



STAFF REPORT ACTION REQUIRED

Salary Administration Policy

Date:	June 20, 2016
To:	Human Resources & Labour Relations Committee
From:	Chief Executive Officer

Summary

At its meeting on September 24, 2015, the Human Resources & Labour Relations Committee received a report for information, regarding the TTC Salary Administration policy, with specific reference to the section related to the administration of step-rate-increases for staff employees.

The Committee received the report for information and requested staff to undertake a review of the salary step rate increase process, including options available for exemplary performers, within a cost-neutral framework.

Recommendations

It is recommended that the Board:

1. Receive this report for information.

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

Staff determined that there are a number of challenges that will face the TTC if it attempts to implement a cost-neutral pay-for-performance system based on its current 6-step salary ranges:

- Each step-rate-increase in the current salary structure is approximately equal. Therefore, multiple steps would have to be applied in order to award and differentiate exceptional performers. The resultant increases would be of exceptional magnitude, and uncommon among public sector comparators (i.e. the City). Increases of this magnitude are requested and approved on an exceptional basis (i.e. approximately 5 to 10 per year)
- The current step-rate structure, the annual salaries associated with each level, and how one progresses to the top step is widely understood by employees and generally expected in return for satisfactory performance.
- Currently, 78% of TTC non-union employees are at Step 4, or higher, of a 6 Step salary range. 61% are at Step 6, or higher. Awarding a reasonable number of those at Step 6, or higher, with lump-sum bonuses in a cost-neutral system, would require that an equal number of employees receive no increase.

The TTC's current performance management program consists of an annual Employee Performance Appraisal (EPA), which is a review of how well an employee met the goals that were set for them a year earlier, as well as a review of the degree to which they exemplified a variety of performance factors, such as problem solving, teamwork, etc.

Annual step-rate-increases for non-union staff are supported by a favourable EPA rating, but continue to be conducted annually even after the employee reaches the maximum step of their salary range.

With the intention of implementing a more robust pay-for-performance program, including a distribution of variable awards for variable levels of performance, staff are currently reviewing the performance management models of a number of market comparators, including the City and Metrolinx. However, before such a system can be developed, the TTC needs to create the infrastructure that will support it.

The TTC is currently transitioning from dated mainframe information systems, to a modern SAP management information system. Part of this will be a Human Resources Information System (HRIS) with the flexibility to administer a pay-for-performance program, including all associated calculations, user-interfaces, and related reporting functions. The performance management function of SAP will be implemented in early 2017.

This system will allow executive level management to set goals at the highest levels of the organization and cascade them downward through layers of management, and subsequently track their progress electronically as each level updates the status of each goal, including the status of related subordinate projects. Management will need to be trained on how to use this new system, and will also need to be refreshed on how to effectively set, and manage, goals.

The implementation of SAP is a significant multi-department undertaking that the TTC is aggressively engaged in. The technical foundation for a pay-for-performance program, as described above, continues to be built. Staff propose that a follow-up report be

delivered to the Committee one year from now to update on the development of the SAP performance management module.

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