

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 28, 2019
SUBJECT/REPORT NO:	Implementation of Living Wage (FCS19017) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Cyrus Patel (905) 546-2424 Ext. 7698
SUBMITTED BY:	Brian McMullen Acting General Manager, Finance and Corporate Services Corporate Service Department
SIGNATURE:	

COUNCIL DIRECTION

Council at its meeting of February 13, 2019 approved General Issues Committee Report 19-003, as amended, that directed staff to report back, during the 2019 Operating Budget process, to the City becoming a living wage employer by paying all minimum wage employees a rate of \$15.85 per hour, including part-time, seasonal and other contract employees with increases consistent with cost of living in Hamilton.

INFORMATION

Consistent with provincial legislation, the City's 2019 preliminary operating budget was prepared using the hourly wage rate of \$14 per hour for jobs that were assessed as being minimum wage jobs.

The City's 2019 preliminary operating budget (City departments and Library) contains 288.21 full time equivalents (FTEs) that are budgeted based on the minimum wage at \$14 per hour.

According to the Hamilton District Labour Council, a living wage is the hourly wage a worker needs to earn to cover their basic expenses and participate in their community. It has recommended that the living wage for Hamilton for 2019 be set at \$15.85 per hour. When this living wage is applied, a total of 332.02 FTEs are impacted resulting in a financial impact of \$1,223.4 K. The positions involved do not qualify for any Provincial subsidy, so the net impact is also estimated at \$1,223.4 K.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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However, some of the positions involved may be in areas that charge a user fee and, in such cases, there may be potential to adjust the user fees to offset the increase resulting from the application of the Living Wage policy. The impact of \$1,223.4 K on the City's 2019 budget would translate into an increase of about \$5 per household or 0.1% of the average residential property.

The job codes considered for Report FCS19017 fall into two categories per Table 1.

Table 1 – Impact of Living Wage

Estimation of Budget Impact		\$'000	Adjustment Required - Living Wage = \$15.85/hr					
Staff Category	2019 FTE	Wages @ Min Wage=\$14/hr	Wage	Vac Pay	Govt. Benefits	City Benefits	WSIB	Total Adjustment
City Departments								
Regular Staff	122.19	3,468.7	383.7	15.3	36.6	-	5.4	441.1
Full Time Summer Students	141.91	4,312.5	474.5	19.0	45.3	7.2	10.5	556.5
TOTAL City Departments	264.10	7,781.1	858.2	34.3	81.9	7.2	15.9	997.6
Library								
Regular Staff	67.92	1,854.7	194.9	9.6	18.8	-	2.5	225.8
TOTAL LIVING WAGE IMPACT	332.02	9,635.9	1,053.1	44.0	100.7	7.2	18.4	1,223.4

In the above Table, “Regular Staff” means all positions staffed by persons who are not summer students. These positions are mainly non-union part-time positions and they include crossing guards, recreational facility monitors and resident helpers in the lodges. Summer student positions are mainly cleaning jobs in parks and horticulture facilities and are part of the CUPE Local 5167 union and non-union full-time jobs such as camp counsellor and pool attendants in recreational facilities.

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. This creates a “wage compression” situation and the estimated impact of \$12.2 K is summarized in Table 2.

Table 2 – Wage Compression

Estimation of Budget Impact		\$'000	Compression Adjustment Required When Living Wage = \$15.85/hr					
Staff Category	2019 FTE	Wages @ Current Levels	Wage	Vac Pay	Govt. Benefits	City Benefits	WSIB	Total Adjustment
Compression Total	2.54	80.8	10.6	0.4	1.0	-	0.1	12.2

Consistent with the adoption of the living wage rate policy, amendments would need to be made to the City of Hamilton's existing non-union part time casual wage schedule, non-union full-time summer student wage schedule and the school crossing guard wage schedule.

Future increases to living wage would further cause greater internal equity issues within the non-union part time casual wage schedule. In approving the living wage for a given year, staff requires Council authorization to adjust the relevant wage schedules.

The direction does not speak to the City's external boards and agencies or contractors and the estimates included in Report FCS19017 therefore exclude potential impact if these organizations were to adopt the Living Wage.

Staff were asked for data related to these positions and gender. Of the information available, approximately 58% of the "regular positions" are currently filled by females, 42% by males. Information is not available for the student positions.

Consultation has occurred with the City's Human Resources Division.

APPENDICES AND SCHEDULES ATTACHED

None

TH/CP/dt