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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