

## **Options for Funding Council Staff Salary Increases**

<b>Date:</b>	October 5, 2012
<b>To:</b>	Employee and Labour Relations Committee
<b>From:</b>	Ulli S. Watkiss, City Clerk
<b>Wards:</b>	All Wards
<b>Reference Number:</b>	

### **SUMMARY**

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This report responds to the motion "that City Council direct the City Clerk and the Deputy City Manager and Chief Financial Officer to investigate ways to create a reserve account under the corporate accounts to deal with re-earnable bonus of City Councillors' staff ", approved by City Council during its discussion of EX21.18 "Non-Union Employee Compensation" at its meeting of July 11, 12 and 13, 2012, and seeks direction on this matter.

### **RECOMMENDATIONS**

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The City Clerk recommends that:

1. Employee and Labour Relations Committee consider and recommend to City Council Option A, B or C with regard to Councillor staff salary increases, as outlined in the report.

### **Implementation Points**

If City Council continues the current practice in Option A, City Clerk's Office staff will canvass City Councillors whose staff are currently at the top of their salary range to find out whether the Councillor wishes to proceed with awarding the re-earnable lump sum to their staff.

If City Council adopts an enhancement to the current practice in Option B, City Clerk's Office staff will canvass City Councillors with room in their Staffing Budget to find out whether the Councillor wishes to proceed with awarding a one-time lump sum to their staff.

If City Council adopts Option C, the 2013 City Council operating budget will be adjusted to reflect this requirement and will be considered as part of the 2013 operating budget process.

## **Financial Impact**

For Option A, the current practice, the financial impact in 2012 will be approximately \$12,000, for the six Council staff who are currently at the top of their salary range. This amount is included as part of the transfer of the cost of living adjustment from the non-program account to the City Council operating budget, similar to all other City programs.

For Option B, which is only available for Councillors with room in their Staffing Budget, there is no financial impact on the City Council operating budget.

For Option C, the Staffing Budget for each Councillor will be increased by 3 per cent in 2013. The salary and associated benefits impact for 44 Councillors will be \$356,350. The City Council 2013 operating budget will be adjusted to reflect this requirement and will be considered as part of the 2013 operating budget process.

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

## **DECISION HISTORY**

At its meeting on July 11, 12 and 13, City Council considered report EX21.18, "Non-union Employee Compensation" and approved "that City Council direct the City Clerk and the Deputy City Manager and Chief Financial Officer to investigate ways to create a reserve account under the corporate accounts to deal with re-earnable bonus of City Councillors' staff."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.18>

Councillors' staff is a unique sub-group of non-union City employees, hired as temporary contract staff. The conditions of employment for Council staff are described in a report to City Council in 2006, titled "Conditions of Employment – Council staff".

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl056.pdf>

## **ISSUE BACKGROUND**

### ***Councillor Staffing Budget and Council Staff Salary Range***

Each Councillor is provided with a Staffing Budget equivalent to the top of the range of an Executive Assistant, a Constituency Assistant and an Administrative Assistant, Level 2. Within this budget envelope, Councillors can hire staff into one of four job classifications

In 2012, the salary ranges for the four Councillor staff positions are:

Executive Assistant	\$ 43,188.60 to \$81,081.00
Constituency Assistant	\$ 35,526.40 to \$67,194.40
Administrative Assistant, Level 2	\$ 35,526.40 to \$67,194.40
Administrative Assistant, Level 1	\$ 27,172.60 to \$51,014.60

These salary ranges already incorporate the 1.9% cost of living adjustment Council approved for non-union employees. In 2012, each Councillor's Staffing Budget is \$216,298.53. Councillors who exhaust their Staffing Budget can use their Constituency Services and Office Budget to pay for staff salary overage.

### ***Councillor Staff Salary Increases***

In accordance with the Conditions of Employment for Council staff, Councillors can:

- Bring on new staff to their office and decide to start the staff at any level within the salary range.
- Decide to adjust the salary of the staff anytime after hiring and by any amounts.
- Decide on the effective date of the salary increase.
- Decide to move staff into more senior positions within the office any time.

