





CITY OF HAMILTON
CITY MANAGER'S OFFICE
Human Resources Division
and
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 7, 2023
SUBJECT/REPORT NO:	Living Wage (HUR20003(b)/FCS20013(b)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nenzi Cocca (905) 546-2424 Ext. 3924 Kirk Weaver (905) 546-2424 Ext. 2878
SUBMITTED BY:	Lora Fontana Executive Director Human Resources
SIGNATURE:	
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That staff be directed to implement the Living Wage of \$19.05 per hour for School Crossing Guards and the non-union part-time casual employee group as follows:
- (i) Effective September 1, 2023, amend the hourly rate for School Crossing Guards from \$17.20 to \$19.05 per hour and update the salary schedule to reflect the new Living Wage rate;
 - (ii) Effective July 1, 2023, amend the hourly rates for positions in the non-union part-time casual employee group by updating the salary schedule for the first three grades (1EK, 1DI, 1DI) from \$17.20 to \$19.05 per hour and applying the same percentage increase to the rest of the non-union, part-time casual salary schedule to maintain internal equity in accordance with the City of Hamilton compensation policy and practices;

- (b) That staff be directed to maintain the unionized full-time summer student classifications at their existing rates whereby outside unionized student workers continue to earn \$16.00 per hour with a \$0.95 shift premium for afternoon and weekend work and inside unionized student workers continue to earn a minimum \$16.00 per hour and up to \$19.773 per hour. As these positions fall under CUPE 5167, the rates are subject to the collective bargaining process;
- (c) That staff be directed to maintain the non-union full-time summer student classifications at their existing rates of \$17.20 per hour (previous Living Wage rate). These rates can be adjusted separately by the department should attraction and retention become an issue;
- (d) That staff be directed to bring forward a report to Council for approval should there be any future changes to the Living Wage rate prior to implementation, in order to consider budget impacts and to assess the effects on the City's internal compensation system.

EXECUTIVE SUMMARY

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

On March 20, 2020, Council approved the implementation of the updated Living Wage rate of \$16.45 per hour for the part-time non-union casual employee group, effective July 1, 2020, with the direction that the wage rate be adjusted annually to reflect the cost of living.

On March 30, 2022, Council approved the implementation of the updated Living Wage rate of \$17.20 per hour for three employee groups: City of Hamilton School Crossing Guards, non-union part-time casual employee group and non-union full-time summer student group. Unionized outside full-time summer students were approved for a \$1.00 per hour wage enhancement due to attraction and retention issues and a shift premium of \$0.95 per hour for afternoon and weekend work.

The following provides an update on the Living Wage rate (which was recently increased by 10.8% to \$19.05 per hour by the Ontario Living Wage Network and provides recommendations related to the adoption of the Living Wage rate for the City of Hamilton's School Crossing Guards and non-union part-time casual employee group. An increase for the non-union full-time summer student and unionized full-time summer student classifications are not being recommended at this time as these positions are both seasonal and do not meet the definition used by the Ontario Living Wage Network to calculate Living Wage.

In late 2022, 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 by 10.8% from \$17.20 to \$19.05 per hour. All full-time City of Hamilton employees currently earn above the new Living Wage rate (with the exception of full-time summer students).

The costing and analysis used to determine this Living Wage was updated in late 2021 to reflect Living Wages based on the weighted average of costs for three different household or family types and what they would need to earn minimally to support their family unit: a family of four comprised of two adult earners aged 35 working full-time with two children aged seven and three; a single parent aged 35 with a child aged seven; and a single adult. This Living Wage rate does not factor in any considerations for savings, retirement planning or debt repayments.

