



## STAFF REPORT ACTION REQUIRED

11.

### Non-Union Compensation Plan

<b>Date:</b>	February 10, 2014
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

### **SUMMARY**

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The Toronto Public Library Board at its meeting on April 29, 2013, approved a recommendation that Toronto Public Library's (TPL) non-union compensation plan continue to be implemented in accordance with the City of Toronto's plan for its non-union employees.

City Council at its meeting on November 13, 2013 adopted a number of changes to the compensation plan's performance management program, specifically in regard to performance rewards, target allocations for performance review levels and the width of the salary ranges for all City salary grades. Council also approved the continuation of the merit performance-based re-earnable lump sum component of the performance management program.

This report recommends that the same changes to the non-union compensation plan be approved for the non-union employees of TPL, as were approved by City Council for non-union employees of the City of Toronto.

### **RECOMMENDATIONS**

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#### **The City Librarian recommends that the Toronto Public Library Board:**

1. approves, effective January 1, 2014, the continuation of the performance review levels, revised target allocations and revised performance financial rewards for the non-union compensation program as summarized in the Table below:

<b>Performance Review Levels</b>	<b>Performance Target Allocations</b>	<b>Performance Rewards</b>
Unsatisfactory	Up to 3% of staff complement	0%
Meets Most but Not All Expectations and/or	Up to 10% of staff complement	1%

Performance Review Levels	Performance Target Allocations	Performance Rewards
Developmental		
Meets Expectations	75% of staff complement	2.5%
Exceeds Expectations	Up to 15% of staff complement	4.5%

2. approves, effective January 1, 2014, implementation of adjustments to the salary ranges, for grades 1 to 11, by reducing the width of the salary ranges below the salary range maximums from 24% to 17.5%; and for grades 12 to 16, by reducing the width of the salary ranges below the salary range maximums from 15% to 12.5%, in accordance with the salary grades established by the City of Toronto;
3. approves, effective January 2014, the continuation of the merit performance-based re-earnable lump sum component of the non-union compensation policy and performance management program for employees who are at the top of their salary range.

## **FINANCIAL IMPACT**

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The 2014 cost for the implementation of the recommended changes to the non-union compensation plan is estimated to be \$50,000, and funding is included in the Council-approved TPL 2014 operating budget.

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

## **DECISION HISTORY**

On April 29, 2013, the Board approved a recommendation that TPL Board:

*“continues to implement the Toronto Public Library non-union compensation plan in accordance with the City of Toronto’s plan, including all reviews and benchmarking of the plan.”*

City Council at its meeting on November 13, 2013, approved changes to the non-union compensation plan in regard to the performance management program, specifically in regard to performance rewards, target allocations for performance review levels, and the width of the salary ranges for all salary grades.

This report recommends that the same changes be approved to the non-union compensation plan for the non-union employees of TPL, as were approved by Council for the City’s non-union employees.

## COMMENTS

The recommendations in this report are consistent with the decision taken by the Library Board at its meeting of April 29, 2013, that TPL non-union compensation plan continues to be implemented in accordance with the City of Toronto plan for its non-union employees. All of the recommendations in this report are the same as the recommendations approved by City Council on November 13, 2013, to change the non-union compensation plan for employees of the City of Toronto.

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). 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; (ii) a market-rate adjustment based on a review of comparable external markets in the Greater Toronto Area; and (iii) a merit performance-based re-earnable lump sum payment for employees at the top of the salary range.

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. TPL also adopted the City's pay grades.

Since the creation of the compensation plan, the Library Board has adopted all of the changes to the non-union compensation plan approved by City Council for City non-union staff, including: the performance management model; the market-rate adjustment; and changes to the merit performance-based re-earnable lump sum payment. TPL followed the City plan when there was a zero percent (0%) market-rate adjustment for non-union employees. The Library also adopted all changes to the non-salary components of the non-union compensation plan. For example, in 2004 Council changed the non-union sick credit accrual plan to a Short-term Disability Plan, and TPL adopted the same plan. In 2013, there were reductions to the medical and dental benefits for non-union employees at both the City and the Library.

In 2011 - 2012, the City undertook a review of the non-union performance management program, again using the Hay Group. The recommendation from that study included creating a performance level of 'Exceeds Expectations', with a performance reward of 3%; and a reduction in the performance reward for the performance level of 'Meets Expectations', from 3% to 2%. City Council adopted the changes to the performance management program in

July 2012; and the Library Board adopted the same changes for its non-union employees at its meeting on October 22, 2012. The changes were effective for January 1, 2013.

This report recommends two changes to the performance management program. The first recommendation changes two (2) of the four (4) performance levels in the 2014 performance management program: (i) in the 'Meets Expectations' category, the Performance Target Allocation is changed from 70% to 75%, and the Performance Rewards is changed from 2% to 2.5%; and (ii) in the 'Exceeds Expectations' category, the Performance Target Allocation is changed from 20% to 15%, and the Performance Rewards is changed from 3% to 4.5%.

The second recommendation is to reduce the span width (minimum to maximum) for each salary grade, but not change the maximum. City Council authorized City staff to take the necessary actions to implement the adjustments to the salary grades. The Library will adopt the new salary ranges for the non-union grades, when the new City salary grades are available from City staff.

These recommended changes to the performance rewards and salary grades address two (2) structural issues in the non-union compensation plan that impact TPL's competitiveness to attract and retain talent to the management group. The first issue is wage compression with the senior bargaining unit positions: the reduction in the span width of the entry-level manager positions will ensure there is no overlap with bargaining unit positions that report to the Managers. The second issue is the time-line for exempt staff to progress through the salary range: under the current performance rating levels and salary ranges it could take non-union employees up to twelve (12) years to move from the minimum to maximum of the salary range. The recommendations in this report relating to salary ranges and performance rewards will mean that employees move from the minimum to maximum of the salary ranges in seven (7) years, a more appropriate time-line and a positive outcome for employees. Also, the City has identified that the recommended performance rewards will positively impact the ability to create a 'performance culture that motivates superior performance'.

The third recommendation is the continuation of the merit performance-based re-earnable lump sum component of the non-union performance management program for employees who are at the top of their salary range.

The recommendations in this report ensure that the non-union compensation plan at TPL continues to be implemented in accordance with the City of Toronto's non-union compensation plan; and they ensure that TPL will be able to attract and retain talent to its management positions.

## **CONTACT**

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## **SIGNATURE**

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Jane Pyper  
City Librarian

Attachment 1: City of Toronto, Report to Employee & Labour Relations Committee and Executive Committee entitled *Non-Union Employee Compensation*, October 4, 2013.