



**For Action
with Confidential Attachment**

TTC Non-Union Salary Updates

Date: April 12, 2023
To: TTC Board
From: Chief of Diversity & Culture

Reason for Confidential Information

This report is about labour relations or employee negotiations.

Summary

The TTC has 16,291 employees, comprised of both union and non-union staff. Approximately, 23% of employees are non-union staff and, on a regular basis, the TTC Board approves Cost of Living Adjustments (CoLA) for all non-union staff.

Approval is being sought from the TTC Board to approve a 2.0% CoLA for non-union employees for 2023 and changes to the staff benefit plan. The 2.0% CoLA for 2023, aligns to 2023 CoLA decisions made at comparator municipalities and both the CoLA and benefits plan change align with the results of last year's interest arbitration for ATU 113 (TTC's largest bargaining unit).

Recommendations

It is recommended that the TTC Board:

1. Approve a Cost of Living Adjustment of 2.0% for non-union staff levels 1 through 17, effective January 1, 2023.
2. Approve changes to the staff benefit plan for non-union staff as detailed in Table 3 of this report.
3. Authorize the information contained in the confidential attachment to remain confidential in its entirety as it relates to labour relations or employee negotiations.

Financial Summary

In alignment with the results of ATU 113's (TTC's largest bargaining unit) interest arbitration award in 2022, this report recommends that staff receive a 2.0% increase effective January 1, 2023, as well as improvements to health benefits, an increase in clothing and footwear allowances, partially offset by freezing Sunday Premium at 2022 rates. All changes are consistent with changes made for ATU 113 employees. The

following table summarizes the costs of these recommended changes for staff employees.

Table 1: 2023 Staff COLA and Recommended Benefit Changes

Item (\$ Millions)	Operating	Capital	Total
2% COLA Adjustment	7.0	3.4	10.4
Health Benefit Plan Changes	0.3	0.1	0.4
Safety Footwear and Clothing Allowances	0.1	-	0.1
Total	7.4	3.5	10.9

Sunday premium payments which were previously 25% of base wage rate, will be fixed at 2022 rates. This adjustment will avoid costs of \$35,500 in 2023 and the value of the associated future cost avoidance will increase with future cost of living wage increases.

Funding for the 2.0% non-union staff Cost of Living Adjustment, benefit and allowance changes as outlined above, is included in the 2023 Operating Budget and 2023-2032 Capital Budget and Plan approved by the TTC Board at its meeting on January 9, 2023 and by City Council on February 15, 2023.

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

Equity/Accessibility Matters

The agreements and associated terms and conditions of employment are applied equitably to all non-union employees and there are no identified impacts on accessibility or equity matters.

The TTC recognizes the importance of fair pay, taking action, being responsive and reflecting the communities we serve. To do so, we acknowledge the history of systemic racism and bias and are committed to implementing targeted initiatives to create an organizational culture that is fair, equitable and inclusive, offers respect and dignity for all employees, and is free from all forms of harassment and discrimination through an Equity, Diversity, Inclusion and Accessibility framework.

Decision History

In March 2017, the TTC's Human Resources and Labour Relations Committee provided an update on the development of a Pay-for-Performance based salary administration program for non-union employees.

Report: [Salary Administration Policy](#)

At its meeting on January 24, 2019, the TTC Board considered a report entitled [Interest Arbitration Results and Non-Union Benefits/Cost of Living Adjustment](#), and in doing so, requested that staff report back on opportunities to distinguish the non-union employee group with regards to compensation and benefits, with consideration to a trial for salary levels 13-18.

Decision: [Interest Arbitration Results and Non-Union Benefits/Cost of Living Adjustment](#)

In July 2021, City Council directed the City Manager to complete an independent external review of executive compensation policies and practices at the City of Toronto's Agencies and Corporations and to report back by the fourth quarter of 2021. The City Manager was also requested to include a review of executive compensation for the City's Agencies and Corporations with appropriate updates to the City's policy framework adopted by City Council in 2014, in accordance with current leading industry practice. See [EX25.13 - Toronto Hydro Corporation - Annual General Meeting and 2020 Audited Financial Statements](#)

At its meeting on April 14, 2022, the TTC Board considered a report entitled [TTC Collective Bargaining and Non-Union Salary Updates](#). The Board authorized the CEO to apply compensation increases to salary levels 1-15 for 2022, consistent with the City of Toronto's compensation for management/non-union staff that comprises both CoLA and pay for performance effective January 1. The Board further requested that staff report back in Q1 2023 on the development of a pay for performance program for the TTC, including an executive performance program for salary levels 16 - 18.

[Decision – TTC Collective Bargaining and Non-Union Salary Updates](#)

Issue Background

In March 2017, the TTC's Human Resources and Labour Relations Committee provided an update on the development of a Pay-for-Performance based salary administration program for non-union employees. In addition to the request for an overall pay for performance plan, in 2019, the Board requested the TTC report back on opportunities to distinguish compensation and benefits for salary levels 13-18 (Directors, Heads, Chiefs and the CEO).

As a result of the pandemic's impact on the pay for performance program and development of performance management systems, progress stalled.

TTC staff economic increases were also suspended for April 1, 2020, per City Council direction in response to financial challenges experienced during the onset of COVID-19. The TTC Board suspended economic increases in 2021 as well. However, last year, the Board reinstated and authorized the TTC Chief Executive Officer to apply compensation increases to levels 1 to 15 for 2022, consistent with the City of Toronto's compensation for management/non-union staff that comprises of both CoLA and pay for performance effective January 1.

The Board further requested that staff report back in Q1 2023 on the development of a pay for performance program for the TTC, including an executive performance program for salary levels 16 - 18.

An initial internal review of non-union salary models and findings were presented to the Board in February and April 2022. Later in 2022, the TTC Board reinstated the Human Resources (HR) Committee and expanded the Committee's mandate.

