



Department of Employee Relations

April 26, 2010

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

To the Honorable
The Committee on Finance and Personnel
Common Council
City of Milwaukee

Dear Committee Members: Re: Common Council File Number 091655

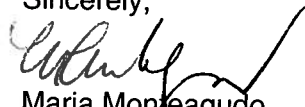
The following classification and pay recommendations will be submitted to the City Service Commission on April 27, 2010. We recommend these changes subject to approval by the City Service Commission:

In the Department of City Development, one new position is recommended for classification to Accountant I, Pay Range 545.

In Employees' Retirement System, two positions of Pension Investment Analyst, Salary Grade 08, currently held by David Silber and Bruce Thomas is recommended for reallocation to SG 10.

The job evaluation report covering the above positions, including the necessary Salary and Positions Ordinance amendments, are attached.

Sincerely,



Maria Monteagudo
Employee Relations Director

MM:fcw

Attachments: 2 Job Evaluation Reports
 1 Fiscal Notes

C: Mark Nicolini, Renee Joos, Marianne Walsh, Troy Hamblin, Nicole Fleck, Joe Alvarado, Richard Marcoux, Martha Brown, Judy Allen, Jerry Allen, Martin Matson, David Silber, Bruce Thomas, Richard Abelson, John English, Kenneth Wischer, Bill Mollenhauer, James Fields, and Calvin Lee (DC 48).

JOB EVALUATION REPORT

City Service Commission Meeting Date: April 27, 2010
 Department: City Development

Current	Requested	Recommended
New Position	Accountant I PR 545 (\$45,210 - \$51,824)	Accountant I PR 545 (\$45,210 - \$51,824)

Background

The Department of City Development requested that a new position in the Department's Housing Stabilization Program be studied for proper job title and pay level. In studying this request, a job description for the position was reviewed and Judith Allen, Human Resources Officer for the Department was consulted.

Duties and Responsibilities

The basic function of this position is to provide professional accounting and financial management services for the Neighborhood Stabilization Program (NSP) and Department of City Development (DCD). Duties and responsibilities include the following:

- Performing general accounting, such as auditing payment documents and processing checks
- Setting up and new loans and tracking NSP expenditures
- Reconciling outstanding loan balances, activity reports, and cost reports monthly
- Preparing budget amendments
- Processing project closeout evaluation forms to loan clients
- Maintaining ledgers, funding sheets and accounting documentation
- Creating and analyzing data regarding the NSP to improve the program and enhance decision-making
- Processing payments and creating creates vouchers through the City's financial system.
- Preparing financial reports for HUD, CDBG and DCD
- Createing and updating vendor information on the City's financial system

Requirements for this position include a Bachelor's Degree in accounting or finance and two years of professional experience in accounting functions. Equivalent combinations of education and experience are acceptable.

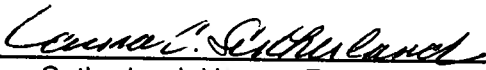
It should be noted that neither the minimum qualifications, as stated on the job description prepared by the Department, nor the above KSAs have been validated for purposes of staffing.

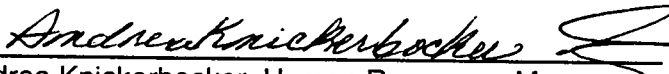
Analysis

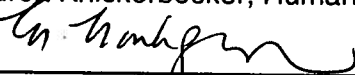
In the City Service, the Accountant I job classification is defined as an entry-level job requiring a college degree in accounting and whose duties and responsibilities are more standard in nature. The job description submitted for this new position indicates that the individual filling the job must have a bachelor's degree in accounting, which would place it in the Accountant I classification. Furthermore, comparison with higher-level Accountants' (Accountant II), particularly the position in Department of City Development located in the in the Neighborhood Improvement Development Corporation (NIDC). This particular Accountant II performs accounting and financial management services for the NIDC including: preparing consolidated financial statements, including statements of cash flow; designing and preparing financial reports for the Board of Directors and management; creating and maintaining databases; maintaining the general ledger; analyzing, extracting, and reporting activity from the City's financial management system; managing grants; managing loan portfolios; preparing tax return information; and making investment recommendations.

Recommendation

Based on the analysis above we therefore recommend that this new position be classified as Accountant I in Pay Range 545.

