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April 26, 2004

To: Employee and Labour Relations Committee
From: City Librarian
Subject: Non-Union Compensation Plan – Toronto Public Library

Purpose:

To provide information to the Employee and Labour Relations Committee on the non-union compensation plan at the Toronto Public Library

Financial Implications and Impact Statement:

The annual cost of the non-union compensation plan, including performance pay adjustments and the market rate adjustments are accommodated within the annual operating budgets.

Recommendations:

It is recommended that the Employee and Labour Relations Committee receive this report for information.

Background:

In a memo dated April 20, 2004, Mayor David Miller and Councillor David Soknacki, Chair, Budget Advisory Committee, requested Agencies, Boards & Commissions to report to the Employee and Labour Relations Committee at its next meeting on current management compensation plans for consideration and review.

Comments:

The Toronto Public Library adopted the City of Toronto Non-Union Compensation Plan.

The first component of the plan was approved by the Library Board at its May 2000 meeting (Appendix 1). In March 2003, the Toronto Public Library Board approved the performance pay model component of the program, previously approved by City Council in February 2003 (Appendix 2).

Office of the City Librarian

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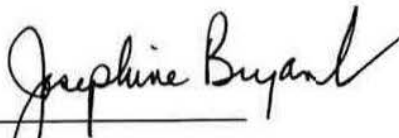
The performance pay model includes progression through the pay ranges based on performance, re-earnable performance pay for employees at the top of their pay grade, a market rate adjustment approved each year by City Council and movement to a common anniversary date for performance reviews. The transition to a common anniversary date of January 1 was achieved at both the Toronto Public Library and the City of Toronto in 2004.

Conclusions:

The Toronto Public Library Board has implemented the performance pay model for management and exempt staff in accordance with the provisions of the City of Toronto Non-Union Compensation Program. Implementation of salary adjustments has not taken place for 2004, pending direction from the city.

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Josephine Bryant
City Librarian

List of Attachments:

- Appendix 1: City-Wide Compensation Review of Management & Exempt Staff – May 29, 2000 Report to Toronto Public Library Board
- Appendix 2: Performance Pay: Increment Progression Rate – Non-Union – March 24, 2003 Report to Toronto Public Library Board



To: Toronto Public Library Board – May 29, 2000

From: City Librarian

Subject: **City-Wide Compensation Review of Management & Exempt Staff**

Purpose:

To provide the Toronto Public Library Board with an overview of the job evaluation plan proposed by the City of Toronto to be conducted at the Library.

Funding Implications and Impact Statement:

An impact on funding is dependant on the outcome of the job evaluation process. It is unknown at this time where the exempt positions will fall within the approved salary ranges.

Recommendation:

It is recommended that the Toronto Public Library Board receive excerpts of the City of Toronto Human Resources Report, November 1999 for information.

Background:

The City of Toronto has introduced as a component of an integrated Human Resources Plan, a job evaluation process for all exempt positions, developed in consultation with the Hay Consulting Group. The evaluation process will be conducted in phases. Positions at the City's Level 3 range, which includes the City Librarian, are in the process of being evaluated by the Hay Consulting Group. The City Librarian's position has been evaluated and the outcome of that evaluation will be a final placement of the position in the new salary ranges. An internal TPL Job Evaluation Committee has been established to conduct a preliminary evaluation of all exempt positions at the Library below the Level 3 group of jobs. The committee is composed of Directors, Human Resource Managers and the Manager of Compensation, City of Toronto. This preliminary evaluation has been introduced to speed up the initial placement of employees into the new salary ranges. The preliminary evaluation should take from four to six months to complete. A formal evaluation process for all positions below the Level 3 group will be conducted over the next year to determine the final placement of positions.

Comments:

The Toronto Public Library has participated in a number of City of Toronto initiatives including; Organizational Design, the exempt staff Performance Management System and the Voluntary Separation Program. The issue of interim salaries needs to be addressed as all TPL exempt staff salaries are based on the salary ranges of their pre-amalgamated positions. The job evaluation plan will place exempt staff into a salary range that more accurately reflects their new positions in the new organization.

