

Date: 2021-05-20

Subject: 2018 - 2020 Public Sector Salary Disclosure: Management Salaries

Contact: Commissioner, Corporate Support Services
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Report Number: Corporate Support Services-2021-646

Recommendations:

1. That the report from Michael Davidson, Commissioner, Corporate Support Services and Sandeep Aujla, Director, Human Resources, Corporate Support Services, dated May 20, 2021, to the Committee of Council Meeting of June 9, 2021, re: Management Salaries, be received.

Overview:

- On May 5, 2021 Council directed 'that staff report on the number of employees who manage others, their job titles, current salary (from the annual public sector salary disclosure list, and year-over-year increases, absolute values and as a percentage figure, and a benchmarking salary comparison to other municipalities and gapping data), and the number of direct reports for each, for the years 2020, 2019 and 2018 to the June 9, 2021 Committee of Council meeting'.
- This ad-hoc report was prepared in response to the Council request to review management, or non-union, employee salaries related to the Public Sector Salary Disclosure list.
- The Public Sector Salary Disclosure list is published annually and is based on a \$100,000 threshold which has not been adjusted for inflation since 1995. The \$100,000 threshold is a static target, while compensation and salary progression must remain competitive to counter inflationary and competitive pressures.

Background:

The Public Sector Salary Disclosure (PSSD) Act has been in place since 1996 and 'makes Ontario's public sector more open and accountable to taxpayers'. It is often referred to as the "Sunshine List". It affects public sector employers and includes: provincial government ministries, crown agencies, municipalities, hospitals, public health boards, school boards, universities and colleges. "The act requires organizations that receive public funding from the Province of Ontario to make public, by March 31 each year, the names, positions, salaries and total taxable benefits of employees paid \$100,000 or more in the previous calendar year".

The \$100,000 salary threshold set over 25 years ago by the Government of Ontario, has not been indexed to reflect inflation or related cost of living adjustments to compensation. Using an up-to-date threshold of \$155,000, rather than the 25-year old threshold, the City would be reporting approximately 67 employees or 1.2% of the workforce.

There are two major components listed on the PSSD:

1. **Salaries:** amounts reported as employment income on the Canada Revenue Agency T4 slip. Examples include: regular earnings, over-time, earned vacation pay-out and salary continuance. Base salaries become a fixed cost, while all other components are more variable in nature.
2. **Taxable Benefits:** for those with an annual employment income of over \$100,000, any corresponding taxable benefits must also be reported. Examples include: employer paid group life insurance and accidental death & dismemberment (AD&D), access to a corporate vehicle and car allowances.

The 2020 PSSD list include 1,002 City of Brampton employees. A historical breakdown between unions groups is provided below:

Table 1 – PSSD Count by Employee Group

Employee Group	2020 PSSD Count	2019 PSSD Count	2018 PSSD Count
Brampton Professional Fire Fighters Association (BPFFA)	428	404	342
Non-Union	428	336	305
Canadian Union of Public Employees (CUPE)	100	46	51
Amalgamated Transit Union (ATU)	44	132	115
Other (Contract, PT, Elected Officials)	2	1	7
Total	1,002	919	820

1. Salaries

Union groups receive 'across-the-board' salary increases, based on their negotiated settlements through the collective bargaining process. This is governed by the Labour Relations Act for CUPE and ATU and by the Fire Protection and Prevention Act for BPPFA.

Non-union staff are governed by the Council-approved [Salary Administration Policy](#), whereby there are certain scenarios that warrant a salary increase. This policy follows best practice and ensures compliance with pay equity legislation, while balancing fiscal responsibility with attracting and retaining top talent.

The following provisions are detailed in the Salary Administration Policy.

Performance Management Program (Merit):

Base salary increases, lump sum payments or a combination thereof, will be applied to Non-Union employees based on their contributions to the organization through individual performance on an annual basis. Management will establish annual performance percentage increases, subject to budgetary considerations.

Promotion:

A permanent position change to a higher grade. The maximum increase to be applied to the employee's base salary is up to 10% or grade minimum, whichever is greater.

Critical Retention/Promotion:

A comprehensive business case must be provided for consideration by the Department Head, Director of Human Resources, and CAO. Approval is subject to confirmation that costs are within approved budget. In cases where the business case is submitted by the CAO, sign off by the Director of Human Resources and the City Treasurer is required. In all cases of critical attraction and retention, all compensation decisions must be within the approved salary range.

Inversion:

Upon realignment, promotion or permanent lateral transfer, when there is a case of a permanent direct report with a base salary higher than the manager, the manager's base salary will be adjusted to match the direct report. Human Resources consultation must be undertaken in all cases of inversion.