As a result of the latest Living Wage rate increase to \$19.05 per hour, staff is recommending that:

- The hourly rate for School Crossing Guards be amended from \$17.20 to \$19.05 per hour effective September 1, 2023 and the salary schedule be updated to reflect the Living Wage rate (see Appendix “A” to Report HUR20003(b)/FCS20013(b)).
- The first three grades of the non-union part-time casual employee salary schedule (1EK, 1DI, 1DK) be updated effective July 1, 2023 to \$19.05 per hour and apply the same percentage increase to the rest of the non-union part-time casual salary schedule to maintain internal equity in accordance with the City of Hamilton compensation policy and practices. 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 (see Appendix “A” to Report HUR20003(b)/FCS20013(b)).
- Maintain the unionized full-time summer student classifications at their existing rates whereby outside unionized student workers continue to earn \$16.00 per hour with a \$0.95 shift premium for afternoon and weekend work and inside unionized student workers continue to earn a minimum of \$16.00 per hour and up to \$19.773 per hour. These full-time 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. This would result in no change to their salary schedule and is consistent in practice to how municipalities that adopted the Living Wage have handled student classifications. Also, these positions fall under CUPE 5167 and the rates are subject to the collective bargaining process.

- Maintain the non-union full-time summer student classifications (summer recreation counsellors and swim attendants) at their existing rates of \$17.20 per hour since these 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. This would result in no change to the salary schedule and is consistent in practice to how municipalities that have adopted the Living Wage have handled student classifications. These rates can be adjusted by the department should attraction and retention become an issue.
- Staff to bring forward a report to Council for approval should there be any future changes to the Living Wage rate prior to implementation, in order to consider budget impacts and assess the effect on the City's internal compensation system.

Alternatives for Consideration – See Page 9

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The following outlines the costs associated with implementing the Living Wage of \$19.05 per hour for the following recommended employee groups.

Recommendation 1 - School Crossing Guards

The estimated annual cost to increase the hourly rate for School Crossing Guards from \$17.20 to \$19.05 per hour is illustrated in Table 1.

Table 1

Recommendation 1	\$19.05 per hour - 2023 Annualized Cost Impact	\$19.05 per hour – Effective Sept. 1, 2023 2023 Budget Impact
School Crossing Guards	\$160,500	\$64,200

Approximately 54.41 full-time equivalent (FTE) positions are affected.

Recommendation 2 – Non-Union Part-Time Casual Staff

The estimated annual cost to adopt the Living Wage of \$19.05 per hour for non-union part-time casual staff is illustrated in the Table 2.

Table 2

Recommendation 2	\$19.05 per hour – 2023 Annualized Cost Impact	\$19.05 per hour – Effective July 1, 2023 2023 Budget Impact
City of Hamilton	\$383,600	\$191,800
HPL	\$195,100	\$97,600
Total Cost	\$578,700	\$289,400

Approximately 145.19 full-time equivalent (FTE) positions are affected.

Examples of positions within these grades include Dietary Aide, Inclusion Facilitator, Office Assistant and Community Health Worker. 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 has 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.

The total estimated annual cost from the above two recommended options is summarized in Table 3 for a total annualized cost impact of \$739,200.

Table 3

Annualized Impact of All Recommendations	\$19.05 per hour - 2023 Annualized Cost Impact	\$19.05 per hour - 2023 Budget Impact
City of Hamilton School Crossing Guards	\$160,500	\$64,200
City of Hamilton Non-Union Part-Time Staff	\$383,600	\$191,800
COH Total Cost	\$544,100	\$256,000
HPL Non-Union Part-Time Staff	\$195,100	\$97,600
Hamilton Public Library Total Cost	\$195,100	\$97,600
Grand Total COH and HPL	\$739,200	\$353,600

The following financial analysis should be considered.

The updated Living Wage rate for Hamilton is \$19.05 per hour, and the previous Living Wage rate for Hamilton was \$17.20 per hour, an increase of 10.8%.

All costings were determined based on the 2023 budget prepared by program divisions.

Staffing: The increases provided to these groups would help to retain and attract staff.

Legal: N/A

HISTORICAL BACKGROUND

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

On March 20, 2020, Council approved the implementation of the updated Living Wage rate of \$16.45 per hour for the part-time non-union casual employee group, effective July 1, 2020, with the direction that wage rate be adjusted annually to reflect the cost of living.

On March 30, 2022, Council approved the implementation of the updated Living Wage rate of \$17.20 per hour for three employee groups: City of Hamilton School Crossing Guards, non-union part-time casual employee group and non-union full-time summer student group. Unionized outside full-time summer students were approved for a \$1.00 per hour wage enhancement with a shift premium of \$0.95 per hour for afternoon and weekend work due to attraction and retention issues.

