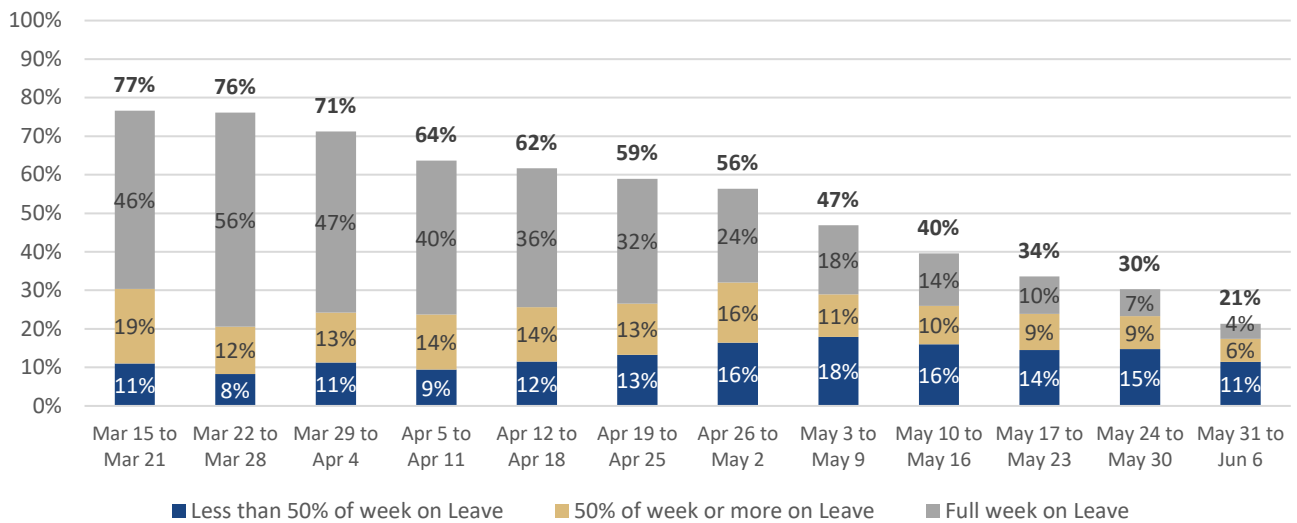
Figure 2-3 699 use as a percentage of CRA's scheduled hours



Source: Canada Revenue Agency

Figure 2-4 shows the percentage of CRA employees on 699 leave each week, with a breakdown by the amount of time on leave. While there were slightly more than 3 out of 4 employees on leave at some point in the first week (ending March 21), there were only 1 out of 5 employees on leave at some point in the first week of June. The share of employees using a full week of leave also went down from a peak of 56% in the second week to only 4% in the last week of data available.

Figure 2-4 Proportion of the CRA workforce using any of the 699 codes at least once during the week



Source: Canada Revenue Agency

3. Conclusion

The PBO was not able to find a leave policy of a similar scope in the private sector. Many provincial governments have issued notices requiring managers to provide flexibility and allow employees to draw on future sick leave credits during the pandemic. According to the Ontario Professional Employees' Union (AMAPCEO), "employees who do not support critical services and who cannot telecommute will be on paid leave until at least September 2020"¹. The Government of Quebec has allowed its public servants to take time off to care for children while still receiving their full salary, until daycare centers reopened on June 22 outside of the Greater Montreal Area (GMA) and July 13 in the GMA.

PBO will continue to monitor personnel expenditures as part of its mandate to provide independent and non-partisan analysis to Parliament.

¹ AMAPCEO. (2020). *Updates for Members on COVID-19*. Retrieved from <https://amapceo.on.ca/covid19>

Appendix A: 699 Leave Summary March 15 to May 31, 2020*

Department Name	Expenditure**	Employee Count***	Average expenditure per employee	Number of days of 699 leave	Average # of days per employee
Canada Revenue Agency	311,105,760	40,057	7,767	1,006,815	25.1
Correctional Service Canada	33,873,858	8,350	4,057	109,624	13.1
Canada Border Services Agency	15,388,660	4,226	3,641	49,801	11.8
Employment and Social Development Canada	14,582,455	6,047	2,412	47,192	7.8
Statistics Canada	13,932,262	3,181	4,380	45,088	14.2
RCMP (Civilian)	9,941,533	2,572	3,865	32,173	12.5
Statistical Survey Operations	9,244,165	1,472	6,280	29,916	20.3
Parks Canada Agency	6,856,083	1,740	3,940	22,188	12.8
National Research Council of Canada	3,405,960	1,025	3,323	11,023	10.8
Canadian Heritage	3,084,311	678	4,549	9,982	14.7
Justice Canada	2,834,430	1,169	2,425	9,173	7.8
Veterans Affairs Canada	2,475,857	783	3,162	8,012	10.2
Transport Canada	2,061,594	695	2,966	6,672	9.6
Public Services and Procurement Canada	1,488,414	964	1,544	4,817	5.0
Treasury Board Secretariat	1,476,369	384	3,845	4,778	12.4
Natural Resources Canada (Northern Pipeline Agency)	1,280,345	521	2,457	4,144	8.0
Indigenous and Northern Affairs Canada	949,688	292	3,252	3,073	10.5
Global Affairs Canada	708,460	214	3,311	2,293	10.7
Innovation, Science and Economic Development Canada	601,788	326	1,846	1,948	6.0
Administrative Tribunals Support Service of Canada	445,194	109	4,084	1,441	13.2
Indian Oil and Gas	398,772	55	7,250	1,291	23.5
Canada School of Public Service	356,875	160	2,230	1,155	7.2
Environment and Climate Change Canada	343,667	387	888	1,112	2.9
Canadian Space Agency	332,948	164	2,030	1,078	6.6
Elections Canada (Chief Electoral Officer)	316,985	123	2,577	1,026	8.3
Library and Archives Canada	287,652	272	1,058	931	3.4
National Energy Board	276,287	137	2,017	894	6.5