Job Evaluation:

All positions are evaluated according to the Job Evaluation Standard Operating Procedure and classified into the appropriate pay range of the Salary Schedule. Such classification is established according to the position competencies, effort, responsibility, working conditions and market conditions. When the employee's base salary is:

- a. below grade minimum of the new salary range, the employee's base salary will increase to grade minimum.*
- b. within the grade of the new salary range, no salary adjustment will be applied.*
- c. above grade maximum of the new salary range, the employee's base salary will be red circled until such time that their base salary places within the salary range.*

2. Taxable Benefits

As part of its Health Benefit offerings, the City of Brampton provides Basic Life Insurance and AD&D coverage to all full-time + regular staff. These are considered taxable benefits for reporting purposes and any premiums paid on behalf of employees are included in the PSSD reporting under 'taxable benefits'. The average benefit for those on the PSSD list is \$500. Additionally, the Employee Business Expenses (FIN-160) administrative directive outlines the car allowance provision as follows:

6.1 Automobiles

The Chief Administrative Officer ('CAO'), Department Heads and applicable Directors will receive a fixed monthly earnings allowance for a vehicle as a part of the terms and conditions of their employment.

6.1.1 FIRE DEPARTMENT STAFF

The City will provide the Fire Chief, Deputy-Fire Chief(s) and other designated fire staff as approved by the CAO with a vehicle.

Car allowances are adjusted annually based on inflation (2020 amount: \$16,550 / year).

Current Situation:

1. Salaries

A review of the historical increases across the City's major employee groups demonstrates modest increases since 2014. The compounded annual growth rate (CAGR) ranged from 1.5% - 2.5% for the various groups over a six-year period. The non-union group had the lowest increases over this period, largely resulting from the suspension / scale-back of the merit program and the non-union salary range freeze that occurred in 2014 and 2015.

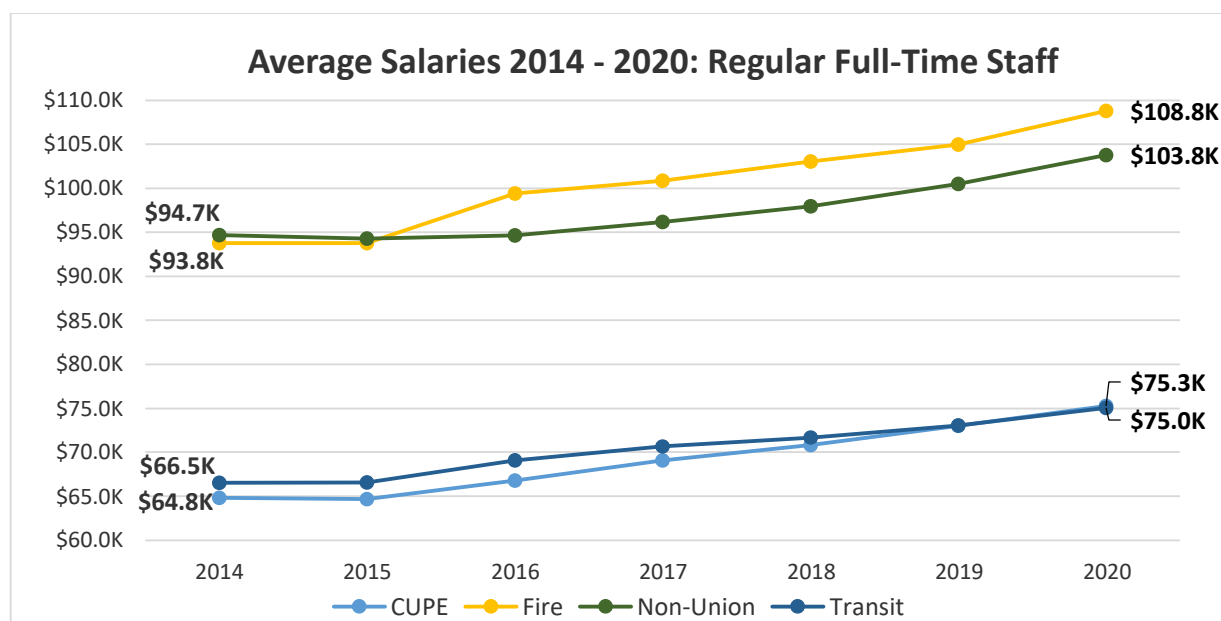
Table 2 – Salary growth since 2014

Average Salaries: Regular + Full Time Staff									
Employee Group	2014	2015	2016	2017	2018	2019	2020	Total Increase	CAGR
CUPE	\$64,815	\$64,664	\$66,769	\$69,077	\$70,795	\$73,013	\$75,270	16.1%	2.5%
Fire	\$93,763	\$93,787	\$99,397	\$100,858	\$103,044	\$104,968	\$108,779	16.0%	2.5%
Non-Union	\$94,692	\$94,298	\$94,640	\$96,155	\$97,945	\$100,512	\$103,762	9.6%	1.5%
Transit	\$66,520	\$66,568	\$69,078	\$70,651	\$71,673	\$73,050	\$75,041	12.8%	2.0%
Total	\$77,153	\$77,004	\$78,901	\$81,094	\$82,763	\$84,284	\$86,835	12.5%	2.0%¹

Note: there was a delay in the collective bargaining process in 2015, where increases were rolled out in 2016 retroactively.

