



STAFF REPORT INFORMATION ONLY

11.

Non-union Compensation Model

Date:	June 11, 2008
To:	Employee and Labour Relations Committee
From:	City Librarian

SUMMARY

The Library Board directed staff to report to the Employee and Labour Relations Committee about the non-union compensation model.

This report explains each of the components of the non-union compensation model and the history of the model.

FINANCIAL IMPACT

This report has no financial impact on the 2008 Operating Budget.

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

DECISION HISTORY

At its meeting on February 25, 2008, the Library Board directed staff to report to the Employee and Labour Relations Committee about the non-union compensation program.

ISSUE BACKGROUND

The non-union employees of the Toronto Public Library have been compensated in accordance with City of Toronto compensation models since amalgamation in January 1998.

The first compensation model was in place on an interim basis, until the completion of a city-wide compensation review for management and exempt staff. The Library Board received an information report in May 2000 entitled *City-Wide Compensation Review of Management and Exempt Staff*. The report provided an overview of the components of the City of Toronto's proposed compensation plan for non-union staff.

The final components of a non-union compensation plan for City of Toronto employees were approved by City Council at its meeting on February 4 – 6, 2003.

On March 24, 2003, the Library Board approved the City model for non-union compensation for implementation at Toronto Public Library.

The components of the compensation plan are explained in the Comments section below.

COMMENTS

The non-union compensation model that the Library Board approved in March 2003 has three key components. They are:

- 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.

Each of these components is described in more detail below:

a) **Job Evaluation:**

The Library hired an external consultant to conduct its job evaluation of non-union jobs, up to the level of Director. The job evaluation was conducted using The Hay Method, which was customized for the Library jobs. The Hay tool was also used at the City of Toronto.

The job evaluation placed all of the Library non-union jobs into City-approved grades and salary ranges. The consultant then reviewed the salary grades and ranges to ensure that they were in compliance with Pay Equity legislation and principles.

The Pay Equity Plan for non-union employees was posted in February 2007.

b) **Performance Pay:**

Under the performance pay model, an employee's progression through the salary ranges is achieved at variable rates depending on her performance rating. There are three ratings: (i) the employee has achieved her performance objectives; (ii) the employee is still developmental in her position; and (iii) the employee has not achieved all objectives. The performance ratings and the corresponding salary increases are outlined in Attachment 1.

All non-union employees have a common performance appraisal date of January 1st. This common date allows for individual performance objectives to be linked to annual departmental business planning.

Another component of the performance pay model is the re-earnable lump sum award, for those employees who have reached the top of their salary range. The lump sum is based on the progression rates in Attachment 1, but is not added to the base salary.

The original performance pay model contained awards for exceptional performance; however this component of the model was never introduced at the City of Toronto or the Toronto Public Library.

c) Market-rate Adjustment:

The market-rate adjustment is a percentage increase applied to regular earnings to reflect increases in the cost of living. From 2000 to 2003, the City of Toronto used several methods to determine the recommended market-rate increase for a particular year, including information from the Conference Board of Canada and other employers. Since 2004, the increases have been linked to the cost of living increases negotiated by the Unions, although the rate increases are not always the same. City Council approves the market-rate adjustment for non-union employees at the City.

The Library Board approves the market-rate adjustment for the non-union employees at the Library. In the past, the Library Board has adopted the market-rate adjustment which City Council has approved for City of Toronto non-union employees.

The performance pay model also ties the market-rate adjustment for individual employees to the performance rating, as outlined in Attachment 1.

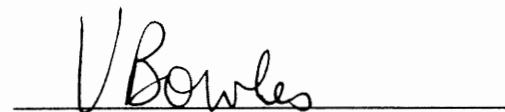
Benefits:

The benefits package for non-union employees of Toronto Public Library is the same as the package for non-union employees of the City of Toronto.

CONTACT

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SIGNATURE


for J. Bryant
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City Librarian

ATTACHMENT

Attachment 1: Performance Pay: Progression Rates through Pay Grades

Report #11 – Attachment 1

Performance Pay

Progression Rates through Pay Grades

Employee progression through the pay grade ranges is based on performance. There 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