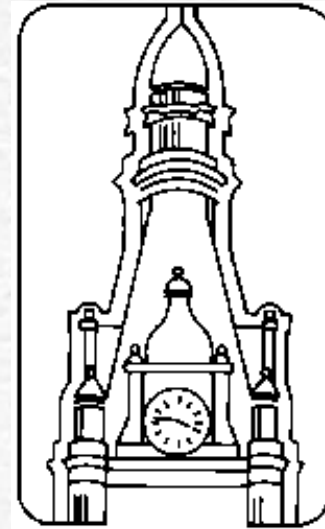


2005 Budget Hearing

Department of Employee Relations




DER Functions and Programs

- DER provides HR support and services to City departments in the following areas:
 - Recruitment, Testing, Certification and Selection of candidates for employment
 - Compensation, Classification and Pay and Salary Administration
 - Benefits and Leave Administration
 - Collective Bargaining and Grievance Administration
 - Employee Training and Development
 - Worker Compensation and Safety
 - Employment and Citizen Complaint Processes



DER Functions and Programs, continued

- ☛ We staff the **City Service Commission** and the **Fire and Police Commission**, two civilian bodies appointed by the Mayor to oversee that personnel matters and decisions are made in accordance with civil service laws and their respective rules.
- 

DER Functions and Programs, continued

☛ The merger of the FPC with DER in 2003 has resulted in many successes:

- Creation of the Office of Diversity
- Recruitment activities centralized with Recruiting and Training Specialist with assistance from MPD and MFD
- Test development and administrations activities are shared with increased number of staff
- Implementation of single medical services contract for pre-placement purposes
- Increased interaction between FPC and labor relations staff provides opportunity to better serve departments by providing advice and guidance that is consistent with the rules and provisions of the labor contracts

Budget Overview

- Overall the 2005 Proposed DER Budget is adequate in terms of our ability to comply with and support all services and functions legally mandated by federal and state employment laws, the Milwaukee Code of Ordinance, State Statutes, City Charter, civil service rules and regulations and collective bargaining agreements.

Budget Overview, continued

- ☛ This budget represents a small increase in our salaries and wages account of approximately 3.7% (not including fringe benefits). It also represents a reduction of approximately 11% in our operating expenditures account and 19% in our Special Funds. The most significant impact in terms of these reductions will be in our **Professional Services and Other Operating Expenses Account**.

Budget Overview, continued

Professional Services	Other Operating Expenses
<ul style="list-style-type: none">• Police Office and Police Aide Test• Design, Development and Administration• Firefighter Test Scoring Expenses.• Interest and Grievance Arbitration Expenses.• Court Reporters for disciplinary and grievance appeal hearings• Background Checks	<ul style="list-style-type: none">• Recruitment Costs• Oral Boards• Records Retrieval, Imaging and other MPR charges.

Budget Overview, continued

☞ The 2005 Budget includes the following Positions Changes:

- Add one Labor Research Analyst
- Eliminate Program Assistant II
- Eliminate Diversity Specialist Sr
- Eliminate vacant HR Representative



☞ One position is vacant and two are filled. The incumbents of filled positions will be offered placement opportunities within the Department. If employment offers are accepted we anticipate no layoff in 2005.

DER Initiatives

- ☛ I am excited to have the opportunity to share with members of the Committee our Strategic Planning Initiative. This is an initiative that was started in fall of 2003. Since my appointment as DER Director in July I have made the strategic planning process for the entire department a priority.

DER Initiatives, continued

- ✓ I feel that the strategic planning process will...
 - assist DER in aligning key strategic objectives with our Budget and limited resources
 - define the actual plans, programs and initiatives to be implemented to achieve those objectives
 - and –
 - identify specific measures that will help me as the Director and you as the policy makers assess the effectiveness of our work.

DER Initiatives, continued

- Our efforts are aimed at not only being able to fulfill all of those responsibilities we are required to perform, but to identify and pursue ways in which we can better serve City agencies in handling difficult and sometimes costly employment matters.