Conclusion:

The City of Toronto's job evaluation plan will be applied in the compensation review of management and exempt staff at Toronto Public Library.

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City Librarian

List of Attachments:

City of Toronto Employee News Bulletin: New Compensation Plan for Non-union Employees – Job Evaluations

Excerpts from the City of Toronto Human Resources Report, November 1999



Please forward to all non-union all employees
who do not have e-mail and post in all work
locations immediately

April 20, 2000

EMPLOYEE NEWS BULLETIN

New Compensation Plan for Non-union Employees-Job Evaluations

As you know, the new compensation plan includes a process for evaluating all non-union positions. All executive, management and exempt jobs must be evaluated before we can determine individual levels of pay. Because it will take a considerable amount of time to evaluate all jobs, we have put a process in place to speed up the initial placement of employees into the new salary ranges. This will involve a preliminary evaluation of each job. The preliminary evaluations will enable us to place employees into the new salary ranges more quickly. In particular, this will address situations where employees are clearly paid outside of the range for the work that they are performing.

A compensation consultant from Human Resources will complete the preliminary evaluation of your job within the next six months. The consultants will use information such as organization charts and designs, job postings and business plans to complete the evaluation. They will evaluate the jobs level by level. Commissioners will have an opportunity to review all the preliminary evaluations for jobs within their department.

The preliminary evaluations are the first step in the job evaluation process. Once they are complete, we will conduct a formal evaluation of your job with your participation. You will have an opportunity to complete a questionnaire to provide us with important information about your job. The information from the questionnaire will be used to develop a job profile or job description. The profile will be sent to you and your manager for review. The compensation consultant will then recommend a final job rating. A panel made up of senior staff from across the organization will review and approve the evaluations. It will take approximately two years to complete all of the job evaluations.

More information about the new compensation plan is available on HR Web. Call the Employee Infoline at 392-959, if you have any questions.

Brenda Glover
Executive Director Human Resources

HR WEB: insideto.city.toronto.on.ca

insideto.city.toronto.on.ca

THE CITY OF TORONTO HUMAN RESOURCES REPORT

I. Guiding Principles

There are alternative approaches to the design of any Human Resource application or tool, with each approach having a unique set of strengths and weaknesses. It is important to understand the organization thoroughly enough to know which approaches are most supportive of its goals and objectives, and, just as importantly, which may in fact be dysfunctional to the organization.

Knowledge of the organizations history, issues, culture, expectations and realities is used to establish its *Human Resources Guiding Principles*. These principles set the broad parameters for all the applications and tools to be developed, to ensure that they are supportive of the organization's core objectives.

There are principles, which are guiding Hay in the approach by which it is designing various Human Resource applications for the city. The design process must create applications and tools, for the non-union positions of the City, which:

1. Recognize and fairly compensate for the skills required by the City of Toronto.
2. Allow the city to compete for human resources within the Greater Toronto Area (GTA) Public sector, including the GTA Private sector as required, yet recognize the fiscal realities of the public sector environment.
3. Link compensation adjustments to individual performance.
4. Ensure internal equity and therefore comply with legislative requirements such as Pay Equity.
5. Link with one another to form an integrated model, which addresses the city's *job evaluation, compensation, performance management, recruitment & selection* and *training & development* requirements.
6. Are pragmatic and dependable as well as being easy to administer.
7. Are designed with shared accountability between City of Toronto Human Resources and Departmental Management.
8. Link to communication and training support materials, which assist with program implementation issues.
9. Can be continuously evaluated, refined and improved as the needs of the organization change.
10. Promote a positive image of the City of Toronto in the community.

III. Job Evaluation

The internal perspective of job evaluation is to establish internal equity. The external perspective is to compare oneself against the external marketplace.

