



COMMITTEE REPORT INFORMATION ONLY

Salary Administration Policy – Step-Rate Increases

Date:	September 24, 2015
To:	Human Resources & Labour Relations Committee
From:	Chief Executive Officer

Summary

At its meeting on September 10, 2015, the Human Resources & Labour Relations Committee requested the TTC Salary Administration policy, specifically the excerpt related to the administration of Step-Rate-Increases for Staff employees.

This request was spawned by the current review being conducted by the Hay Group Consultants, of the TTC's Executive Compensation program.

Financial Impact

There are no financial implications associated with this report.

Accessibility/Equity Matters

There are no accessibility or equity issues associated with this report.

Comments

The TTC's current salary administration policy (*HR Policy 4.16.4 Salary Administration & Treatment*) outlines the details of step-rate-increases for staff employees in Section 8.4 (noted below).

Anniversary (Step-Rate) Increases

The salary program is designed to reward contribution through increases based on individual performance. Increases are not automatic. Employee performance evaluations are based solely on performance and the results employees achieve. Contingent upon satisfactory performance, supported by an Employee Performance Appraisal (EPA), staff employees receive step-rate increases within the salary range established for their position. One step-rate increase is normally received annually until an employee reaches

the job rate (maximum) of the salary range.

Increases of more than one step and/or accelerated step-rate increases must be approved by the Executive Director - Human Resources.* Requests for consideration (including the timing of future step-rate increases) must be forwarded by the department to the Executive Director - Human Resources* with sufficient rationale and supporting documentation together with the concurrence of the department head. (*current title, *Chief People Officer*).

Where a decision has been made to withhold a step-rate increase, Employee Relations must be notified and concur to this action being taken. Once concurrence is received, the department is responsible for communicating this information in writing to the employee affected along with the reasons why this action has been taken and date of subsequent consideration for a step-rate increase. The department is also required to complete the Step Rate Increase - Denied Form to be forwarded directly to Payroll and Benefit Accounting, Finance Department.

Employee anniversary review dates are established as follows:

Regular and Temporary Full-time Employees

Normally the anniversary date of employment (most recent) or promotion is the review date for the next step-rate increase in the position, unless otherwise agreed by Compensation & Benefits in consultation with the department head.

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Attachments

- 1) TTC Human Resources Policy 4.16.4, *Salary Administration & Treatment*.
- 2) The report EX44.8 *Executive Compensation Policy at City Agencies and Corporations* including Attachment 1 can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.E44.8>



Friday , September 18, 2015

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4.16.4 Salary Administration and Treatment

1.0 RESPONSIBILITY

Executive Director - Human Resources

2.0 PURPOSE

2.1 To establish a salary administration program that maintains levels of compensation that are internally equitable, fair and externally competitive, and financially feasible.

2.2 To set salary grade levels which will enable the TTC to recruit, retain, and develop qualified staff.

2.3 To establish a consistent Commission-wide approach and guidelines for the administration of our compensation programs for non-unionized employees.

3.0 GENERAL

3.1 Management and supervisory staff are required to become thoroughly familiar with established guidelines to ensure adherence and equitable application of same.

3.2 Clarification of salary administration issues is available through Compensation & Benefits, Human Resources Department.

3.3

Management must not make any commitments to employees or prospective employees regarding salary level until all appropriate approvals have been obtained.

4.0 COMPENSATION PHILOSOPHY

The Commission's compensation philosophy strives to ensure fair and competitive salaries. The comparator group used in establishing the Commission's salary grades includes public sector and large unionized organizations in relevant sectors.

5.0 DEFINITIONS

- 5.1 Demotion A demotion is the movement of an employee to a position in a lower-level salary grade. This may be through an employee's documented unacceptable job performance, at an employee's request, or through an employee voluntarily applying for a position in a lower-level salary grade.
- 5.2 Downgrade A downgrade is the reclassification of an existing job to a lower-level salary grade as a result of job evaluation.
- 5.3 Lateral Move A lateral move occurs when an employee is transferred or voluntarily applies into another position at the same salary grade level as their former position.
- 5.4 Promotion A promotion is the movement of an employee to a position in a higher-level salary grade.
- 5.5 Salary Grade A salary grade is a band of pay established to ensure fairness and equity

for positions that are grouped together (through the job evaluation process) in the same grade level and have comparable value to the organization. This does not mean that the positions are exactly the same, but rather that their overall value to the organization is similar. Positions in the same salary grade level typically have the same pay opportunities, if hours of work and competitive external markets are the same. The Commission currently has eighteen (18) salary grade levels for staff employees.