DER Initiatives, continued

For example, three of the most significant Strategic Objectives are in the areas of

- Employee Relations
- Compensation
- Workers' Compensation



DER Initiatives, continued

Employee Relations

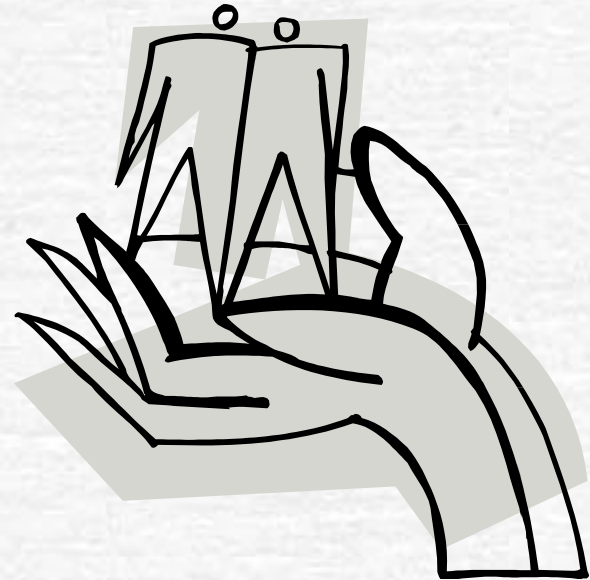
- Performance Management
- Mandatory Leadership Development Training for New Supervisors
- DER Intervention Program
- Employee Recognition Programs



DER Initiatives, continued

☞ Compensation

- Total Rewards Philosophy



DER Initiatives, continued

Workers' Compensation

- Reactivate City Central Safety Committee
- Employee Handbook on Reporting Work Related Injuries
- Track injury incident rate and cost by department and share information with Department Head

Employee Benefits 2005




City of Milwaukee Employee Benefits Special Purpose Accounts for 2005

- While health insurance and health care costs for both active and retired employees continue to grow, the City is continuing to pursue the following actions to control costs:
 - Provide Choice and Offer Incentives
 - Support cost effective drug utilization
 - Promote Health and Wellness
 - Improve Health Care Quality
 - Leverage the best care and lowest cost for all Milwaukee employers
- Each of these is elaborated upon on the following slides.*



Provide Choice and Offer Incentives


... to employees and retirees seeking high quality and lower cost health options. Rather than selecting only one low cost plan with a narrow network of providers pursue options such as the new Patient Choice plans that provide viable choices and incentives for management employees in 2005.





Support Cost Effective Drug Utilization


... for all city employees and retirees through a co-insurance arrangement or a three-tier payment plan that provides appropriate incentives to select generic drugs when available. Continue to evaluate other actions including education, price incentives, plan design and utilization.





Promote Health and Wellness


... for all active and retired employees through health plan and insurer's efforts such as the CompcareBlue Lifestyle Blue and the Aurora Family Network free health risk analysis. Currently both WPS and CompcareBlue have disease management specialists to focus on members with asthma, diabetes, cancer, cardiac care, smoking cessation and weight control. Links in the open enrollment book and on the City web site DER home page include excellent information for employees on staying healthy and active.





Improve Health Care Quality


... and patient safety through support of the Leapfrog Safety standards through the Wisconsin Healthcare Purchasers for Quality; the use of the Wisconsin Hospital Association Check-Point site hospital quality site; and, by supporting the development of a Centers of Excellence in the Milwaukee area.





Leverage the Best Care and Lowest Cost for All Milwaukee Employers

... by continuing to work with providers and insurers, noting that the all area employers who are paying for health care need to do a better job controlling the future, and not just reacting to providers. This includes working with both public and private employers and coalitions of employers to better control the cost of health care.



City Total Health Care Costs: 1999 to 2005

Year	1999	2000	2001	2002	2003	2004*	2005*
Actual Cost	\$51.9M	\$56.7M	\$62.7M	\$74.9M	\$76.9M	\$83.4M	\$91.7M
% Change	5.6%	9.3%	10%	20%	2%	9.1%	10.0%

* 1999, 2000, 2001, 2002, 2003 are actual net costs; 2004 and 2005 are projected
 2004 projection includes \$3.3M in carryovers from 2003
 2005 projection does not include \$3.7M in accruals

Employee Benefits 2005

General City Management (2005 Rate Chart)