Prepared by: 
Laura Sutherland, Human Resources Representative

Reviewed by: 
Andrea Knickerbocker, Human Resources Manager

Reviewed by: 
Maria Monteagudo, Employee Relations Director

JOB EVALUATION REPORT

City Service Commission Meeting Date: April 27, 2010
 Department: Employees' Retirement System

Present	Request	Recommendation
Pension Investment Analyst SG 08 (\$57,028 - \$79,836) Incumbents: David Silber, Bruce Thomas	Pension Investment Analyst SG 10 (\$64,805 - \$90,728)	Pension Investment Analyst SG 10 (\$64,805 - \$90,728)

Rationale: These positions play a key role in monitoring the investments of the Annuity and Pension Board. Salary survey information presented by McLagan in April of 2009 indicates that the pay level for these positions is inadequate. This is confirmed by the difficulty the ERS has experienced in recruiting individuals with the skill set required to perform these jobs. Reallocating these positions from SG 08 to 10 will bring the pay level of the Pension Investment Analysts more in line with comparable positions in public sector funds.

Action Required

In the Salary Ordinance, under Salary Grade 10, add the title "Pension Investment Analyst" and under Salary Grade 08, delete the title "Pension Investment Analyst."

Background

The Executive Director of the Employees Retirement System (ERS), Jerry Allen, requested that several managerial and investment-related positions in his department be reviewed in light of a report submitted by McLagan, a consulting firm specializing in compensation for the financial services industry, and difficulties experienced by the ERS in recruiting qualified employees to fill these positions.

The report, entitled *Competitive Pay Analysis, Employees' Retirement System of the City of Milwaukee*, dated April 7, 2009, indicated that a number of managerial and investment-related positions in the ERS were under compensated in comparison with their counterparts employed in private and public sector funds. Page 78 of that report states "there are significant discrepancies between the salaries for comparable Midwest Public Funds and those of the ERS' staff, especially among the ranks of senior staff and management."

The Department of Employee Relations addressed this situation by holding discussions with the ERS Executive Director and Deputy Director and recommending options and courses of action. As a result of those discussions a report was submitted to your Commission in January of this year regarding the position of Information Systems Manager-ERS, SG 12, which your Commission reclassified to Chief Technology Officer, SG 16. This report deals with two key positions that were also mentioned in the aforementioned report by McLagan that are responsible for analyzing and monitoring pension investments and fund managers.

In studying this request, written documentation in the form of job descriptions and job announcement sheets were reviewed and discussions were held with Jerry Allen, ERS Executive Director, and Martin Matson, ERS Deputy Director. In addition, the McLagan report was carefully reviewed.

Duties and Responsibilities

The investment section of the ERS consists of a Chief Investment Officer (Thomas Rick), two Pension Investment Analysts, and a half-time College Intern. These individuals work closely with the Executive Director of the ERS, the Investment Committee of the Annuity and Pension Board, the general investment consultant, custodian bank, actuary, real estate consultant, and 12 external investment managers. The Annuity and Pension Board establishes overall investment strategy and makes investment decisions such as changes in asset class allocations; adoption or discontinuation of investment strategies and tactics; and the selection of and allocation to external investment managers. The asset classes currently used are: domestic equity, foreign equity, fixed income, and real estate. (Page 63, *Employes' Retirement System of the City of Milwaukee, Organizational Review: Final Report*, R. Wechsler, Ltd. May 14, 2009.)

Pension Investment Analysts perform a number of duties and responsibilities that support investment decision making and compliance, specifically they:

- Analyze the investment portfolio and potential subsequent changes to the investment strategy such as reallocation within investment classes. Analyze the performance of individual investment managers to ensure their compliance with guidelines on risk, asset allocation, etc. Perform quantitative analysis of the above and other investment related activities as requested. Advises the Chief Investment Officer (CIO) of any discrepancies and supports the CIO in reporting same to the Board and its subcommittees as necessary
- Provide summary and detailed reports on the above and on any special projects for management, the Board and its subcommittees.
- Execute special projects as assigned.

Knowledge, Skills, Abilities, and Attributes (KSAs)

Notable knowledge skills, abilities, and attributes include the following:

- An exceptionally high degree of analytical ability
- In-depth knowledge of investment vehicles, portfolio theory, and the investment process
- Absolute honesty and integrity
- Ability to remain independent and objective in analyzing investment results and monitoring fund managers
- Ability to solve and manage problems independently
- Knowledge of financial controls, investment accounting, and investment systems
- Ability to prepare executive summaries and other written communications for senior management
- Ability to present complex financial concepts and information in nontechnical terms
- A high degree of proficiency using spreadsheets, word processing software, presentation software, Zephyr, and various investment custody software

- Knowledge and understanding of statistics and statistical concepts
- Ability to understand and interpret actuarial data
- Ability to establish good working relationships with the ERS staff and those involved with investments.

