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## **2008 BUDGET BRIEFING NOTE**

### **Harmonization Costs**

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#### **Issue/Background:**

The City of Toronto and CUPE Local 79 received an arbitration award on May 18, 2005, resolving issues outstanding from amalgamation with respect to rate and job classification harmonization, job evaluation and pay equity. Full-time employees were assigned into new harmonized job classifications and placed into the next highest step of the wage grade associated with their new position. The effective date of the Award was December 31, 2004. As the overall cost to the City was significant, the Award directed that employees would receive progression step increases at one year intervals until they reached the top of their new salary ranges. For the Toronto Homes for the Aged every position classification was mapped to a higher wage grade with a total financial impact of this Award estimated at \$7.1 million.

A further arbitration award between the City of Toronto and CUPE Local 79 Homes for the Aged Part-time Unit was rendered on October 24, 2006, with a planned implementation to begin in 2007. Implementation details and cost estimates were not available at the time Council approved the 2007 Operating Budget, so no provision for these expenditures was included in the Division's approved operating budget. For the Toronto Homes for the Aged every position classification was again mapped to a higher wage grade and the total financial impact of this Award is estimated at \$5.7 million.

A job evaluation award related to CUPE Local 416 positions was made on March 24, 2005. For the Toronto Homes for the Aged the total financial impact of this Award was estimated at \$0.1 million.

#### **Key Points:**

- The Homes for the Aged is a 24/7 operation with a total staffing complement of 2121.4 FTE positions. Salary and benefit costs of the long-term care homes program represent about 85% of the operating budget.
- The overall financial impact of wage harmonization (excluding management job evaluation and ongoing annual COLA adjustments) on the Homes for the Aged program is estimated to be \$12.9 million.

- The impact of the CUPE Local 79 Homes for the Aged Part-time Unit Arbitration Award on the Division's 2007 operating budget is \$6.3 million, which is comprised of retroactive payments estimated at \$3.1 million and in-year harmonization costs of \$3.2 million.
- The impact of the CUPE Local 79 Homes for the Aged Part-time Unit Arbitration Award on the Division's 2008 operating budget is \$4.3 million, which is comprised of annualized wage increments totalling \$3.2 million from 2007 and \$1.1 million related to 2008.
- The Homes for the Aged Division has been successful over the years in managing with limited and even reduced provincial subsidies and municipal contributions. Subsequent to 1993 the Homes for the Aged Division was able to reduce its Net contribution from \$32.7 million per annum and only in 2007 did the City's Net contribution need to increase beyond the 1993 level to its current \$33.2 million.

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