In accordance with the Ontario Living Wage Network, there are three defined levels used to characterize an Employer's status with respect to the implementation of Living Wage: Supporter; Leader; and Champion. The following three levels are defined below should organizations wish to obtain certification as a Living Wage employer:

“Supporter”

- All direct full-time employees are paid a Living Wage. The Employer is committed to begin raising the pay of all direct part-time employees to the Living Wage rate.

“Leader”

- All direct full-time and part-time employees are paid a Living Wage. The Employer is committed to including Living Wage to service contracts for externally contracted (third party) employees that provide service on a regular basis are paid a Living Wage.

“Champion”

- All direct full-time and part-time employees are paid a Living Wage and all externally (third party) contracted staff that provide service on a regular basis are paid a Living Wage or the employer has signalled intent to re-contract at the Living Wage rate when the contract renews.

Based on the levels, the City of Hamilton fits into the “Supporter” level for Living Wage. Should Council wish to pursue certification, the City would need to determine which level of certification to apply for and submit an application to become a certified Living Wage employer. Note that should the City of Hamilton wish to exceed the current “Supporter” Level and pursue “Leader” Level, there would be additional costing required to determine the budget implications of paying a Living Wage to service contracts for externally contracted (third party) employees.

Once the certification level is confirmed by the Employer and Ontario Living Wage Network, a license agreement will be signed. An annual employer fee will be paid at the time of certification and will be due each subsequent year on the anniversary date. Employer fees are based on the size of the business and help to support ongoing calculation of Living Wages in the province, support employer recognition and promotion such as decals and provide an electronic logo for use on website and print materials. According to the City of Hamilton organization type and size, the annual fee would be \$400.

Living Wage in Other Communities

Staff conducted a survey in late 2022 with our current municipal comparators: Brampton, Brantford, Burlington, Guelph, Halton, London, Mississauga, Oakville, Regions of Niagara, Peel and Waterloo. The Region of Waterloo recently adopted a Living Wage policy that applies to all employees and contractors, but not to students. Their Living Wage rate is \$19.95/hr. Most of our current comparators have reported no plans to implement a Living Wage rate in the near future.

The City of Cambridge, City of St. Catharines and City of Sudbury are the only other known Ontario municipalities that have adopted a Living Wage policy.

The City of Cambridge’s Living Wage rate is \$19.95 per hour. Full-time staff at the City of Cambridge already earn more than \$19.95 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.

The City of St. Catharines recently adopted a Living Wage policy in May 2022 with a Living Wage rate of \$18.90, however, their rate has recently increased to \$19.80. Student positions are excluded from their Living Wage initiative.

The City of Sudbury has adopted a Living Wage rate effective July 1, 2022 with no commitment for an increase for 2023. Student positions are excluded. All permanent full-time and part-time employees are paid a Living Wage. The Living Wage rate is \$16.98 per hour and recently increased to \$19.70 per hour. They will be preparing a report to Council with additional options for consideration with the new rate.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

It is recommended that the rates for School Crossing Guards and non-union part-time casual employee groups be amended to reflect the updated Living Wage rate. Additionally, it is recommended that the rates for the non-union full-time summer student and unionized full-time summer student classifications be maintained at their current rates.

Staff recommends that the City maintain the Living Wage employer status, in principle, by adhering to the “Supporter” Level as defined by the Ontario Living Wage Network.

Should Council wish to become certified as a Living Wage Employer, staff recommends that a Living Wage Policy be developed to provide guidelines on implementation and maintenance.

RELEVANT CONSULTATION

Hamilton Public Library, Healthy and Safe Communities, Planning and Economic Development were consulted.

A Living Wage survey was conducted amongst our municipal comparators. A further environmental scan was conducted to identify other municipalities that had implemented a Living Wage, which identified the City of Cambridge, the City of St. Catharines and the City of Sudbury.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

Staff conducted an analysis of the salary schedules to determine the impact of the latest Living Wage rate increase on pay equity and internal equity. From a pay equity perspective, the latest rate increase does not adversely affect the City as we would be paying above the original job rates of the adjusted roles. However, internal equity may be impacted as individuals may start to perceive they are being unfairly compensated when one salary schedule is being compared to another. Internal equity is 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. Positions within the non-union casual part time group are receiving the Living Wage increase and the entire schedule is being adjusted to maintain the same differential. As the Living Wage continues to increase, internal equity and potential compressions with other salary

schedules will need to be assessed and amended to maintain the appropriate differential.

