



INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 17, 2017
SUBJECT/REPORT NO:	Living Wage (CM16020(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

EXECUTIVE SUMMARY

On December 7, 2016 at the meeting of the General Issues Committee, staff brought forward a report (CM16020) informing Council of the current status of City of Hamilton employees in relation to the Living wage rate. The report included approximate costing to bring the City of Hamilton's non-union part-time casual staff up to a Living Wage rate to achieve "Living Wage Partner" status and to be considered a Living Wage employer. At that meeting, report CM16020 was referred to the Operating budget process for consideration and staff were directed to bring back a report with the incremental cost of including an option for a phased-in plan for non-union part-time casual employees including school crossing guards.

This report provides options to facilitate the adoption of a living wage rate for the City's non-union part-time casual employee group and school crossing guard group to achieve "Living Wage Partner" status. A "Living Wage Partner" is defined as an employer where "all full-time and part-time employees earn a living wage, and where the employer is committed to determining the cost of raising student positions to a living wage within one year and begins to raise the wages of employees in that category".

Impact of Living Wage for Part-Time Staff at the City of Hamilton:

In 2016, the Living Wage rate was reviewed and updated by Living Wage Hamilton and the Living Wage calculation workgroup. Based on revised local costing and analysis, the rate was increased to \$15.85 per hour. All full-time City of Hamilton employees currently earn above the Living Wage rate.

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Should Council elect to adopt a living wage rate for non-union part-time staff, amendments would need to be made to the City of Hamilton's existing non-union part-time casual wage schedule and the school crossing guard wage schedule.

In the existing City of Hamilton wage schedule for non-union part-time casual positions, the first five grades (1EK, 1DI, 1DK, 1CK, and 1BK) do not meet the minimum threshold of a living wage rate of \$15.85. The existing rates for School Crossing Guards who have their own wage schedule would also be impacted. In order to support the living wage initiative and to be recognized as a Living Wage Partner, the wage rates for non-union part-time staff would need to be amended to provide for a probationary rate, followed by a living wage rate for the first five grades in the schedule. In addition, the school crossing guard wage rates would need to be amended to achieve a living wage rate using the same methodology.

Appendix "A" to Report CM16020(a) details the existing rates and the amendments to the wage rates for the non-union part-time casual group of employees and school crossing guards that would be required to enable the City of Hamilton to be deemed a Living Wage Partner.

The amendments would result in having no pay differentiation for the first five grades in the non-union part-time casual wage schedule. From a pay equity perspective, this does not adversely affect the City as we would be paying above the original job rates of the adjusted roles.

The change would however impact internal equity as we have effectively flattened the pay structure for five different role levels in the wage schedule. Internal equity is impacted when employees perceive that they are not being compensated in a fair and equitable manner according to the relative value of their roles in an organization. Although these roles are differentiated from a job evaluation perspective, their pay would be the same under the amended living wage rates.

Should Council decide to adopt the living wage rate, staff would recommend that the probationary period for the positions in the part-time wage schedules be administered as six months in the role or a single completed term of employment, whichever comes first. Following the probationary period or at the commencement of a second continuous term of employment, the living wage rate would be applied.

Any changes to the Non-Union Part-Time Casual wage schedule have a direct impact to the Hamilton Public Library's Page position as they are tied to the City's wage schedule for Pay Equity purposes

Appendix "A" to Report CM16020(a) details the current and amended rates for the Hamilton Public Library (HPL) Page position that would be required to maintain pay equity compliance and support the living wage initiative.

As the living wage rate is set by an external party, staff would recommend that any future changes to the living wage rate be brought before Council for approval so that the impacts to the internal compensation system can be considered prior to implementation.

Financial Analysis & Implementation Options:

Please note the following considerations related to the financial analysis:

- The Living Wage rate for Hamilton currently sits at \$15.85 per hour.
- All costings were prepared based on the 2016 operational hours worked by the non-union part-time casual group of employees and school crossing guards. Figures are approximate and could fluctuate based on seasonal demands. In addition, staff have projected a \$0.10 increase to the minimum wage rate for 2017 as part of the above costing scenarios.
- The Compensation section of Human Resources is working with City departments on cost mitigation strategies that could render approximately \$60,000 in potential annual wage savings.
- The potential financial impact of adopting the Living Wage on the Hamilton Public Library has been reduced from what was previously reported (CM16020). In December 2016, the Library Board approved increases in the compensation rates for Library Pages. In addition, staff have identified a few areas where budgeted hours could be reduced without negatively impacting service or existing staff. If a Living Wage is adopted by the City of Hamilton, staff at the Hamilton Public Library will work with the Library Board in 2017 on an implementation plan.
- Since the December 7th GIC meeting, staff have received information from our community partners which has required us to change our formula for calculating the living wage. Historically, 4% vacation pay was included in the total wage calculation, but has since been removed to better align with the Living Wage Framework. This change has resulted in a higher overall cost impact than previously reported.

Implementation Options:

Should Council elect to adopt a living wage for non-union part-time staff, one of the below options could be implemented to manage the initial impact of moving non-union part-time staff to a living wage.

1. Apply the probationary rate as detailed in Appendix "A" to Report CM16020(a) effective January 1, 2018 (and to all new hires in 2018 as their starting rate), and apply the living wage rate effective January 1, 2019 to those who have successfully completed the probationary period as defined above. This option would result in living wage rates being fully implemented for non-union part-time staff by January 1, 2019.

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Option 1	2018 Cost Impact	2019 Cost Impact	Total 2 year Cost Impact
City of Hamilton	\$379,986	\$326,716	\$706,702
HPL	\$139,347	\$191,740	\$331,087
Total Costs	\$519,333	\$518,456	\$1,037,789

2. Move all part-time casual staff to the probationary rates detailed in Appendix “A” to Report CM16020(a) effective January 1, 2018, and to a Living Wage rate effective July 1, 2018. This would render 6 months of savings in the initial implementation year of 2018.

Option 2	January 1, 2018 Cost Impact	July 1, 2018 Cost Impact	Total 2018 Cost Impact
City of Hamilton	\$223,187	\$304,178	\$527,365
HPL	\$69,674	\$195,962	\$265,636
Total Costs	\$292,861	\$500,140	*\$793,001

**total annualized costs would be \$1,101,143*

3. Move all part-time casual staff to a Living Wage effective January 1, 2018.

Option 3	2018 Cost Impact
City of Hamilton	\$709,220
HPL	\$391,923
Total Cost	\$1,101,143

Appendix “B” to Report CM16020(a) provides a breakdown of the above costs by department.

RELEVANT CONSULTATION

Human Resources, Hamilton Public Library, Public Works, and Community & Emergency Services collaborated on the preparation of this report. Staff also consulted with the City’s Pay Equity lawyer to ensure compliance of the City’s Pay Equity Program.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

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APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report CM16020(a) – Existing & Amended Wage Rates for Impacted Part-Time Positions

Appendix "B" to Report CM16020(a) – Departmental Cost Breakdown