Canadian Radio-television and Telecommunications Commission	224,119	78	2,873	725	9.3
Other****	203,916	75	2,719	660	8.8
Public Safety Canada	159,791	76	2,103	517	6.8
Office of the Commissioner of Official Languages	99,584	28	3,557	322	11.5
Immigration and Refugee Board	98,896	60	1,648	320	5.3
Infrastructure Canada	88,106	47	1,875	285	6.1
Office of the Secretary to the Governor General	87,694	30	2,923	284	9.5
Privy Council Office	64,293	30	2,143	208	6.9
Canadian Institutes of Health Research	63,976	30	2,133	207	6.9
Public Service Commission	44,686	34	1,314	145	4.3
Atlantic Canada Opportunities Agency	39,377	28	1,406	127	4.6
Federal Economic Development Agency for Southern Ontario	30,214	11	2,747	98	8.9
Status of Women Canada	28,664	20	1,433	93	4.6
Transportation Safety Board of Canada	26,026	18	1,446	84	4.7
Courts Administration Service	23,494	15	1,566	76	5.1
Natural Sciences and Engineering Research Council	21,585	34	635	70	2.1
Telefilm Canada	16,542	46	360	54	1.2
Economic Development Agency for the Regions of Quebec	10,949	13	842	35	2.7
Canadian Environmental Assessment Agency (part of DOE)	8,518	15	568	28	1.8
Social Sciences and Humanities Research Council	6,963	13	536	23	1.7
Total	439,397,764	76,804	5,721	1,421,999	18.5

* The data provided reflects the available information as of May 31, 2020 and will continue to evolve as organizations continue to input leave.

** Expenditure refers to the estimated financial impact of 699 leave. The expenditure of leave is calculated based on the average daily pay rate of 309\$ in March 2020 of federal public service employees entitled to leave.

*** Employee count refers to employees who have taken 699 leave of any duration within this period.

**** In order to respect the data privacy of employees, departments/agencies with 10 or less employees using 699 leave were grouped together as Other. These departments/agencies are: Canadian High Arctic Research Station (Polar Knowledge), Canadian Transportation Agency, Finance Canada, Registrar of the Supreme Court of Canada, Military Grievances External Review Committee, Western Economic Diversification Canada, Office of the Commissioner of Lobbying of Canada, Military Police Complaints Commission, Copyright Board, Canadian Human Rights Commission, Office of the Commissioner for Federal Judicial Affairs, Canadian Intergovernmental Conference Secretariat, Financial Consumer Agency of Canada, International Joint Commission, Office of the Information Commissioner of Canada, and Canadian Northern Economic Development Agency.

Source: Treasury Board Secretariat and Parliamentary Budget Officer's calculations

Notes

- ¹ Total personnel expenditures for 2018-19 amounted to \$46.1 billion. See Public Accounts of Canada Volume 1, Table 3.9.
- ² The average daily pay rate of \$309 does not include the value of benefits such as health insurance and pension.
- ³ As of May 31, 2020, these 62 organizations have 212,213 employees out of the 301,046 employees across all federal public service organizations (all departments/agencies governed by the Financial Administration Act (FAA) Schedules I, IV and V).
- ⁴ This was obtained by dividing the total expenditure of \$439 million by the 212,213 employees in the organizations covered by the sample and then multiplying it by the 301,046 federal public servants across all organizations.
- ⁵ Note that June 24 is a statutory holiday in the province of Quebec. Therefore, there were only 21 business days in June in Quebec while there were 22 in the rest of Canada. Since the largest share of federal public servants are in the National Capital Region (the Ottawa-Gatineau area) which covers both Quebec and Ontario, PBO assumed 21.5 business days in all its June estimates.
- ⁶ TBS provided weekly data with weeks beginning on Monday and ending on Sunday, while CRA's weekly data used weeks beginning on Sunday and ending on Saturday. However, since most CRA employees work from Monday to Friday, it does not have a significant impact for comparison purposes.