In February 2023, the TTC received the independent external review of executive compensation policies and practices at the City of Toronto's Agencies and Corporations *Reference Information on Executive Compensation*, from the City of Toronto.

The TTC is currently in the process of analyzing that information included in the *Reference Information on Executive Compensation* received by the TTC in February 2023, and determining next steps.

Approval is being sought from the Board to provide 2.0% CoLA for non-union staff levels 1 through 17, for 2023, to align with CoLA increase for ATU 113, included in the most recent interest arbitration award. This increase is to address attraction and retention challenges, compression, base pay disparities, and allows TTC to provide fair pay, for non-union staff, aligned to union members.

Comments

Talent and Compensation Insights

The TTC has 16,291 employees, comprised of both union and non-union staff. Approximately, 23% of employees are non-union staff.

For the non-union staff, 56% are at the maximum of their pay band and 68% of the senior management team (11SA+) staff are eligible for retirement in 2023. The average age of a TTC employee is 45 years old, with 10.5 years of service.

As we modernize and transform, we have seen the introduction of six new skillsets over the last few years and an emerging need for new expertise. New talent with in-demand skill-sets are required.

Specifically:

- Cyber Security
- Data & Analytics
- Commercial Management
- Asset Management
- Innovation & Sustainability (Renewable Energy, Sustainable Innovation)
- Diversity & Culture

Further to the above, the TTC is not the only employer in the market for the above talent and skillsets. The talent landscape is changing externally as well.

Based on **Mercer**, a leader in Human Resources consulting, employers are using innovative strategies to deal with the changing talent landscape. Over 53% of employers are using off-cycle increases to combat retention concerns and, 55% have made adjustments to their salary structures. Employers are using these strategies for reasons related to the following areas:

- Inflation;
- Counter-offers;
- Competitive pressures;
- Internal inequity; and

- Market adjustments, etc.

Similar to the findings highlighted in the Mercer Survey, municipal and transit peers are also leveraging off-cycle increases, CoLA and adjustments.

Cost of Living Adjustments are the standard tool utilized by employers to address inflation. In 2023, the TTC conducted an external market scan to understand what the City of Toronto and other transit organizations in the province were doing to address Cost of Living Adjustments. Table 2 displays the results of that scan.

Table 2: Comparator Scan, Cost of Living Adjustments

City of Toronto	Metrolinx	City of Mississauga	York Region	City of Brampton	City of Vaughan
1.75%	1% to range	2%	2%	2%	2%

Over the last 15 years, additional worker groups have opted for unionization and although many factors contribute to choosing to unionize, wages are often cited as a factor in the decision-making process. Here are some of the unions that have formed:

- ATU Local 113 – Customer Service Centre
- CUPE Local 470 – Surface Operations Supervisor

Approval is being sought from the TTC Board to allow fair pay for all TTC employees and maintain its ability to attract and retain the best talent, in this changing landscape.

Benefits

To align with benefit improvements awarded to ATU 113, in the most recent interest arbitration award, adjustments to the staff benefit plan and for eligible employees, clothing and safety footwear allowances are proposed as outlined below.

Table 3: Proposed Benefit Changes

<ul style="list-style-type: none"> • Psychological benefits to be increased by \$500/year, to a maximum of \$2000 • Hearing aid entitlement to be changed to \$3000 every three years, instead of \$1000 annually • Bereavement leave to be increased from four days to five days for the death of an employee's: <ul style="list-style-type: none"> - current spouse, including common-law or same-sex spouse - child, including adopted - step-child - unborn or stillbirth baby, born without any signs of life at or after 20 full weeks of pregnancy • Safety Footwear Voucher entitlement to be increased by \$40 (current entitlement varies based on role) • Clothing Voucher entitlement to be increased by \$40 (current entitlement varies based on role) • Paramedical benefits to include coverage for chiropody • Vision care and eye exams are currently consolidated and capped at \$500; the change would increase the vision care cap by \$50 for a total of \$550, and offer an additional \$50 for the eye exam itself every two years. • Sunday Premium frozen at 2022 pay rates Employees are currently entitled to one and a quarter times their regular rate of pay when working on Sundays. Entitlement to Sunday Premium would be based on 2022 rates going forward.

Executive Compensation

The Board continues to require the TTC to distinguish the non-union employee group with regards to compensation and benefits, starting with the executive team. Below is a timeline of events over the past 12 months.

Date	Action
April 2022	<ul style="list-style-type: none"> • Board authorized the CEO to apply compensation increases to levels 1 to 15 for 2022, consistent with the City of Toronto's compensation for management/non-union staff that comprises of both CoLA and pay for performance effective January 1, 2022.
May 2022	<ul style="list-style-type: none"> • TTC establishes Human Resources Committee
Dec 2022	<ul style="list-style-type: none"> • Human Resources Committee mandate re-affirmed and mandate expanded.
February 2023	<ul style="list-style-type: none"> • TTC receives independent external review of executive compensation policies and practices at the City of Toronto's Agencies and Corporations <i>Reference Information on Executive Compensation</i>, from the City of Toronto.

The TTC is working to analyze the independent external review of executive compensation policies and practices at the City of Toronto's Agencies and Corporations *Reference Information on Executive Compensation*, received from the City of Toronto in February 2023. Once reviewed, the TTC will report back to the Board on next steps, including a compensation review and development of a Pay-for-Performance program based salary administration program for non-union employees, including executives.

Conclusion

The recommended CoLA of 2.0% will minimize the impacts of compression, a changing talent landscape, and allow the TTC to offer equitable and fair pay aligned with the largest union settlement ATU 113, and municipalities.

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Attachments

Confidential Attachment 1 – TTC Non-Union Salary Updates