

Review of Non-union Compensation Plan

Date:	April 8, 2013
To:	Employee and Labour Relations Committee
From:	City Librarian

SUMMARY

At its meeting on September 24, 2012, the Toronto Public Library Board (TPLB) requested that staff report back about how Toronto Public Library's (TPL) non-union compensation plan could be reviewed and 'benchmarked' against other library systems.

The recommendation of this report is that the TPL non-union compensation plan continues to be implemented in accordance with the City of Toronto's plan, including all reviews or benchmarking of the plan. A decision to conduct a separate review of the TPL plan would be contrary to the direction established by City Council for a city-wide non-union compensation plan.

Since 1998, City Council has taken actions to create an integrated human resources plan, including compensation, for the non-union employees of the City and its agencies, boards and commissions (ABCs). The recommendation of this report will ensure that TPL's non-union compensation plan will continue to be implemented in-line with the direction of the Library's principle funder, the City.

RECOMMENDATIONS

The City Librarian recommends that the Employee and Labour Relations Committee recommends to the Toronto Public Library Board that:

1. the TPL non-union compensation plan continues to be implemented in accordance with the City of Toronto's plan, including all reviews or benchmarking of the plan.

FINANCIAL IMPACT

There is no financial impact to the 2013 operating budget arising from the recommendation in this report.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

The Library Board at its meetings on September 24, 2012 and October 22, 2012, approved adjustments to the non-union compensation for 2012 and 2013. At the September meeting, the Board also approved a motion that *“requests staff, for future years beyond 2013 when non-union “performance pay” is brought forward for approval, to bring forward a proposed benchmark for where Toronto Public Library should be in relation to ‘market comparator groups’ which are other library systems, and an analysis of where Toronto Public Library staff currently stand.”*

ISSUE BACKGROUND

In 2012, the City of Toronto conducted a review and analysis of its non-union compensation plan in consultation with the Hay Group.

A review of the compensation plan was undertaken with the purpose of providing “recommendations regarding organizational best practices to ensure a modern, affordable and competitive policy and program is in place for all non-union employees”. Among the observations that came from the consultation with the Hay Group was that salary increases for non-union and union employees in the period between 2007 and 2011 resulted in non-union employees lagging behind unionized employees by a cumulative impact of -3.89%. Also, the review demonstrated that management salaries, especially for senior management, fell below the City Council approved policy that sets salaries to be at the 75th percentile of the GTA public sector market.

TPL did not directly participate in the City’s compensation review, which was conducted with the Hay Group. Nevertheless, the findings of the City review of compensation, in a broad sense, have relevance to TPL because the Library’s non-union employees are municipal workers with a compensation program that is modelled on the City’s plan, for both salaries and benefits. Also, the Library’s non-union classifications are set within the City’s Salary Grades, and employees are evaluated using a performance planner and evaluation method modelled on the City’s documents.

At its September and October 2012 meetings, the Library Board approved the same compensation adjustments for non-union staff as were approved by Council for City staff, including some reductions to the benefits plan.

COMMENTS

There are a number of factors to support the report’s recommendation. The most significant factor is that it is in accordance with City Council’s direction to create an integrated human resources plan, including compensation, for the non-union employees of the City and its ABCs. Beginning after the amalgamation that created the City of

Toronto in 1998, City Council directed City staff to develop policies and procedures that would apply to all non-union City staff, and were intended to be adopted by the City's agencies, boards and commissions.

In May 2000, the Library Board received the City's report entitled *City-wide Compensation Review of Management and Exempt Staff*. The report outlined the components of the proposed compensation plan for non-union staff that had been developed by the City and approved by Council, and were recommended for adoption to the Library and the other ABCs. The Board adopted the City non-union compensation plan, and the key components of the plan are still in place: (i) a performance pay model; and (ii) a market-rate adjustment based on a review of comparable external markets in the Greater Toronto Area.

The City used the internationally accepted 'Hay Group methodology' to develop a compensation plan that is comprehensive, valid and credible. The methodology included: the creation of accurate job descriptions; the 'scoring' of the job descriptions against factors such as complexity, accountability, impact and scope; the ranking of jobs to achieve internal and gender/pay equity; and the creation of pay grades using a market-rate/benchmark survey to set appropriate salaries for the jobs. All of the TPL non-union jobs were established using the same Hay Group methodology.

Since the creation of the compensation plan, the Library Board has adopted all of the changes to the non-union compensation plan recommended by City Council. For example in 2004, Council approved recommendations that changed the non-union sick credit accrual plan to a Short-term Disability Plan. The Library Board subsequently adopted the same plan. Each change in the non-union compensation plan followed this pattern: City staff developed a new provision for non-union compensation; it was adopted by City Council, with the recommendation that the City's agencies, boards and commissions adopt the changes; and the Library Board adopted the new provision.

It also should be noted that City Council is continuing in 2013 in the direction of establishing an integrated human resources plan, with the development of a *Public Service By-law* for Toronto. The by-law is to address the expectations and standards for public servants. The public service by-law will be customized for the ABCs, and there will be a recommendation that the ABCs adopt it.

There are a number of other factors to support the recommendation. One factor is how to determine the valid market comparator groups for TPL. The market comparator groups for TPL will include other library systems; but for the compensation review to be valid it could not be limited to other library systems. In addition to considering other library systems of comparable size, in comparable regions, such as Vancouver, Calgary, New York, Chicago and Los Angeles, it also will be necessary to consider other valid comparators such as the City of Toronto, the provincial and federal governments, and the broader public sector.

TPL has a range of non-union corporate jobs in addition to its public service management jobs. The appropriate comparators for jobs in the Finance or Information Technology Departments will be at the City of Toronto or other large public sector organizations, such as the Province of Ontario. Many of the jobs in the support departments are 'male dominated' and the public service management jobs are 'female dominated'. The current compensation plan has achieved the legislated requirement for pay equity. This 'pay equity' factor would need to be considered before taking a decision to conduct a separate review of TPL's compensation plan.

It also is important that a compensation review or benchmarking exercise address other factors that impact a compensation plan. The most important of these factors are: (i) considerations of internal equity; and (ii) wage compression with the bargaining unit jobs. TPL's current compensation plan was established and has evolved to address each of these factors.

The compensation plan for Toronto Public Library is complex, and it is subject to review at the provincial level (pay equity legislation) and by the City of Toronto (TPLB is one of its Boards). It also will be scrutinized closely by the employees who are covered by the plan. Any review of the TPL compensation plan that may lead to changes in the plan, should be conducted in accordance with the accepted standards for a compensation review in order to be comprehensive, valid and credible. The Library's continued implementation of its non-union compensation plan in accordance with the City's plan will ensure this occurs. The Library will request that the City include TPL positions in its next external benchmarking and review of the plan.

CONCLUSION

For these reasons, the recommendation is that the TPL non-union compensation plan continues to be implemented in accordance with the City of Toronto's plan, including all reviews or benchmarking of the plan.

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SIGNATURE



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