Average salaries do not include over-time, on-call pay or shift premiums readily available to union staff.

¹According the Bank of Canada, inflation over the same period was 1.4% per year, on average.



Council has directed staff to provide additional information regarding the 428 non-union employees or ‘management’ employees on the PSSD list. A thorough analysis was completed to identify all relevant salary changes and to validate the reason for each increase for the 428 staff.

Table 3 – 2020 Salary Increase by Category

Category	2020 Employees Impacted	Average Increase	Description
Performance Management Program	403	3.8%	All non-union staff are eligible for the performance management program. Rating scale is set annually through the budget submission process (See Appendix 1 for details). The 2020 PSSD list is based on 2020 earnings which would have been impacted by the April 1, 2020 merit increases, based on the 2019 performance year.
Promotion	12	11.7%	Upon a vacancy or creation of a new budgeted position, internal candidates can apply to roles in a higher grade. Per policy, increases can range from 0 – 10% or the minimum of the grade range, whichever is greater.
Job Evaluation	-	-	Per policy, internal evaluation of job duties to assign an appropriate grade, applicable to all jobs up to Grade 9. Director and above roles are assessed by an external consultant.
Critical Retention / Promotion	7	17.5%	A salary increase supported and approved through a critical business case, per policy.
Inversion	1	7.3%	Adjusting a manager’s salary to match their highest paid direct report, per policy.

Vol Transfer	1	(4.1%)	Voluntary transfer to a lower grade. Employee cannot make more than grade maximum, per policy.
Other	3	7.9%	Market adjustment (applicable to Grades 10 and up).
Totals	427	4.2%	

Table 4 – 2019 Salary Increase by Category

Category	2019 Employees Impacted	Average Increase	Description
Performance Management Program	379	3.4%	All non-union staff are eligible for the performance management program. Rating scale is set annually through the budget submission process (See Appendix 1 for details). The 2019 PSSD list is based on 2019 earnings which would have been impacted by the April 1, 2019 merit increases, based on the 2020 performance year.
Promotion	17	10.5%	Upon a vacancy or creation of a new budgeted position, internal candidates can apply to roles in a higher grade. Per policy, increases can range from 0 – 10% or the minimum of the grade range, whichever is greater.
Job Evaluation	1	4.9%	Per policy, internal evaluation of job duties to assign an appropriate grade, applicable to all jobs up to Grade 9. Director and above roles are assessed by an external consultant.
Critical Retention / Promotion	5	15.6%	A salary increase supported and approved through a critical business case, per policy.
Inversion	2	4.6%	Adjusting a manager's salary to match their highest paid direct report, per policy.
Vol Transfer	-	-	Voluntary transfer to a lower grade. Employee cannot make more than grade maximum, per policy.
Totals	404	3.8%	

The 2020 performance year budget of \$2.5M was approved by Council through the 2021 Budget Document on December 9, 2020. Each year, staff report to Council regarding the annual performance management program. The 2020 performance year report will be brought to Council later in the year.

Over 95% of the salary increases received by those on the PSSD report are related to the 2019 performance management program. The average increase for this group was 3.8%.

Additionally, among the 428 non-union employees on the PSSD report, there were 12 promotions. Although the average increase was 11.7%, this was a result of employees being brought to the grade minimum of the new role's range. Of the 12 promotions, 5 were brought to grade minimum, which required salary increases over 10%, while the rest received 10% or less for the new role and increased responsibilities.

A few other insights identified by reviewing the three years of data include the following:

1. Average non-union staff salaries have been slowly approaching the \$100,000 threshold and surpassed that threshold in 2019.
2. Average base salary increase has been in line with inflation.
3. The 2020 calendar year included one extra week of pay, which added an additional \$1.9M of earnings for the 428 non-union employees on the PSSD report.
4. 94 employees received a one-time merit lump sum resulting from being at the grade maximum of their range. The average payment was \$3,250.
5. 53 employees received an average earned vacation payout of \$13,000, upon resignation, retirement or termination.
6. 61 employees earned over-time averaging \$8,400. These roles included supervisors and forepersons in Transit, Public Works & Engineering and Community Services.
7. 24 employees received severance payments.