Staff recommends the City maintain the Living Wage employer status, in principle, by adhering to the “Supporter” Level as defined by the Ontario Living Wage Network as it provides staff with a Living Wage, consistent with the definition used by the Ontario Living Wage Network to calculate Living Wage and comparable with how other municipalities are implementing a Living Wage. Should the City decide to adopt a Living Wage beyond the current “Supporter” Level status, in principle, and choose to become a certified Living Wage Employer, future increases to the Living Wage rates (which are set by an external party) will have an impact on the City’s internal compensation system and practices and would have budget implications. Maintaining a “Supporter” Level status, in principle, instead of becoming certified, will allow proper consideration and assessment of both budget implications and internal compensation issues prior to implementing.

ALTERNATIVES FOR CONSIDERATION

Based on the above options, Council can elect to implement the updated Living Wage rate to none, some or all the 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 three different household or family types: a family of four comprised of two adult earners aged 35 working full-time with two children aged seven and three; a single parent aged 35 with a child aged seven; and a single adult. Staff has recommended that the non-union full-time summer student and unionized full-time summer student classifications not be included because their rates can be adjusted separately from the Living Wage initiative. Additionally, excluding summer students is consistent with local municipalities that have adopted Living Wage, whereby student positions are not included.

Alternatively, Council may wish to include the full-time summer student groups. The cost to provide the current Living Wage to non-union full-time summer students (summer recreation counsellors and swim attendants) is estimated to be \$77,300. 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.

Non-Union Full-Time Summer Students

Table 4

Option 1	\$19.05 per hour – Effective April 1, 2023 2023 Annualized Cost Impact
City of Hamilton	\$77,300
HPL	\$0
Total Cost	\$77,300

Approximately 24.82 full-time equivalent (FTE) positions are affected.

Unionized Full-Time Summer Students

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 \$15.50 per hour and up to a maximum rate of \$19.773 per hour. Effective April 1, 2022, outside unionized student workers earn \$16.000 per hour as result of the \$1.00 per hour increase approved in 2022 to address issues of attraction and retention and are eligible for a \$0.95 per hour shift premium for afternoon and weekend work. Given that these positions fall under CUPE Local 5167, they will receive the negotiated COLA increases in future years.

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 \$710,700.

Table 5

Option 2	\$19.05 per hour – Effective April 1, 2023
	2023 Annualized Cost Impact
City of Hamilton	\$710,700
HPL	\$0
Total Cost	\$710,700

Approximately 112.81 full-time equivalent (FTE) positions are affected.

Should Council wish to apply the new Living Wage rate to the above two groups, the 2023 additional cost impact would be \$788,000 for full-time summer students (unionized and non-unionized).

The total estimated annual cost if full-time summer student positions are included to the current positions already receiving Living Wage, is summarized in Table 6 for a total annualized cost impact of \$1,527,200.

Table 6

Annualized Impact of All Options	\$19.05 per hour- 2023 Annualized Cost Impact	\$19.05 per hour- 2023 Budget Impact
City of Hamilton School Crossing Guards	\$160,500	\$64,200
City of Hamilton Non-Union Part-Time Staff	\$383,600	\$191,800
City of Hamilton Non-Union Summer Students	\$77,300	\$77,300
City of Hamilton Unionized Summer Students	\$710,700	\$710,700
COH Total Cost	\$1,332,100	\$1,044,000
HPL Non-Union Part-Time Staff	\$195,100	\$97,600
HPL Non-Union Summer Students	\$0	\$0
HPL Unionized Summer Students	\$0	\$0
Hamilton Public Library Total Cost	\$195,100	\$97,600
Grand Total COH and HPL	\$1,527,200	\$1,141,600

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.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report HUR20003(b)/FCS20013(b) - Existing and Living Wage Rates for Non-Union Part-Time Positions and School Crossing Guards

Appendix” B” to Report HUR20003(b)/FCS20013(b) - Existing and Living Wage Rates for Non-Union and Unionized Full-Time Summer Student Positions