Internal Perspective

From an internal perspective, the job evaluation tool is designed to rank-order jobs on the basis of each job's "content". Job content is the composite of the *skill, effort, responsibility* and *working conditions* that exist and/or are required to perform the job mandate in a fully competent manner. Use of such a system, with regards to salary administration, assists an organization to comply with legislative requirements such as Pay Equity.

The city's job evaluation tool will measure the four job content elements noted above by assessing and comparing whatever job content factors are most relevant and representative of the city's work culture. Examples of such factors include *knowledge and skill, leadership and advice, human relations, innovation, decision making, results, physical effort, physical environment, sensory attention and mental pressures*.

A standardized job description document will be designed to consistently describe all these factors for each job. It will thereafter be used by a city Job Evaluation Committee to allow everyone to understand the job and the differences amongst various jobs in the City. Tools will then be used to establish internal equity or internal alignment amongst all city jobs. These tools will include a *Levels of Work Job Evaluation* grid as well as a *Point-Factor Validation* table.

The Levels of Work job evaluation grid will define eight degrees or scales of each of the job content factors noted above. Jobs will thereafter be slotted into one of the eight levels based upon two considerations. The first consideration is the match between the job description and the definitions of the Levels of Work. The second consideration is the relativity of the levels in which other jobs, especially the city's benchmark jobs, have been slotted.

Furthermore, each of the eight Levels of Work will have three Pay Grade options into which jobs will be specifically slotted. The "middle" Pay Grade of each Level of Work will represent a solid match to that level's definitions. The "higher" pay grade will be used for a job that has greater scope, responsibility and complexity than that of the definition, but not as much as the definition of the next bigger Level of Work. The lower" Pay Grade will be used for a job that is less than that of the definition, but more than the definition of the next smaller Level of Work.

The higher Pay Grade of a Level of Work will overlap with the lower Pay Grade of the next bigger Level of Work. In this fashion, there will be a total of eight unique Levels of Work and sixteen different Pay Grades. Each city job will be associated with a Level and a Grade.

The Point Factor Validation table will be a quantitative tool that assigns points based on the degree that each job content factor is resident in each job. Each of the previously discussed Levels of Work and Pay Grades will be underpinned by a spectrum of job factor points. The total point outcomes that result from processing each job through the table will serve as a quantitative verification of the appropriateness of the ranking assigned to each job.

Hay and the City project team, which includes job experts from the Departments and from Human Resources, have developed the process and tools to evaluate jobs. The process and tools include a *job questionnaire, a manual, guidelines & instructions* and a unique *City of Toronto point-factor/lab evaluation system*.

External Perspective

From an external perspective, the job evaluation tool is used to allow the City to compare its jobs against those with equal levels of job content. Job content is a preferable manner of comparing management jobs as opposed to comparing simply on the basis of title. The more that organizations, and the jobs within, differ in terms of size, complexity, autonomy and responsibility, the more likely it is that jobs of similar title may differ significantly in overall job content.

Hay has the largest compensation database in Canada. There are over four hundred leading Private and Public sector organizations whose jobs have been assessed using Hay's job content evaluation system, called the *"Hay Guide Chart Profile Method of Job Evaluation"*.

Each of the city's Levels of Work, Pay Grades, and Point Factor values have been cross-referenced into Hay Job Content Points. This allows Hay to compare City of Toronto jobs, to jobs of similar content within the large Hay database. By doing so, Hay is able to provide comparable levels of pay offered to jobs of similar levels of content within the external marketplace.

This process is used to establish appropriate salary ranges for the city's sixteen Pay Grades, as will be discussed in the next section of this report.



To: Toronto Public Library Board – March 24, 2003

From: City Librarian

Subject: **Performance Pay: Increment Progression Rate – Non-Union**

Purpose:

To obtain from the Toronto Public Library Board approval for the implementation of the Performance Pay: Increment Progression Rate – Non-Union model for the non-union employees of the Toronto Public Library.

Funding Implications and Impact Statement:

The annual cost of the performance pay increment adjustments and the market rate adjustments for non-union employees are accommodated within the 2003 operating budget.

The funds necessary to implement the re-earnable lump sum award in 2004, will be requested from the City of Toronto as a budget adjustment.

