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## **2016 OPERATING BUDGET BRIEFING NOTE**

### **Progression Pay for Non-union Employees**

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#### **Issue:**

This Briefing Note responds to a request from Budget Committee for detailed information on the financial impact of progression pay for non-union employees forecasted for 2016.

#### **Background:**

- The Council approved Non-union Compensation and Performance Management System includes a performance-based salary progression, which allows employees to progress through their salary grade range, from range minimum to maximum, based on individual merit/performance.
- Under the current performance management system in the Toronto Public Service, it takes the majority of employees, based on a performance rating of '*meeting expectations*', seven (7) years to move from the minimum of the salary range to the salary range maximum, which is the competitive job rate. As identified in previous external consultants' reviews, this is an excessive length of time for an employee to achieve the job rate of their position (and is not in keeping with best practices followed by other organizations in the broader public sector).
- A competitive compensation program includes salary progression and merit performance rewards and is critical for driving a high-performing workforce, for optimizing organization performance, and for being able to effectively recruit and retain talent.

#### **Key Points:**

- As at January 11, 2016, there are approximately 4600 active non-union employees in City Programs and Toronto Public Health who would be eligible for a performance payment in 2016.
- Approximately 50% of the active non-union workforce are progressing through their salary ranges and would be eligible for progression pay in the form of base salary adjustments, and approximately 50% of the non-union workforce are at the maximum of their salary range and are eligible to receive a merit-based re-earnable lump sum reward, dependent upon their performance rating.
- The projected total cost of performance payments for 2016 is approximately \$12.8M
- Performance payments are added to base salary for those employees moving through the range, and provided as lump sum payment for those at the maximum of the range.

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