Chart I - Monthly Health Plan Rates For 2005						
HEALTH PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Aurora Family Network	\$ 352.29	\$ 352.29	<i>No Cost</i>	\$ 962.13	\$ 962.13	<i>No Cost</i>
CompcareBlue Broad Network	\$ 437.78	\$ 352.29	\$ 85.49	\$ 1,195.51	\$ 962.13	\$ 233.38
Basic Plan	\$ 523.86	\$ 352.29	\$ 171.57	\$ 1,251.68	\$ 962.13	\$ 289.55
Patient Choice Tier 1	\$ 366.02	\$ 352.29	\$ 13.73	\$ 988.20	\$ 962.13	\$ 26.07
Patient Choice Tier 2	\$ 401.50	\$ 352.29	\$ 49.21	\$ 1,084.06	\$ 962.13	\$ 121.93

Employee Benefits 2005

DC-48 (2005 Rate Chart)

Chart I - Monthly Health Plan Rates For 2005						
HEALTH PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE
Aurora Family Network	\$ 355.61	\$ 355.61	<i>No Cost</i>	\$ 970.80	\$ 970.80	<i>No Cost</i>
CompcareBlue Broad Network	\$ 441.10	\$ 355.61	\$ 85.49	\$ 1,204.18	\$ 970.80	\$ 233.38
Basic Plan	\$ 523.86	\$ 473.86	\$ 50.00	\$ 1,251.68	\$ 1,151.68	\$ 100.00

Active Employee Annual Cost 2005

	Annual Cost	City Pays (annual)	Employee Pays (annual)
CB AFN HMO	\$11,649	\$11,649	\$0
CB Broad HMO	\$14,450	\$11,469	\$2800
Basic Plan (DC#48)	\$15,020	\$13,820	\$1200
Basic Plan (Fire/Police)	\$15,020	\$13,580	\$1440
Basic Plan (Mngt)	\$15,020	\$11,469	\$3370
*Patient Choice Tier I	\$11,858	\$11,469	\$209
*Patient Choice Tier II	\$13,008	\$11,469	\$1359

Retirees (2005 Rate Chart)

(Rates in parentheses are the 2004 rates and are shown only for comparison purposes)				
Plan Code	If you are or your family consists of:	Basic Plan	Compcare	Aurora Family Network
1	A single w/o Medicare	\$ 650.12	\$ 413.95	\$ 372.53
		(\$645.34)	(\$280.36)	(\$252.32)
3	Family w/o Medicare	\$ 1,164.58	\$ 1,129.99	\$ 1,017.00
		(\$1,155.80)	(\$765.37)	(\$688.84)
4	One with Medicare	\$ 301.01	\$ 325.67	\$ 293.07
		(\$298.22)	(\$220.58)	(\$198.50)
5	Two with Medicare	\$ 582.17	\$ 651.34	\$ 586.14
		(\$576.70)	(\$441.17)	(\$397.01)
6	One with Medicare & one w/o Medicare	\$ 890.76	\$ 739.59	\$ 665.60
		(\$883.53)	(\$500.94)	(\$450.83)
7	One with Medicare, one w/o Medicare & Dependent Child(ren)	\$ 1,017.13	\$ 1,041.74	\$ 938.66
		(\$1,009.20)	(\$705.59)	(\$635.78)
8	Two with Medicare & Dependent Child(ren)	\$ 722.23	\$ 953.48	\$ 859.20
		(\$715.98)	(\$645.82)	(\$581.96)
9	One w/o Medicare & Dependent Child(ren)	\$ 972.59	\$ 1,129.99	\$ 1,017.00
		(\$964.90)	(\$765.37)	(\$688.84)
10	One with Medicare & Dependent Child(ren)	\$ 616.92	\$ 1,041.74	\$ 938.66
		(\$609.01)	(\$705.59)	(\$635.78)
"With Medicare" means having both parts of Medicare, Hospital (Part A) and Medical (Part B).				

