



Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 7, 2020
SUBJECT/REPORT NO:	Living Wage (HUR20003/FCS20013) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nenzi Cocca (905) 546-2424 Ext. 3924 Tom Hewitson (905) 546-2424 Ext. 4159
SUBMITTED BY:	Lora Fontana Executive Director Human Resources
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COUNCIL DIRECTION

On March 22, 2019, Council approved the implementation of a Living Wage rate of \$15.85 per hour for City of Hamilton School Crossing Guards, effective April 1, 2019, with the direction that the Living Wage rate for the City of Hamilton School Crossing Guards be adjusted annually to reflect the cost of living.

Council also directed staff to bring back an information report that outlines the following:

- (a) provide a three-year strategy for the City of Hamilton toward becoming a Living Wage Employer.
- (b) consideration in the 2020 Budget cycle to pay Summer Student workers a Living Wage rate of \$15.85 per hour.

OUR Vision: To be the best place to raise a child and age successfully.

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.

This report provides an update on the Living Wage rate and provides options to facilitate the adoption of a Living Wage rate for the City of Hamilton's non-union and unionized student positions and the non-union part-time casual employee group with the option for a three-year phased-in plan.

An additional information report regarding School Crossing Guards will be provided to Council regarding a recent increase to the Living Wage.

INFORMATION

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 from \$14.95 to \$15.85 per hour. All full-time City of Hamilton employees currently earn above the Living Wage rate. Further to Council's approval on March 22, 2019, School Crossing Guards are also earning a Living Wage of \$15.85 per hour.

As part of Living Wage Week this past November, the 2019 Living Wage rates for Hamilton were increased to \$16.45 per hour by the Ontario Living Wage Network. The costing and analysis used to determine this Living Wage reflects what a family of four comprised of two adult earners working full time at 37.5 hours per week with two children would need to earn minimally to support the family unit. This Living Wage rate does not factor in any considerations for savings, retirement planning or debt repayments.

Financial Impact

As a result of the new Living Wage rate increase, staff is providing costing options for the adoption of \$16.45 per hour in one instalment, or through a three-year phased in plan for non-union and unionized summer student positions and positions in the non-union part-time casual employee group.

Should Council elect to adopt the Living Wage rate for the non-union part-time casual staff, amendments would need to be made to the City of Hamilton's existing non-union part-time casual wage schedule. The first five grades (1EK, 1DI, 1DK, 1CK, and 1BK) do not meet the minimum threshold of a Living Wage rate of \$16.45 per hour. Examples of positions within these grades include Dietary Aide, Skate/Arena Monitor, Resident Helper and Snack Bar Clerk. The wage rates for non-union part-time staff would need to be amended to the Living Wage rate and the same percentage increase be applied to the rest of the non-union part-time casual salary schedule (grades 1AK, 1K and 2K) to maintain internal equity in accordance with the City of Hamilton compensation policy and practices. Examples of positions within these grades include Inclusion Counsellor, Office Assistant and Community Health Worker. Maintaining

internal equity ensures employees perceive that they are being compensated in a fair and equitable manner according to the relative value of their roles in an organization.

Should Council decide to adopt a Living Wage rate for summer student workers, amendments would need to be made to the non-union and unionized summer student salary schedules. Their minimum starting rates would be \$16.45 per hour rather than the minimum wage rate of \$14.00 per hour (non-union) and \$14.452 per hour (unionized).

Considerations

The following financial analysis should be considered:

- The updated Living Wage rate for Hamilton is \$16.45 per hour, and the previous Living Wage rate for Hamilton was \$15.85 per hour.
- All costings were determined based on the 2020 budget prepared by program divisions. Estimates are based on the assumption that there are no further Living Wage rate revisions over the next 3 years.
- The Hamilton Public Library (HPL) is governed by its own Board and administers its own employee compensation, separate and apart from the City of Hamilton. HPL utilizes the City's male comparator position to meet Pay Equity legislative compliance. Any changes to the non-union part-time casual wage schedule have a direct impact to the Hamilton Public Library's Page positions as they are tied to the City's wage schedule for Pay Equity purposes.

Financial Analysis & Living Wage Implementation Options

Should Council elect to adopt a Living Wage for non-union part-time casual staff and non-union and unionized summer student workers in one instalment, one or all the below options could be implemented.

Option 1 - Non-Union Part-Time Casual Staff

If Council elects to adopt a Living Wage of \$16.45 per hour for non-union part-time casual staff, the estimated annual cost impact is illustrated in the table below.

Table 1

Option 1	\$16.45 per hour – 2020 Cost Impact
City of Hamilton	\$226,616
HPL	\$206,024
Total Cost	\$432,640

Option 2 - Non-Union Full-Time Summer Student Staff

If Council chooses to implement a Living Wage rate for non-union full-time summer student positions (summer recreation counsellors and swim attendants), the estimated annual cost to implement \$16.45 per hour is estimated to be \$119,600. These summer student positions are hired to work during their regular school, college or university vacation period or they may be occupying a co-operative education position under a co-operative education program.

