



STAFF REPORT ACTION REQUIRED

10.

Non-Union Compensation for 2013

Date:	October 22, 2012
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

At its meeting on September 24, 2012, the Library Board approved the recommendations from the Employee and Labour Relations Committee for non-union compensation for 2012, and changes to the non-union benefits plan effective January 2013. The Board deferred any decision on 2013 compensation to the October meeting of the Library Board so that it can be dealt with at the same time as the 2013 operating budget.

The compensation plan under which Toronto Public Library non-union employees are hired is modelled on the compensation plan for the City of Toronto's non-union employees. The compensation plan was approved for implementation by the Library Board in March 2003.

The purpose of this report is to recommend approval of the same 2013 compensation adjustments for non-union employees, as were approved by the City for its non-union employees. Approval of the recommendations will ensure that, in accordance with its non-union compensation plan, the Library will continue to have a plan modelled on the plan for the City's non-union employees.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. adopts the same market-rate adjustments and performance pay increases for 2013 for non-union employees, as were approved by City Council for City non-union employees, and as identified below:

For 2013:

- i. A new Performance Pay system is introduced effective January 1, 2013, based on the assessment of work performance in 2012, with performance ratings and pay increases for progression through the salary range, as follows: Unsatisfactory – 0%; Meets Most But Not All Expectations and/or Developmental – 1%; Meets Expectations – 2%; and Exceeds Expectations – 3%;

- ii. For those employees who have reached the top of the salary range, there is a re-earnable lump sum payment of up to 0%, 1%, 2% or 3%, based on the 2012 performance rating, and 2012 earnings;
- iii. The annual market-rate adjustment (cost-of-living) will be 1.9%;
- iv. The market-rate adjustment and performance pay adjustment are effective January 1, 2013; and
- v. The new Performance Pay system includes 'targets' for the allocation of performance ratings, as follows:

Performance Review Levels	Performance Target Allocations*	Performance Financial Rewards
Unsatisfactory	3% of staff complement	0%
Meets Most But Not All Expectations and/or Developmental	10% of staff complement	1%
Meets Expectations	70% of staff complement	2%
Exceeds Expectations	Up to 20% of staff complement	3%

*Approximate allocations

FINANCIAL IMPACT

As per instructions, the 2013 cost for the market-rate adjustment for non-union employees of \$251,000 is not included in the budget submission and instead has been provided directly to City Finance. The 2013 cost for the performance progression pay and re-earnable lump sum payment is \$235,000 and this has been incorporated into the 2013 operating budget submission.

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

DECISION HISTORY

At its meeting on July 11 - 13, 2012, City Council approved market-rate adjustments and performance pay increases for 2012 and 2013 for all non-union employees of the City; and Council also approved changes to the benefits plan for non-union staff, effective January 1, 2013.

The Library's Employee & Labour Relations Committee met on September 4, 2012 and approved a recommendation to the Toronto Public Library Board for approval of the same adjustments as those approved by City Council, for the 2012 and 2013 market-rate adjustments and performance pay increases for all non-union employees of Toronto Public Library; and the same changes to the non-union benefits plan, effective January 1, 2013.

The Library Board at its meeting on September 24, 2012, approved the recommendations of the Employee and Labour Relations Committee for non-union compensation for 2012 and the changes to the non-union benefits plan, effective January 1, 2013. However, the motion

approved by the Board “*defers any decision on 2013 performance bonuses to the next Board meeting so it can be dealt with at the same time as the 2013 operating budget*”.

The recommendations in this report for adjustments to the 2013 non-union compensation are those that were approved on September 4, 2012 by the Employee & Labour Relations Committee, and are the same as the adjustments approved by City Council in July 2012 for non-union employees of the City.

BACKGROUND INFORMATION

At its meeting on March 24, 2003, the Toronto Public Library approved implementation of the City of Toronto’s model for non-union compensation, which included provisions for annual market-rate adjustments (cost-of-living) and performance-based increases. Since that time, the Library Board has approved the same annual cost-of-living and performance-based increases as the City, including those years for which there were no increases.

All non-union employees of the Library are hired under this compensation plan. The employee’s ‘hire’ letter advises her that “future salary adjustments will be subject to approval from City Council and Toronto Public Library Board, and they will be in accordance with the City of Toronto non-union compensation plan”. Further, 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.

The performance planner and evaluation methods are an integral part of the compensation plan and terms of employment for non-union employees. The compensation plan is based on established performance-based criteria, evaluation tools, and methods for approval of increases. Non-union employees have participated in this performance-evaluation program since 2003. If the Board is contemplating significant changes to the performance-evaluation process, there is a requirement to provide appropriate notice of the changes to non-union employees.

At its meeting on July 11 – 13, 2012, City Council approved market-rate adjustments and performance pay increases for all non-union employees, for 2012 and 2013. The Library Board at its meeting on September 24, 2012, approved the same Council-approved level of adjustments to non-union compensation for 2012, and the Council-approved adjustments to the non-union benefits plan. This report seeks approval of the Council-approved adjustments to non-union compensation for 2013.

City staff developed its recommendations to City Council about non-union compensation for 2012 and 2013 in consultation with the Hay Group. A review of the compensation program 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, which sets salaries to be at the 75th percentile of the GTA public sector market.

TPL was not invited by City staff to 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; and in which adjustments to the compensation for the Library's non-union employees are to be implemented in accordance with the City's plan.

At its meeting on September 24, 2012, the Library Board 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-rate comparator groups' which are other library systems, and an analysis of where Toronto Public Library staff currently stand*". This matter will be referred to the Employee and Labour Relations Committee for a direction to staff on how to proceed with conducting such a review and analysis.

If a decision is taken at a later date to make changes to any significant feature of the compensation plan for non-union employees, the Board will be required to provide an appropriate notice period to affected non-union employees about all such future significant changes to the plan.

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SIGNATURE

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