Employee Benefits 2005

General City Management (2004 Rate Chart)

Chart I - 2004 Monthly Health Plan Rates						
HEALTH PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
Aurora Family Network	\$ 336.43	\$ 336.43	<i>No Cost</i>	\$ 918.45	\$ 918.45	<i>No Cost</i>
CompcareBlue-Traditional	\$ 373.81	\$ 336.43	\$ 37.38	\$ 1,020.49	\$ 918.45	\$ 102.04
Basic Plan	\$ 520.89	\$ 336.43	\$ 184.46	\$ 1,244.59	\$ 918.45	\$ 326.14

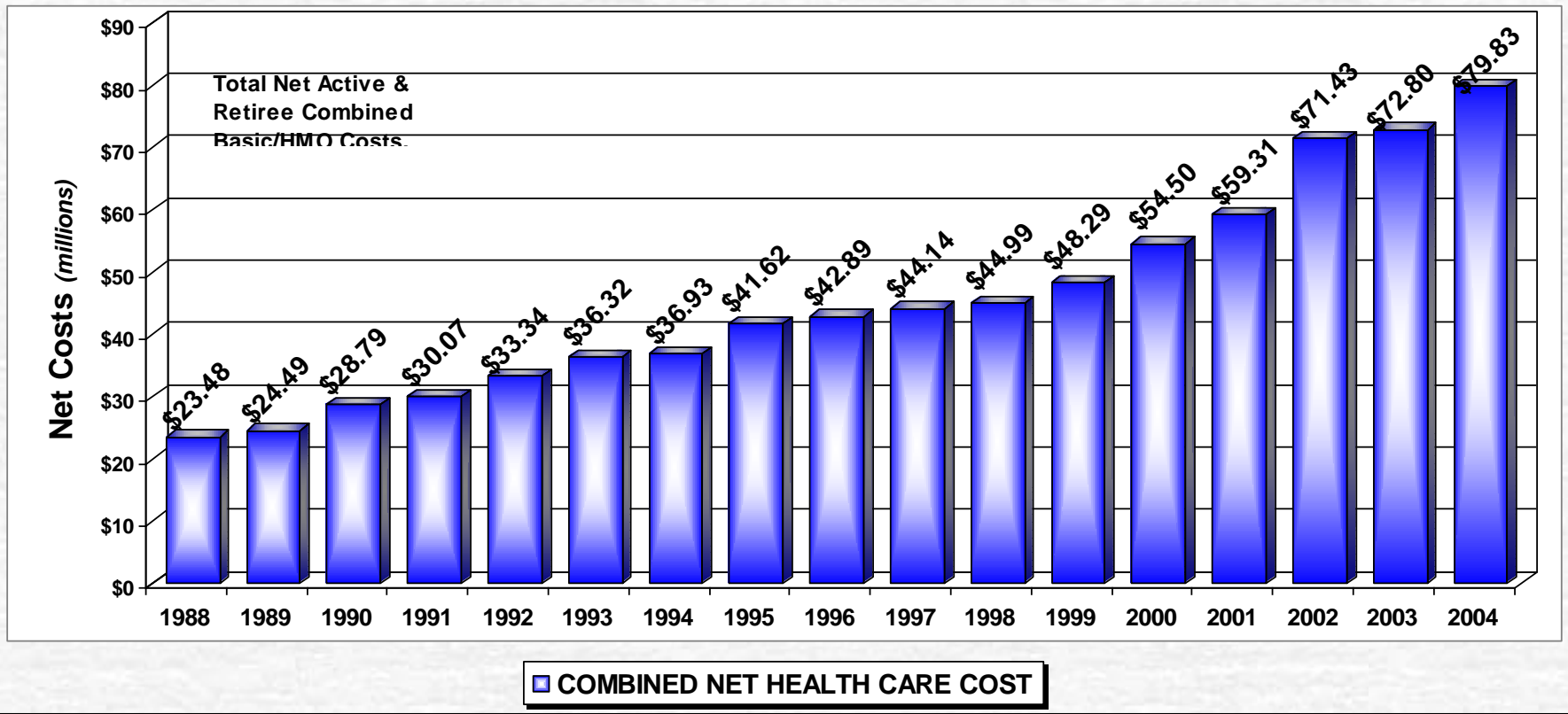
Employee Benefits 2005

DC-48 (2004 Rate Chart)