- 5.6 Salary Ranges Positions having similar value to the organization receive similar salary opportunities subject to hours of work, competitive marketplace or other related issues. Salary ranges exist for staff positions in the Commission. The job rate represents the top-of-the salary range. Subject to policy guidelines, employees whose salaries have reached the job rate (maximum) usually reflect individuals who are performing at levels that consistently satisfy all the requirements of the position and have extensive skills, knowledge and experience. The lower portion of the salary range usually reflects a developmental level of performance, the pay for new hires or employees still gaining experience in the job. Normally, an individual's position within the salary range reflects a combination of relevant skills, knowledge, experience and performance in the job.

5.7

Surplus Employee A surplus employee is an employee whose position was eliminated as a result of a re-organization and/or downsizing. As a result, the employee has been given formal notice of termination and an offer of severance monies and/or alternate work.

- 5.8 Upgrade An upgrade is the reclassification of an existing job to a higher-level salary grade as a result of job evaluation.

6.0 GENERAL SALARY ADJUSTMENTS

General economic adjustments may be made to salary ranges in response to changing conditions in the labour market, within the limits of the TTC's budget, and are subject to established approval processes. General economic adjustments are not automatically applied to an individual's salary.

7.0 SPECIAL PAY

In addition to general salary adjustment and step-rate increases, the organization may consider pay adjustments to address unusual market demand or compression issues. Business cases may be developed by departments and presented to Compensation & Benefits for review, consideration and concurrence. Recommendations are then brought forward to the senior management group for final approval normally via the Staff Summary Sheet process.

8.0 ADMINISTRATIVE PROCEDURES AND GUIDELINES

Salary administration procedures and guidelines are outlined below. The eligibility of benefits is related

to employee status and position levels (see Employee/Pensioner Benefit Eligibility Provisions Policy).

8.1 New Employees

8.1.1 Placement on the position's salary range is determined by Compensation & Benefits in consultation with the hiring department. When determining the start rate for a new employee, recognition for knowledge, skills and experience may be granted. The hiring department's recommendation is included on the Employee Selection Form.

8.1.2 In the event a potential candidate does not have the qualifications to meet the position's minimum requirements and anomalous can be established below the minimum rate of pay for the job. Compensation & Benefits is to be consulted regarding the employee's initial rate in the position and the timing for increases to reach the minimum rate for the job. All such arrangements are to be documented in the offer letter after the concurrence of Compensation & Benefits has been obtained on the Employee Selection Form.

8.2 Co-op Student and Summer Student Rates

Student co-op and summer student rates are established by Compensation & Benefits who will consult with Employment Services, Human Resources Department to ensure appropriate criteria is applied.

8.3 Establishment of a New Position

8.3.1 Upon approval of a new position via the budget or Staff Summary Sheet Process, Compensation & Benefits will establish an appropriate salary grade level through a formal job evaluation review process. Titles for new positions will be established with input from the department. Where the job title is to be subsequently changed, the approval of the Chief General Manager is required for management positions at salary levels 10 to 18, with the exception of housekeeping changes (see Guidelines to Initiate Workforce Requests/Changes).

8.3.2 It is the responsibility of the department concerned to ensure that a draft position description is provided for review, evaluation and finalization by Compensation & Benefits.

8.3.3 Once a draft position description has been received and reviewed, a preliminary salary grade level may be established by Compensation &

Benefits for posting and/or recruitment purposes until such time a formal job evaluation review can be completed.

8.4 Anniversary (Step-Rate) Increases

The salary program is designed to reward contribution through increases based on individual performance. Increases are not automatic. Employee performance evaluations are based solely on performance and the results employees achieve. Contingent upon satisfactory performance, supported by an Employee Performance Appraisal (EPA), staff employees receive step-rate increases within the salary range established for their position. One step-rate increase is normally received annually until an employee reaches the job rate (maximum) of the salary range.

Increases of more than one step and/or accelerated step-rate increases must be approved by the Executive Director - Human Resources. Requests for consideration (including the timing of future step-rate increases) must be forwarded by the department to the Executive Director - Human Resources with sufficient rationale and supporting documentation together with the concurrence of the department head.

Where a decision has been made to withhold a step-rate increase, Employee Relations must be notified and concur to this action

being taken. Once concurrence is received, the department is responsible for communicating this information in writing to the employee affected along with the reasons why this action has been taken and date of subsequent consideration for a step-rate increase. The department is also required to complete the Step Rate Increase - Denied Form to be forwarded directly to Payroll and Benefit Accounting, Finance Department.