Table 2

Option 2	\$16.45 per hour – 2020 Cost Impact
City of Hamilton	\$108,576
HPL	\$11,024
Total Cost	\$119,600

Option 3 - Unionized Summer Student Staff

A number of City of Hamilton student classifications fall within the scope of CUPE Local 5167. These summer student positions are hired to work during their regular school, college or university vacation period or they may be occupying a co-operative education position under a co-operative education program. Their rates of pay are based on a percentage of the Local 5167 equivalent, as in the case of Inside Student Workers, who earn a minimum rate of \$14.452 per hour and up to a maximum rate of \$19.156 per hour. Outside Student Workers have a negotiated rate and they earn \$14.452 per hour. Given that these positions fall under CUPE 5167, they will receive the negotiated COLA increase of 1.6% for the next three years.

However, during the last round of bargaining, it was agreed that should Council implement a Living Wage that explicitly applies to student workers, the current wage rate for students will be adjusted accordingly to the prevailing Living Wage rates as established and accepted by Council. The student wage adjustment will not be subject to any annual increases negotiated, relative to the collective agreement nor shall they be treated retroactively for the purposes of any timelines set out in the collective agreement.

If Council chooses to implement a Living Wage rate for unionized full-time summer student workers, the estimated cost impact to implement a Living Wage is \$325,420.

Table 3

Option 3	\$16.45 per hour – 2020 Cost Impact
City of Hamilton	\$325,420
HPL	\$0
Total Cost	\$325,420

The total estimated annual cost from the above three options is summarized in the following table.

Table 4

One Instalment	\$16.45 per hour- 2020 Cost Impact
COH Non Union Part Time Staff	\$226,616
COH Non Union Summer Students	\$108,576
COH Unionized Summer Students	\$325,420
COH Total Cost	\$660,612
HPL Non Union Part Time Staff	\$206,024
HPL Non Union Summer Students	\$11,024
HPL Unionized Summer Students	\$0
HPL Total Cost	\$217,048
Grand Total COH & HPL	\$877,660

Three Year Phase in Plan

To offset the financial impact, the Living Wage initiative can be phased-in through a three-year plan. The table below illustrates what the estimated cost impact would be for the City and Library to implement a Living Wage of \$16.45 per hour from 2020, 2021 to 2022.

Table 5

Three Year Phase-In of \$16.45	2020 Cost Impact	2021 Cost Impact	2022 Cost Impact	Total Cost Impact
Non Union Part Time	\$144,210	\$144,210	\$144,210	\$432,630
Non Union Summer Students	\$39,870	\$39,870	\$39,870	\$119,610
Unionized Summer Students	\$108,470	\$108,475	\$108,475	\$325,420

Total Cost	\$292,550	\$292,555	\$292,555	\$877,660
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As the Living Wage rate is set by an external party, staff 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.

Appendix A to Report HUR2003/FCS20013 details the current and amended rates for the non-union part-time, casual employees required to support the Living Wage initiative.

Appendix B to Report HUR2003/FCS20013 details the current and amended rates for non-union and unionized full time summer students required to support the Living Wage initiative.

Living Wage in Other Communities

Staff conducted a survey amongst our municipal comparators: Brampton, Brantford, Burlington, Guelph, London, Mississauga, Oakville, Regions of Niagara, Peel and Waterloo. None of these communities have implemented a Living Wage, nor are there plans to implement a Living Wage rate in the near future.

The City of Cambridge is the only known Ontario municipality that has adopted a Living Wage policy. Their Living Wage rate is \$16.15 per hour. Full-time staff at the City of Cambridge already earn more than \$16.15 per hour. They have adopted a policy to pay part time staff a Living Wage rate. Students are not part of the Living Wage initiative at the City of Cambridge.

Relevant Consultation

Human Resources, Finance, Hamilton Public Library, Healthy & Safe Communities were consulted on the preparation of this report.

A Living Wage survey was conducted amongst our municipal comparators and the City of Cambridge.

Alternatives for Consideration

Based on the above options, Council can elect to implement a Living Wage to none, some or all three groups. In accordance with the Ontario Living Wage Network, the considerations utilized to calculate a Living Wage is based on an hourly wage to support a family unit with two children. Based on this consideration, Council may consider a cost containment measure whereby non-union full-time student positions and unionized student positions can be excluded from the increase, as these students are only employed during the summer and scheduled break.

Council could also consider implementing the previous, lower Living Wage, set at \$15.85 per hour. The cost difference between implement a Living Wage at \$15.85 and \$16.45 is approximately \$33,760.

Alternatively, Council may elect not to apply a Living Wage to the three, aforementioned groups.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report HUR20003/FCS20013 - Existing and Amended Wage Rates for Impacted Non-Union Part-Time Positions

Appendix B to Report HUR20003/FCS20013 - Existing and Amended Wage Rates for Non-Union & Unionized Full Time Summer Student Positions