



STAFF REPORT ACTION REQUIRED

2014 and 2015 Non-Union Employee Compensation

Date:	May 6, 2013
To:	Employee & Labour Relations Committee Executive Committee
From:	City Manager Executive Director of Human Resources
Wards:	All
Reference Number:	

SUMMARY

This report provides recommendations to the Employee & Labour Relations Committee regarding non-union employees general annual salary increases, representing cost-of-living adjustments, for 2014 of 1.75% and for 2015 of 2.25% for all City of Toronto - Toronto Public Service non-union employees.

The Recommendations reflect the 2014 and 2015 wage increases for CUPE Local 79 and TCEU Local 416 that were approved by Council in 2012.

RECOMMENDATIONS

The City Manager and Executive Director of Human Resources recommend that City Council approve:

1. Effective January 1, 2014, 1.75% general annual salary increase, and effective January 1, 2015, a 2.25% general annual salary increase, both representing cost-of-living adjustments, for all non-union employees employed in the Toronto Public Service.
2. That the budget funding to implement recommendation 1 above be approved and staff be authorized to include such funding in the 2014 and 2015 Budgets and implement the recommendation.

Financial Impact

The total estimated financial net cost of the recommended general salary increases for management and non-union employees for the Tax and Rate Supported City Operations and Toronto Public Health is \$15,124,613 over the two-year period.

Table 1

2014 and 2015 Salary Increases Cost for All Non-Union Employees
(includes salary sensitive benefits cost)

Year	Cost of Living Adjustment	Gross Cost	Net Cost
2014	1.75%	\$8,444,067	\$6,552,596
2015	2.25%	\$11,046,413	\$8,572,017
Total Base Cost		\$19,490,480	\$15,124,613

Note: Net Costs factor in Provincial and Revenue/Rate recoveries

Funding for the general annual salary increases will be incorporated into the City of Toronto's 2014 and 2015 Operating Budgets.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

ISSUE BACKGROUND

City Council approves the budgets for the City of Toronto that includes the compensation funding, as per the Council approved non-union employee Compensation Policy, for all non-union employees in the Toronto Public Service.

In July 2012, City Council approved a 1.9% general annual salary increase for 2012 and 2013, representing cost-of-living adjustments, for all non-union employees including the senior management group.

City Council has previously approved CUPE Local 79 and TCEU Local 416 collective agreements with wages increases of 1.75% for 2014 and 2.25% for 2015.

The following chart provides a comparative summary of general annual salary increases for the Toronto Public Service - City of Toronto:

Table 2

Wage/Salary Cumulative Increases 2007 - 2015

Year	2007 - 2013	2014	2015	Cummulative Total (2007 – 2015)
CUPE Local 79	14.55% <i>plus 1.5% lump (2013)</i>	1.75%	2.25%	19.18% <i>plus 1.5% lump (2013)</i>
TCEU Local 416	14.55% <i>plus 1.5% lump (2013)</i>	1.75%	2.25%	19.18% <i>plus 1.5% lump (2013)</i>
Non Union Employees	14.31%			
Senior Management	11.10%			

COMMENTS

Council annually approves the budgets for non-union compensation including the general annual salary increases for all non-union employees.

High performing organizations must have comprehensive best practices compensation policies to optimize performance outcomes and effectively retain and attract high-performing non-union and senior management employees.

City Council's approved pay policy sets salaries to be at the 75th percentile of the GTA public sector market, however, the City has not maintained its non-union and senior management salaries at this policy level. In the past five years the City's compensation decisions for non-union employees have negatively impacted the City's position in its comparator market. Reviews undertaken by Mercer in 2008 and by the HayGroup in 2012 have clearly demonstrated that managers' salaries and most pronouncedly senior managers' salaries are significantly below the approved 75th percentile of the comparative market, and in fact are more closely aligned with the 50th percentile of this market.

Both CUPE Local 79 and TCEU Local 416 negotiated annual wage increases of 1.75% and 2.25% for 2014 and 2015 respectively, which were approved by Council in 2012.

The following chart provides a comparative summary of general annual salary/wages increases for the Toronto Public Service - City of Toronto including the proposed 2014 and 2015 cost-of-living increases for all non-union employees:

Table 3
Wage/Salary Cumulative Increases 2007 - 2015

Year	2007 - 2013	2014	2015	Cummulative Total (2007 – 2015)
CUPE Local 79	14.55%	1.75%	2.25%	19.18% <i>plus 1.5% lump (2013)</i>
TCEU Local 416	14.55%	1.75%	2.25%	19.18% <i>plus 1.5% lump (2013)</i>
Non Union Employees	14.31%	1.75%	2.25%	18.93%
Senior Management	11.10%	1.75%	2.25%	15.59%

The provision of similar general annual salary increases as approved for unionized employees ensures that increases in unionized salaries do not result in salary compression issues. In addition, it prevents differential treatment that negatively impacts morale, particularly as the non-union employee group is heavily relied upon and has willingly demonstrated its ability to effectively continue to provide key services to the public during emergency events and labour disruption. It ensures the City of Toronto remains competitive within the market place in order to retain and attract high performing professional and managerial employees at all levels of the organization.

SUMMARY

The recommendations contained in this report provide a 2-year schedule of general salary increases for all non-union employees. Adopting the recommendations will help to prevent further widening of the gap between City of Toronto non-union/management salaries and the salaries of those organizations in its comparator market. This is essential to ensure that the City of Toronto continues to be able to attract and retain a high-performing workforce, committed to providing excellence in service delivery.

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