Employee anniversary review dates are established as follows:

8.4.1 Regular and Temporary Full-time Employees

Normally the anniversary date of employment (most recent) or promotion is the review date for the next step-rate increase in the position, unless otherwise agreed by Compensation & Benefits in consultation with the department head.

8.4.2 Regular and Temporary Part-time Employees

Eligibility for step-rate increases is as outlined above and based on a regular and fixed work week for part-time employment. Hours worked beyond the regular and fixed work week do not contribute to step-rate increase eligibility. Part-time employees are eligible for step-rate increases at the same percent as

that of the equivalent full time position, i.e. this means that part-time employees whose hours of work equate to half of the position's full hours will become eligible for step-rate increases every two years.

8.4.3 Casual Part-time Employees

Casual part-time employees are eligible for step-rate increases pro-rated for the monthly average of hours worked.

8.4.4 Employees on a Leave of Absence Without Pay (Inactive Status)

When a normally scheduled step-rate increase is to be granted to an employee, and that employee is off work due to an approved leave of absence (e.g. maternity, parental, family medical, LTD, WSIB, or personal leave) the increase becomes effective the date the employee is placed back on the active payroll. The employee's anniversary review date for future step-rate increases normally does not change.

If an employee's performance prior to the leave was not satisfactory or the timing/length of the leave did not allow sufficient time to

evaluate performance and a decision has been made to withhold the step rate increase, the department is responsible for communicating this information in writing to the employee affected together with the reasons for the action taken and the date for subsequent consideration for a step-rate increase. Employee Relations must be notified and concur prior to this action being taken.

8.5 Promotion

8.5.1 An employee who is promoted to a position in a higher salary grade level will normally receive an increase in pay. Normally, promotional increases range from 5 to 10% and should result in placing the employee's salary on an appropriate step within the salary range of the higher position. Since standard work weeks may vary, an employee's regular hourly base rate is normally used when determining promotional increases. Such an adjustment is to be paid effective the date that the employee is promoted as detailed in the approved Employee Selection Form. Any deviation must be approved by the Executive Director - Human Resources or designate.

8.5.2 In the event of a promotion where the employee does not have the qualifications to meet the position's minimum requirements, an anomalous rate will be established below the minimum rate of pay for the job. Compensation & Benefits is to be consulted regarding the initial rate to be paid and the timing for increases to reach the minimum rate for the higher-level position. All such arrangements are to be documented by the department concerned after the concurrence of Compensation & Benefits has been obtained on the Employee Selection Form.

In such cases, the anniversary review date for future step-rate increases will be the date the employee has reached the minimum rate.

8.5.3 The anniversary review date for step-rate increases of a newly promoted employee will be changed to coincide with the effective date of the promotional move, with the exception as noted above.

8.5.4 It is the responsibility of the department concerned to initiate the Employee Selection Form process.

8.5.5 Once the promotion has been approved and the employee accepts the promotion on the job offer letter, the employee's job and salary change are documented using a Change of Rate and Transfer Card initiated by the department, or by the Support Services Department on behalf of designated Operations Departments concerned, and accompanied by a copy of the approved Employee Selection Form.

8.6 Upgrades

8.6.1 Upon notification of an upgrade by Compensation & Benefits the department concerned must immediately initiate a Staff Summary Sheet in order to obtain approval for the upgrade and prior to communicating the result to the incumbent(s).

The effective date of a salary adjustment for an upgrade will be the first Sunday immediately following the date that the Staff Summary Sheet seeking approval for the upgrade was signed by the Chief General Manager or another date as set out and explained in the approved Staff Summary Sheet.

Retroactive payments will be made to the

employee from the date the position review request was approved by the Executive Director Human Resources. The calculation for retroactive payment is based on the employee's standard work week (excluding overtime and premiums) and will be pro-rated where applicable taking into consideration inactive periods of work.

8.6.2 An employee whose position has been upgraded will normally receive an increase in pay between 5 to 10%. Compensation & Benefits should be consulted regarding any salary adjustment for an upgrade once approval has been received. Should the recommended increase be more than 5 to 10%, approval must be obtained from the Executive Director - Human Resources or designate.

8.6.3 The anniversary review date for step-rate increases of an employee whose position is upgraded will normally not change. If an employee was at the maximum rate in the lower-level salary grade and is moved onto a step in the higher salary grade that is not the maximum rate then the effective date of the upgrade, or where applicable, the effective

date of the retroactive pay becomes the employee's new anniversary date.

8.6.4 Once an upgrade has been approved, changes to the employee's job and salary are documented using a Change of Rate and Transfer Card initiated by the department, or by the Support Services Department on behalf of designated Operations Departments, and must be accompanied by a copy of the approved Staff Summary Sheet.