The minimum requirements for the job, as stated in an advertisement (“announcement sheet”) for the position dated July 13, 2006 were as follows: a bachelor’s degree in accounting, finance, business or related field and three years of work experience analyzing investments and financial information and preparing written summary reports of those findings. (The job description developed by the ERS in October of 2009 indicated that three to five years of experience were required for entry into the job.) Well qualified applicants for this position were expected to have the designation of Chartered Financial Analyst (CFA). It should be noted that neither the new work experience requirements nor the KSAs listed above have been validated for staffing purposes

It is important to note that the monitoring and oversight function performed by these positions (and of course that of the Chief Investment Officer) play a critical role in enabling ERS management and the Annuity and Pension Board to maintain an independent status in regard to its investment decisions. Pension Investment Analysts regularly scrutinize information and reports from outside fund managers, the Board’s consultant, and its actuary to ensure that the information presented is comprehensive, correct, and internally consistent, with the ultimate goal of protecting the interests of the Board’s investments.

This job, which is unique in the City service, but commonly found in other public and private sector funds, is currently compensated in Salary Grade 08 at the following rates of pay.

**Current Salary Grade /Pay Range
of Pension Investment Analyst**

	Min	Mid	Max
SG 08	\$57,028	\$68,433	\$79,836

Each Pension Investment Analyst is compensated at a different point within this range.

Comparison to Other City Positions

In surveying other positions in City government, the only other position that could be legitimately compared to the nature of work performed by Pension Investment Analysts was that of Investments and Financial Services Manager, SG 12, in the City Treasurer’s Office. This Manager is responsible for the management of the City funds, including the development of investment strategies, in the custody of the City Treasurer. Subsequent to Executive Staff approval of the strategies, this position is responsible for the implementation of the investment strategies consistent with cash flow requirements of the City and Milwaukee Public Schools and for maintaining working relationships with local financial institutions and security dealers.

There are important dissimilarities, however, between this Manager and the Pension Investment Analysts. Firstly, the Manager in the City Treasurer’s Office is responsible for providing the technical knowledge and judgment required for investment decisions to an elected official. In that respect, this Manager is more comparable to the Chief Investment Officer in the ERS. In contrast, Pension Investment Analysts report to the Chief Investments Officer in the ERS. Secondly, the Manager in the Treasurer’s Office also supervises the accounting of all receipts and disbursements by the City Treasurer’s Office and supervises staff that carries out employee judgment account administration and payroll operations. For these reasons, it does not appear

that Pension Investment Analysts exercise the same amount of responsibility as that of the Investments and Financial Services Manager in the City Treasurer's Office.

Pay Analysis

The *Competitive Pay Analysis* submitted to management and the Annuity and Pension Board by McLagan in April of 2009 reported the following average rates of pay for Pension Investment Analyst.

Competitive Pay Analysis for Pension Investment Analyst

ERS Job	Current Salary Range (000s)	50 th Percentile (000s)		
		Midwest Public Sector	All Public Sector	Private Sector
Pension Investment Analyst	75.1	87.0	92.0	124.0
		2007	2009	2009

McLagan is a compensation consulting firm that specializes in compensation for the financial services industry in both the private and public sector. *The Competitive Pay Analysis* submitted in April of 2009 was based upon data from 66 public sector funds and 74 private sector firms. In addition, ERS salaries were compared to comparable positions in Midwestern public sector funds. The scope of organizations and firms surveyed and methodology used to compile this data indicates that the pay information provided by McLagan is reliable and valid for the Pension Investment Analyst job.

The information provided by McLagan indicates that the pay level of the job of Pension Investment Analyst is inadequate. Furthermore, ERS management reported that, due to low pay levels, the department experienced great difficulty in recruiting and filling these positions. For this reason, we recommend reallocating these positions to Salary Grade 10, as shown below.

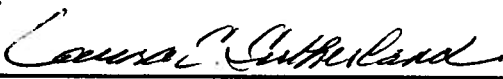
Recommended Salary Grade for Pension Investment Analyst


	Min	Mid	Max
SG 10	\$64,805	\$77,767	\$90,728


The recommendation to reallocate these positions from SG 08 to SG 10 takes the City's current financial challenges into consideration and is therefore fiscally conservative. The employees filling these jobs will receive a 3% increase upon promotion to the higher salary grade, as provided in the City's Salary Ordinance.

Recommendation

It is recommended that the job classification of Pension Investment Analyst, SG 08, be reallocated to SG 10.

Prepared by: 
 Laura Sutherland, Human Resources Representative

Reviewed by: 
 Andrea Knickerbocker, Human Resources Manager

Reviewed by: 
 Maria Monteagudo, Employee Relations Director