2. Taxable Benefits

The current Finance Administrative Directive indicates car allowance are reserved for the CAO, Department Heads and applicable directors. This limits the eligibility to approximately 14 senior leadership roles at the City.

Due to various assignments as Acting Commissioner, there was an increase in the number of employees receiving a monthly car allowance in 2020. The car allowance benefit ends once the assignment is complete and the employee returns to their home position. Additionally, there were 8 employees receiving a car allowance as part of their salary continuance agreement and so these payments have also ceased per their settlement end dates.

Alternatively, there are 4 senior non-union roles in the Fire department, which are granted a company vehicle. The taxable benefit attributable to this benefit is based on personal kilometer usage reported by staff. The vehicle currently available is the 2020 Dodge Durango.

3. Direct Report Summary

The 428 non-union employees on the PSSD report are comprised of People Leaders and professionals/specialists who operate as individual contributors. At grades 8 and above, employees operate with medium to large portfolios and a significant number of direct and indirect reports. For example, a director may have 5 employees reporting directly into them, but have overall responsibility for a division of 200 employees.

Of importance, this assessment is based solely on the direct report per employee on the PSSD report as directed by Council. Corporate-wide, the City's 2021 budgeted complement was 3,791, with 549 roles with at least one full-time direct report. Based on this high-level information, the average number of direct reports per 'people leader' corporately is 6.9 full-time equivalent (FTE).

Table 4 – Direct Reports by Grade Level

Grade Level	2020 Average # of Direct Reports	2019 Average # of Direct Reports	2018 Average # of Direct Reports
Senior Leadership (Grade 12 & 14)	7.7	4.5	3.5
Director Level (Grade 10 & 11)	4.5	3.2	2.9
Management (Grade 8 + 9)	4.4	3.6	2.9
Professional/Specialists (Grades 5 - 7)	4.0	4.1	4.3
Total	4.1	4.0	3.9

4. Municipal Benchmarking

Benchmarking against key comparators occurs annually, to ensure the City's non-union salary ranges and performance management program remain competitive for both internal and external recruitment. The City of Brampton has been on par, for the most part, with economic adjustments to the NU salary ranges since 2015.

Table 5 – Cost of Living adjustment to non-union salary ranges.

Comparators	COLA 2015	COLA 2016	COLA 2017	COLA 2018	COLA 2019	COLA 2020
City of Brampton	0.0%	2.0%	1.5%	1.5%	1.75%	1.75%
Comparator A	1.5%	1.75%	1.5%	1.5%	1.75%	1.75%
Comparator B	2.0%	1.5%	1.5%	1.5%	1.75%	1.75%
Comparator C	1.5%	2.0%	2.0%	2.0%	1.6%	1.6%

As of 2021, the City's ranges are within 1.1% of the average grade maximums of three neighbouring municipalities (see Appendix 2). Of the 3 comparators, one did not increase their ranges in 2021.

Table 6 – April 1, 2020 Performance Management Scale

Municipal Comparator	Performance Rating Scale (%)	Historical Distribution
Brampton	Exceptional	7.0%
	Exceeds Expectations	6.0%
	Meets Expectations	4.0%
	Meets Most Expectations	1.75%
	Improvement Needed	1.75%
Municipality 1	Band 1	6.25%
	Band 2	4.25%
	Band 3	1.75%
	Band 4	0%
Municipality 2	Exceptional	7.0%
	Successful	4.5%
	Inconsistent	1.5%
	Unsatisfactory	0%
Municipality 3	Exceptional Performance	8%
	Solid Performance	6%
	Developing	4%
	Not Meeting Expectations	0%
Municipality 4	Exceeds Expectations	5.75%
	Meets Expectations	3.75%
	Meets Most Expectations	2.25%
	Unsatisfactory	0%

Note: comparator performance scale and distribution is based on 2018/2019 benchmarking results.

Corporate Implications:

Financial Implications:

- The performance management program for non-union staff is approved through budget and has been fully adhered to for the period 2018 - 2020.
- Gapping, or ongoing vacancies, fund the various other minor compensation adjustments occurring through-out the year. For 2021, a credit of approximately \$13.6M was budgeted for non-union vacancies, based on historical labour 'savings'.

Other Implications:

Term of Council Priorities:

- This report supports the Council's priority of being a well-run city. A fair and competitive compensation model allows the City to be an employer of choice, attract and retain top talent, and enable the organization to deliver on the goals and priorities of Council.

Conclusion:

This report highlights the compensation levels and progression for non-union staff on the 2020 Public Sector Salary Disclosure report. COVID-19 has been a challenging time for all and the committed and engaged workforce at the City of Brampton has proven to be resilient and effective in supporting the community and delivering on Council priorities.

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