8.6.5 For Upgrades during Substitutions - see the Substitution Pay - Staff Policy.

8.7 Lateral Move

8.7.1 An employee who moves laterally from one position to another will not receive an increase in pay. Eligibility for step-rate increases is on the anniversary review date held in the former position and documented on an Employee Selection Form. Any recommended deviation must be approved by the Executive Director - Human Resources or designate.

8.7.2 Approval from the Executive Director - Human Resources is required in order to place an employee into a lateral position for a

regular budgeted position above the salary grade 11 level. It is the responsibility of the department concerned to initiate the Employee Selection Form process.

8.7.3 Once a lateral move has been approved, the change to the employee's job is documented using a Change of Rate and Transfer Card initiated by the department concerned, or by the Support Services Department on behalf of designated Operations Departments.

8.8 Demotion

8.8.1 All demotions must be approved by the Executive Director - Human Resources. Salary treatment for employees in demotion situations will be determined by Employee Relations in consultation with Compensation & Benefits. An employee's qualifications and current/new hours of work may be considered.

8.8.2 The normal Employee Selection Form process is followed for employees who voluntarily apply for and are recommended for placement into regular budgeted lower-level positions.

As appropriate, the employee will maintain

their current annual salary if that rate is within the salary range of the lower-level position. The employee's anniversary review date for their next step-rate increase will not change. The date will remain the same as it was when the employee was in the higher salary grade level and the employee will be considered for step-rate increases within their new salary grade level.

Also, as appropriate if the employee's current annual salary is higher than the maximum of the lower salary group, the employee's salary will be adjusted to the maximum rate of the lower salary group at the time of transfer.

- 8.8.3 Once the demotion has been approved, the employee's job and salary change (where applicable) are documented using a Change of Rate and Transfer Card initiated by the department concerned, or by the Support Services Department on behalf of designated Operations Departments and must be accompanied by a copy of the approved Employee Selection Form or authorization.

8.9 Downgrade

- 8.9.1 Upon notification of a job evaluation

downgrade by Compensation & Benefits the department concerned must immediately initiate a Staff Summary Sheet in order to obtain approval for the downgrade.

8.9.2 The effective date of the downgrade will be the first Sunday of the pay period, immediately following the date that the Staff Summary Sheet was signed by the Chief General Manager, or another date as set out and explained in the approved Staff Summary Sheet. Please refer to the applicable payroll schedule available from Payroll and Benefit Accounting, Finance Department for specific pay period ending dates.

8.9.3 Salary treatment for employees in downgrading situations will be determined by Employee Relations in consultation with Compensation & Benefits.

Normally, an employee whose position is downgraded will maintain their current annual salary if that rate is within the salary range of the lower-level salary grade. The employee will maintain their original anniversary review date and be eligible for step-rate increases within

the lower-level salary grade.

8.9.4 Compensation & Benefits, in consultation with Employee Relations, will prepare a letter and salary profile for the department to present to the affected employee informing the employee of the downgrade and outlining the salary treatment.

8.9.5 Once a downgrade has been approved, changes to the employee's job and salary change (where applicable) are documented using a Change of Rate and Transfer Card initiated by the department concerned, or by the Support Services Department on behalf of designated Operations Departments, and must be accompanied by a copy of the approved Staff Summary Sheet.

8.9.6 Downgrades during Substitutions - See Substitution Pay - Staff Policy.

8.10 Surplus Employee

8.10.1 Salary treatment for employees in surplus situations will be determined by Employee Relations in consultation with Compensation & Benefits.

8.10.2 Salary adjustments for a surplus employee are documented using a

Change of Rate and Transfer Card initiated by the department concerned, or by the Support Services Department on behalf of designated Operations Departments.

9.0 EMPLOYEES COVERED BY UNION AGREEMENTS

Consult the appropriate union agreement and/or applicable wage administration policy for details.

10.0 REFERENCE SOURCES

- Career Development Policy
- Change of Rate and Transfer Card (Form No. 800176)
- Collective Agreements
- Discipline Policy
- Employee/Pensioner Benefit Eligibility Provisions Policy
- Employee Performance Appraisal Policy
- Employee Selection Form (No. 514)
- Employment Policy
- Guidelines to Initiate Workforce Requests/Changes
- Inactive Status Policy
- Leave of Absence Policy
- Payroll Schedule
- Staff Summary Sheet Policy
- Stand-by and Call-in Pay Policy
- Substitution Pay - Staff Policy

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