Recommendation:

It is recommended that the Toronto Public Library Board approve the following components of the performance pay model:

- (1) the progression rates through the salary ranges, based on performance, as presented in Attachment 1, effective January 1, 2003;
- (2) the re-earnable lump sum award rate based on performance, consistent with the progression rates presented in Attachment 1, effective January 1, 2004;
- (3) the market rate adjustment of three percent for the non-union group for 2003 to be applied in accordance with the pay-for-performance model; and
- (4) the movement to a common anniversary date of January 1, for all non-union employees effective in 2004.

Background:

The Toronto Public Library Board at its May 29, 2000 meeting received for information a report titled *City-Wide Compensation Review of Management and Exempt Staff*. The report provided

an overview of the components of the proposed compensation plan for non-union staff which were to be developed by the City and adopted by the Library. The key components of the compensation program include:

- (a) a job evaluation tool to ensure internal equity and gender neutrality in compliance with Pay Equity legislation;
- (b) performance pay that promotes, recognizes and rewards exceptional performance; and
- (c) a market-based rate increase for non-union staff, to ensure appropriate competitive positioning related to the comparable GTA market in order to attract and retain exceptional employees.

The first component of the non-union compensation plan, the job evaluation process, is underway. A preliminary job evaluation for the Director group was implemented in December 2002. The full job evaluation review of all Director, Manager and exempt staff positions is currently in progress and will be completed in 2003.

The second and third components of the compensation plan were approved with amendments by City Council at its meeting on February 4 – 6, 2003 (Attachment 2). This Library Board report recommends implementation of the City model for performance pay and market rate adjustments at Toronto Public Library.

From the date of amalgamation in 1998 to the present, non-union employees have been moving through the salary ranges for their positions based on an interim model that granted adjustments based on individual performance.

In 1999, 2000 and 2001, non-union employees received general wage increases that mirrored the general wage increases in the Union contract. In 2002, the practice of general wage increases based on union settlements was replaced by an “across the board” market rate adjustment that was not tied to individual performance. The market rate adjustment was based on a review of comparable external markets in the Greater Toronto Area.

Comments:

Under the new performance pay model, an employee’s progression through the salary ranges is achieved at variable rates depending on whether the employee achieved their performance objectives, demonstrated exceptional performance or were still developmental in their position and had not achieved all objectives. The performance ratings and the corresponding salary increases are outlined in Attachment 1.

Another important component of the performance pay model is a re-earnable lump sum award, for those employees who have reached the top of their salary range and whose exceptional performance makes them eligible to receive a salary adjustment. The lump sum award is based

on the progression rates in Attachment 1, but is not added to the base salary. This component of the model will be implemented in 2004.

The performance pay model also ties the market rate adjustment for individual employees to their performance rating. For 2003, the market rate adjustment has been established as three (3) percent, based on the GTA review and information from the Conference Board of Canada. The market rate adjustment for 2003 will be implemented in accordance with the performance ratings in Attachment 1.

The performance pay model will be implemented in a more efficient manner by moving all employees to a common anniversary date of January 1. This will be implemented in 2004. The move to a common anniversary date also will allow for individual performance objectives to be linked to annual departmental business planning.

Conclusion:

The compensation program for non-union employees includes job evaluation, market rate comparisons and a performance pay model. Implementation of the components of the performance pay model is the final step toward completion of the non-union compensation program.

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City Librarian

List of Attachments:

Attachment 1: Pay-for-Performance, Progression Rates through Pay Grades

Attachment 2: Approved by City of Toronto Council at its meeting February 4, 5, 6, 2003,
Performance Pay: Increment Progression Rate – Non-Union

Pay-for-Performance

Progression Rates through Pay Grades

Pay grade ranges are adjusted annually based on market survey results.

Employee progression through the pay grade ranges is based on performance, that is no automatic salary increase when the pay grade range is adjusted; market adjustments are built into the performance increase.