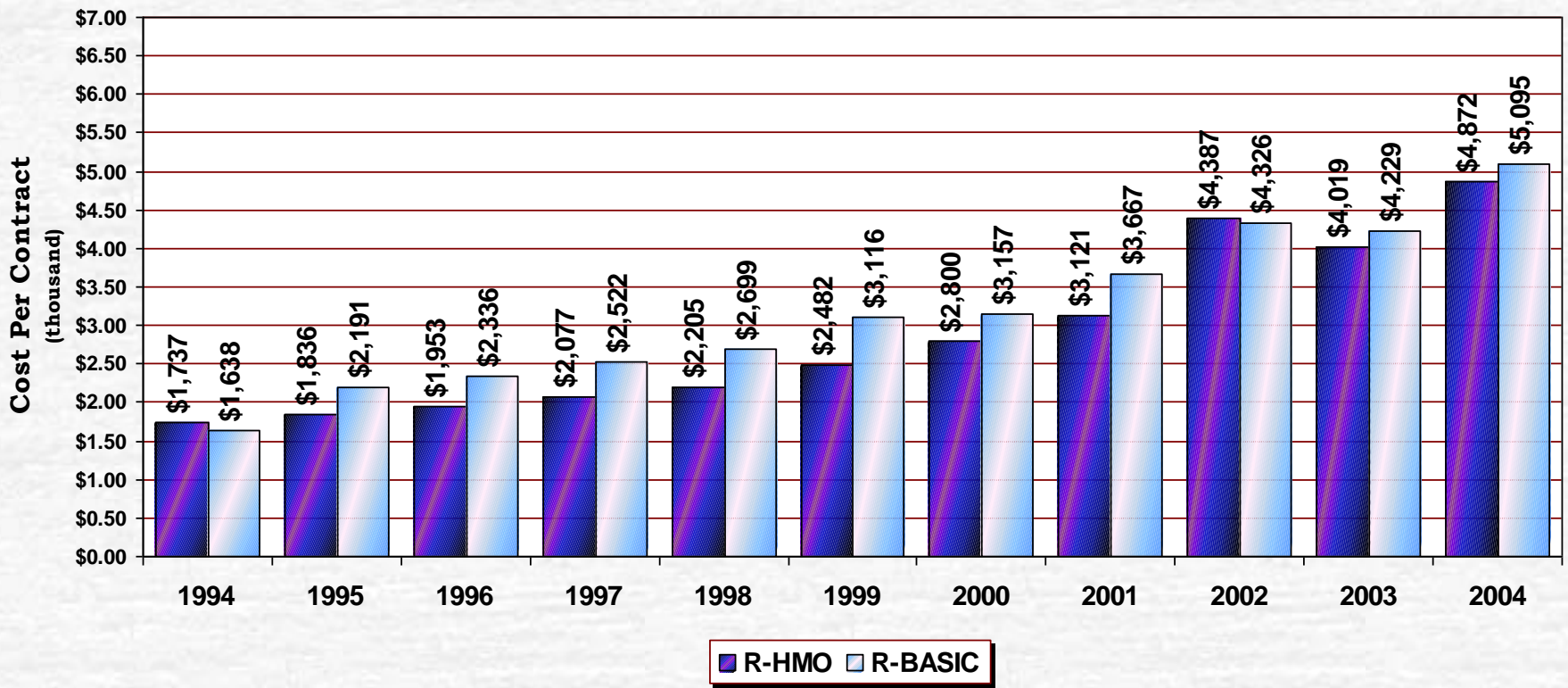
Chart I - 2004 Monthly Health Plan Rates						
HEALTH PLAN	SINGLE PREMIUM	CITY SHARE	SINGLE EMPLOYEE SHARE	FAMILY PREMIUM	CITY SHARE	FAMILY EMPLOYEE SHARE
#REF!	\$ 336.43	\$ 336.43	<i>No Cost</i>	\$ 918.45	\$ 918.45	<i>No Cost</i>
CompcareBlue-Traditional	\$ 373.81	\$ 336.43	\$ 37.38	\$ 1,020.49	\$ 918.45	\$ 102.04
#REF!	\$ 520.89	\$ 470.89	\$ 50.00	\$ 1,244.59	\$ 1,144.59	\$ 100.00

NET HEALTH CARE COSTS 1988 - 2004

COMBINED BASIC/HMO COSTS



HEALTH CARE COSTS 1994 - 2004 ANNUALIZED NET CITY RETIREE COST PER CONTRACT



Employee Contribution as Percent of Gross Active and Retiree

