

## **Memorandum**

**BRC-C 12-2024**

**Subject:** Non-Union Compensation Review Phase 2 – Budget Impacts

**Date:** December 5, 2024

**To:** Budget Review Committee of the Whole

**From:** Melanie Steele, Associate Director, Reporting & Analysis

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The purpose of this memo is to provide Council with further information regarding the budget impacts of a three-year implementation plan for the non-union compensation review phase 2 project (market pricing and salary structure).

Background information on the non-union compensation review project was provided through HR 03-2024 presented in March 2024. As a key component of the Niagara Region's People Plan, a qualified firm was selected, through a Request for Proposal (2023-RFP-118), to provide consulting services with respect to compensation strategy, policies, practices, external market competitiveness and labour market conditions.

A 3-year implementation plan would result in the non-union compensation review phase 2 project being in place by April 1, 2027. Since the Region's annual compensation cycle runs from April 1<sup>st</sup> to March 31<sup>st</sup>, the impact is prorated across budget years to align with the April effective date.

The following table outlines the incremental budget impacts in each budget year associated with implementation over 3 years. The 2025 impacts are included in the proposed budget. The financial strategy is to smooth the impact over the 3-year timeline as equally as possible.

Table 1: Annual incremental budget impact of 3-year implementation plan

<b>(in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Cost January-March		\$1.10	\$0.37	\$0.42	\$1.90
Cost April-December	\$3.30	1.13	1.28		5.70
Sub-total of Implementation Cost	3.30	2.23	1.65	0.42	7.60
Annual Adjustment for Market Wage Growth		1.61	2.15	2.15	5.91
<b>Total incremental cost of Non-Union Compensation Review</b>	<b>\$3.30</b>	<b>\$3.84</b>	<b>\$3.80</b>	<b>\$2.57</b>	<b>\$13.51</b>
General Levy Cost Only (excludes Rate and Special Levy portion)	\$2.84	\$3.30	\$3.27	\$2.22	\$11.63
Estimated % of General Levy	0.59%	0.63%	0.58%	0.36%	

For comparison purposes, the below table outlines the incremental budget impacts in each budget year associated with implementation over 2 years.

Table 2: Annual incremental budget impact of 2-year implementation plan

<b>(in millions)</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
Cost January-March		\$1.10	\$0.80		\$1.90
Cost April-December	3.30	2.40			5.70
Sub-total of Implementation Cost	3.30	3.50	0.80		7.60
Annual Adjustment for Market Wage Growth		1.61	2.15	2.15	5.91
<b>Total incremental cost of Non-Union Compensation Review</b>	<b>\$3.30</b>	<b>\$5.11</b>	<b>\$2.95</b>	<b>\$2.15</b>	<b>\$13.51</b>
General Levy Cost Only (excludes Rate and Special Levy portion)	\$2.84	\$4.40	\$2.54	\$1.85	\$11.63
Estimated % of General Levy	0.59%	0.84%	0.45%	0.30%	

Respectfully submitted and signed by

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