Performance Rating	Total Salary Performance Increase
Achieved Objectives	3 percent + market adjustment
Developmental	1 percent + market adjustment
Did not meet objectives	0 percent
Exceptional performance	3 percent + market adjustment + 2 percent bonus not added to base salary

The City of Toronto Human Resources Department staff has estimated that 80 percent of non-union employees would meet their objectives, 10 percent would fall in the developmental category and 10 percent would be considered exceptional. Toronto Public Library Human Resources Department would concur with this assumption.



CITY CLERK

Clause embodied in Report No. 1 of the Administration Committee, as adopted by the Council of the City of Toronto at its regular meeting held on February 4, 5 and 6, 2003.

4

Performance Pay: Increment Progression Rate - Non-Union

(City Council at its regular meeting held on February 4, 5 and 6, 2003, amended this Clause by adding to Recommendation No. (2) of the Personnel Sub-Committee, the words "such report to include the total number of employees, by department and by job classification, who received exceptional performance ratings", so that such recommendation now reads as follows:

"(2) that the Commissioner of Corporate Services, in one year's time after the implementation of the performance pay program, be requested to submit a report back to the Personnel Sub-Committee, providing a further review on this program, such report to include the total number of employees, by department and by job classification, who received exceptional performance ratings.")

The Administration Committee recommends:

- (1) the adoption of the recommendations of the Personnel Sub-Committee embodied in the communication (November 19, 2002) from the City Clerk; and**
- (2) that since performance pay is intended to reward exceptional performance, staff be requested to establish a maximum number or percentage of qualifying employees, and include this information in the first status report on performance pay.**

The Administration Committee reports, for the information of Council, having:

- (i) received the report (December 9, 2002) from the Chief Financial Officer and Treasurer; and
- (ii) referred the communication (Undated) from Mr. Richard D. Majkot, Executive Director, COTAPSAI (City of Toronto Administrative, Professional, Supervisory Association, Incorporated) to the Commissioner of Corporate Services for consideration in the implementation of this program.

The Administration Committee submits the following communication (November 19, 2002) from the City Clerk:

Recommendations:

The Personnel Sub-Committee on November 19, 2002, recommended to the Administration Committee:

- (1) the adoption of the report (November 15, 2002) from the Commissioner of Corporate Services; and
- (2) that the Commissioner of Corporate Services, in one years' time after the implementation of the performance pay program, be requested to submit a report back to the Personnel Sub-Committee, providing a further review on this program.

The Personnel Sub-Committee reports for the information of the Administration Committee, having requested the Chief Financial Officer and Treasurer to submit a report directly to the Administration Committee for its meeting scheduled to be held on December 12, 2002, on the funding of the performance pay program.

Background:

The Personnel Sub-Committee at its meeting held on November 19, 2002, had before it a report (November 15, 2002) from the Commissioner of Corporate Services, recommending that:

- (1) the progression rates through the salary range, based on performance, be approved as presented in Appendix A, effective January 1, 2003;
- (2) the re-earnable lump sum award rate based on performance, be approved consistent with the progression rates presented in Appendix A, effective January 1, 2003; and
- (3) the market rate adjustment of three percent be approved for the non-union group for 2003 and applied in accordance with the pay-for-performance model.

Ms. Alison Anderson, Director of Employment Services, gave a presentation to the Personnel Sub-Committee in connection with the foregoing matter.

(Report dated November 15, 2002, addressed
to the Personnel Sub-Committee from
the Commissioner of Corporate Services.)

Purpose:

This is a follow up report on the compensation program for non-union staff addressing the specifics of the pay-for-performance model including:

- (a) progression rates through the new pay grade ranges based on performance; and
- (b) re-earnable performance pay for those at the top of the pay grade range.

Financial Implications and Impact Statement:

Performance adjustments would continue to be budgeted through the normal operating budget process.

The model for progression through the pay grades represents a shift in the distribution of performance pay adjustments rather than an increase and is expected to be cost neutral.