Historically, where a re-earnable lump sum is available for City non-union staff, Council staff who are at the top of their salary range are also eligible for this lump-sum. Re-earnable lump sum is a component of the City of Toronto's Non-Union Compensation Policy. It is a one-time payment, applicable only to employees who are at the maximum of their salary range and does not increase the salary range.

## **COMMENTS**

City Clerk's Office staff consulted with Corporate Finance staff on the options to enhance the capacity of Councillors to increase the salary of their staff.

### ***Use of Reserve Accounts***

Reserve accounts are established by Council to set aside funds for major items, including funds for large, rare or unanticipated events which, if attributed to the operations, would overwhelm the normal operating budget.

Reserves and Council Directed Reserve Funds are not created to cover regular, relatively easily predicted expenditures such as salaries, equipment rentals, training or a variety of annual operational requirements. Employee salary increases do not qualify as such events. Divisions are expected to budget for salary increases and re-earnable lump sums, especially now that the compensation regime provides some guidelines for the annual projection of the total amount of such payments.

In past years, where re-earnable lump sums were available to non-union City staff, including Council staff, the funds required have been included in the Council General Expense Budget.

As there is already a funding mechanism for awarding re-earnable lump sum for Council staff through the operating budget of City Council, the City Clerk and the Deputy City Manager and Chief Financial Officer are not recommending creating a separate reserve account to fund Council staff salary increases.

### ***Options for Councillors to Increase Salary of Staff***

There are three options for consideration by Employee and Labour Relations Committee:

#### **Option A – Continue Current Practice**

Current practice for Council staff salary increases comprises the following components:

- Councillors can increase their staff salary any time during the year, for any amount, as long as the resulting salary is within the salary range of the classification.
- Councillors can award a re-earnable lump sum of up to 3% to staff who have reached the maximum of their salary range.
- Councillors can decide on the effective date of the salary increase within the calendar year.
- All salary decisions are at the sole discretion of the Councillor.
- Salary increases for staff is funded from the Councillor's individual Staffing Budget.
- If a Councillor's staff salary expenditure exceeds the Staffing Budget envelope, the Councillor can choose to use their individual Constituency Services and Office Budget to fund staff salary overages.
- Funding for the re-earnable lump sum is from Council General Expense Budget, not the Councillors' individual Staffing Budget.

Under this option, six Council staff who are at the top of their salary range will be eligible to be awarded the re-earnable lump sum. Salary increases for all other Council staff will continue under the current regime.

### Option B — Continue Current Practice with one enhancement

Under this option, all policies of Option A apply. In addition, if a Councillor has budget room in their Staffing Budget, they can award a one-time lump sum for up to 3% to their staff. This lump sum is entirely funded from the Councillors Staffing Budget.

### Option C- Increase Capacity of Councillor' Individual Staffing Budget to Create Room for Salary Increase

Currently, Councillors can choose to award salary increases to their staff if they have room in their Staffing Budget, or wish to use part of the Constituency Services and Office Budget to fund staff salary overages. However, if Councillors hire more than three staff in their offices in order to meet operational demands, they are limited by the budget envelopes and are often not able to increase the salary of their staff.

The motion directed staff to investigate ways to create additional capacity to fund Councillor staff salary increases. The simplest method to address this is to increase the Councillor's individual Staffing Budget to create the capacity.

Under this option, the Councillor's individual Staffing Budget will be increased by 3 per cent each year in addition to the regular cost of living adjustment. This additional increase will allow Councillors who have exhausted their Staffing Budget and do not have capacity in their Constituency Services and Office Budget to still be able to award a salary increase to their staff.

A 3 per cent adjustment of the Councillors' Staffing Budget, with its associated benefits impact, will be \$356,350. If Employee and Labour Relations Committee recommends and City Council adopts this option, the Councillors' Staffing Budget in the City Council 2013 operating budget will be adjusted to reflect this requirement.

### **CONTACT**

Winnie Li  
Director, Council and Support Services  
416-392-8676  
wli@toronto.ca

### **SIGNATURE**

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Ulli S. Watkiss  
City Clerk