The re-earnable lump sum award is an additional cost. Based on the number of individuals at the top of the new pay grades from the preliminary evaluations it is estimated at \$1.2 million for 2003.

Recommendations:

It is recommended that:

- (1) the progression rates through the salary range, based on performance, be approved as presented in Appendix A, effective January 1, 2003;
- (2) that the re-earnable lump sum award rate based on performance, be approved consistent with the progression rates presented in Appendix A, effective January 1, 2003; and
- (3) that the market rate adjustment of three percent be approved for the non-union group for 2003 and applied in accordance with the pay-for-performance model.

Background:

At its meeting of December 14, 15 and 16, 1999, City Council adopted a new compensation program for executive, management and exempt employees. The key components of the compensation program include:

- (a) a job evaluation tool to ensure internal equity and gender neutrality in compliance with Pay Equity legislation;
- (b) performance pay that promotes, recognises and rewards exceptional performance; and
- (c) market rate comparison to ensure appropriate competitive positioning related to the comparable GTA market in order to attract and retain exceptional employees.

The job evaluation tool has been finalized and over the last two years the preliminary evaluations were completed to place executive, management and exempt jobs into the new pay grades. A performance management program has also been developed and implemented.

City Council approved the proposal from the Hay Group for a pay-for-performance practice for salary adjustments where the incumbent progression through the pay grade range is no longer based on automatic step-rate progression but rather solely on a performance based increment process.

The model included a re-earnable lump sum award for those who have reached or are near the maximum of the salary range. The Hay Group recommendation was for a re-earnable rate of up to five percent.

Staff were requested to submit a further report to Council recommending the appropriate increment progression rate.

Staff were also requested to report back to Council on the re-earnable lump sum award once the results of job evaluation were known, the incumbents placed into the appropriate salary range and the performance management process further developed.

Also approved was that starting in 2001 an annual GTA review based on the comparable external market be conducted to ensure the City maintains competitive salary ranges to the external marketplace. This replaces the practice of across-the-board increases for non-union employees based on union settlements.

For the years 1999, 2000 and 2001, City Council approved the across-the-board increase for non-union employees consistent with the union settlements. In 2002, Council approved a market rate adjustment of three percent to be applied across-the-board for non-union employees and approved the recommendation that the implementation of the full pay-for-performance model be undertaken in 2003.

The delayed timing has also assisted in addressing the issue of organizational readiness for this change in practice.

Comments:

In the transition to the new pay-for-performance components of the compensation program for non-union an interim approach was followed. For the years 1999, 2000 and 2001 all non-union employees received the following salary increases:

2 percent in 1999;
2.17 percent in 2000;
3.2 percent in 2001; and
3 percent in 2002.

Pay grade ranges were also adjusted, therefore the increases received by the employees matched the adjustment to the ranges.

In addition, employees were eligible to progress through the range by three percent based on performance. The three percent was a harmonized amount from past automatic step progressions of the former municipalities. The single amount does not recognise and reward different levels of performance.

In the pay-for-performance model, incumbent progression through the pay grade ranges is not based on an automatic step-rate progression or across-the-board increases, salary increases are based solely on the results from the individual performance assessment process.

The proposed performance progression rates are presented in Appendix A. There is a different rate depending on whether the employee achieved their objectives, demonstrated exceptional performance or were still developmental in the position and unable to meet all objectives.

For the year 2003, the implementation of the full pay-for-performance program includes:

- (1) a review of the comparable external GTA market to adjust the salary ranges for 2003. The salary ranges are adjusted to reflect the changes in market and take into consideration cost of living changes. The adjustment is applied only to the pay grade ranges, it is not applied automatically to the employee's salary. This replaces the across-the-board increases of past practices. The review of the comparable external market has been completed. Information from the Conference Board of Canada and Hay Group Consulting confirms three percent as the prevailing appropriate market rate adjustment for the non-union group for 2003;
- (2) new progression rates through the salary ranges based on performance and incorporating the annual market rate adjustment must be established. The proposed model is presented in Appendix A for approval;
- (3) a re-earnable lump sum performance amount to be approved as part of the pay-for-performance model. These are salary adjustments for those employees who have reached the top of their pay grade and whose performance assessment deems them eligible for a salary adjustment. The base salary is not changed; the amount must be re-earned each year based on performance. The proposed rates are the same as for progression through the paygrade ranges, as presented in Appendix A; and
- (4) re-training of managers on the performance management program with emphasis on the distinction between performance levels.

For the year 2004, employee performance reviews will be moved to a common anniversary date. A common anniversary date for confirming performance objectives better supports departmental annual business planning and budgeting processes.

Conclusions:

The compensation program approved for non-union employees includes job evaluation for internal equity, marked rate comparisons and pay-for-performance. Implementation of the components of the pay-for-performance model will complete the transition to the compensation program for non-union employees. The model includes the progression rates through the pay grade ranges and the re-earnable lump sum award.

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Attachment:

Appendix A.

Appendix A

Pay-for-Performance

Progression Rates through Pay Grades

Components:

Pay grade ranges are adjusted annually based on market survey results.

Employee progression through the pay grade ranges based on performance i.e., no automatic salary increase when the pay grade range is adjusted; market adjustments are built into the performance increase.

Application:

Performance Rating	Total salary performance increase
Achieved Objectives	3 percent + market adjustment
Developmental	1 percent + market adjustment
Did not meet objectives	0 percent

For those meeting the criteria of exceptional performance the amount is three percent (plus market adjustment) plus a two percent bonus not added to the base salary.

Note: employees on legislated leaves receive the market adjustment increase to their salary.

The Administration Committee submits the following report (December 9, 2002) from the Chief Financial Officer and Treasurer:

Purpose:

To provide comments on the funding of the performance pay program.

Financial Implications and Impact Statement:

As indicated in the November 15 report from the Commissioner of Corporate Services to the Personnel Sub-Committee, performance pay adjustments will continue to be budgeted through the normal operating budget process. Part year funding in 2003 will be absorbed within the 2003 program salary budgets.

Recommendation:

It is recommended that this report be received for information.

Background:

The Personnel Sub-Committee at its meeting held on November 19, 2003, had before it a report (November 15, 2003) from the Commissioner of Corporate Services, recommending that:

- (1) the progression rates through the salary range, based on performance, be approved as presented in Appendix A, effective January 1, 2003;
- (2) the re-earnable lump sum award rate based on performance, be approved consistent with the progression rates presented in Appendix A, effective January 1, 2003; and
- (3) the market rate adjustment of three percent be approved for the non-union group for 2003 and applied in accordance with the pay-for-performance model.

Ms. Alison Anderson, Director of Employment Services, gave a presentation in connection with the foregoing matter.

The Personnel Sub-Committee recommended to the Administration Committee:

- (1) the adoption of the foregoing report (November 15, 2002) from the Commissioner of Corporate Services;
- (2) that the Chief Financial Officer and Treasurer be requested to submit a report directly to the Administration Committee for its meeting scheduled to be held on December 12, 2002, on the funding of the performance pay program; and
- (3) requested the Commissioner of Corporate Services, in one years' time after the implementation of the performance pay program, to submit a report back to the Personnel Sub-Committee, providing a further review on this program.

Comments:

The current budget process includes guidelines for departments when estimating the future cost of performance pay adjustments for non-union employees.

Performance pay costs for those employees within the current pay grades is estimated to be cost neutral based on the model for progression rates as provided by Human Resources.

The estimate for the cost of the re-earnable lump sum payment is based on the number of non-union employees currently at the top of their salary range. For estimating purposes, Human Resources staff assumed that 80 percent of non-union employees would meet their objectives, 10 percent would demonstrate exceptional performance and 10 percent would fall in the categories of not eligible and developmental.

In future, consistent with the current practice, departments will budget performance pay in the program area salary budgets.

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Mr. Richard Majkot, Executive Director, COTAPSAI, appeared before the Administration Committee in connection with the foregoing matter and filed a written submission with respect thereto.