

July 25, 2007

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

Re: Reconsideration of Proposed Changes to Management Pay Plan

Dear Committee Members:

I would like to applaud the fact that changes to the pay plan are being reviewed by the Common Council to reward hard-working, effective managers, but I think there are some circumstances that must be taken into consideration before a final decision is made. After having examined the proposed changes to the management pay plan, I would like to offer my opinion and a request for the Council to consider before voting on the issue.

As the proposed changes to the management pay plan will affect one's ultimate pension benefits, and because many of us were hired and are planning our retirement based upon certain monetary assumptions that are to be calculated on one's three highest years of earnings, I suggest that employees who by January 1, 2008 are within the last three years before they are eligible to retire be given the choice of continuing under the current pay plan or switching to the new pay plan. I propose that employees who by January 1, 2008, are either within three years of being eligible for a service retirement; i.e., those persons who will be 60 years of age by December 31, 2010, or those persons who are within three years of meeting early retirement rules and are eligible to retire between the ages of 55 and 60, depending upon their years of service, be given the option to either be grandfathered into the existing plan or moved to the new plan. I do not know the limited number of employees that this will affect, but I think this is the only just action to take for those of us who relied upon certain expectations.

While I understand that we are all employees at will, it is unlikely that managers who have relied upon promises made by the City will have the practical freedom to resign from the City within those last few years to find a better-paying position elsewhere. And while this may be possible for some, the managers who are able to move would most likely experience even a greater negative effect on their future pension earnings thereby making move impractical.

I will use my situation as an example. In 1990, I was hired as DPW's Parking Financial Manager in a newly created managerial position at a pay grade 8. During the first 5.5 years in the position, my responsibilities increased significantly and I was promised by my boss and the Commissioner of Public Works that they would seek a reclassification upward to reflect the changes. Before that was done, I left the City in January 1996 to take an executive position within the private sector where I remained for six years, until that company downsized. Throughout my six year absence, my City position was filled by four different managers. During that time the position was reclassified downward one pay grade to PG 7. When I returned in February 2002, I was given back many of the functions that were removed from the position after it was downgraded. I was hired at the top of the PG 7 range and was making less than when I left City service six years earlier. I was promised that DPW would seek a reclassification as soon as possible. In several of the years between 2002 and 2006, managers were given either zero or a reduced COLA compared to contract employees, so my total salary continued to slide compared to the cost of living and compared to other employees. DPW tried every year to have my position studied and finally in February 2007, my position was upgraded to the 9th of 12 steps in PG 9. Under the current pay plan, I have only three steps to climb at an annual increase of 3.1% before I reach the top of the pay grade. If the new pay plan is adopted as proposed, I would be considered an M2 and would already be beyond step 7. Therefore, instead of a guaranteed increase of 3.1% per year for the next three years, I will now be guaranteed only 1.5%, less than 50% of what I would have gotten and the maximum salary does not change between the old and the new pay plans. So it would take me six years in the new plan to reach what it now will take three years to attain. This difference is critical for the calculation of my pension as I will be 60 years old in December 2010 and I will have 15 years of service. I have tried to be patient and have watched my buying power decrease since I have returned to the City. Now, as soon as I am eligible for three more steps, the value of those step increases is being halved. My future buying power again is being reduced.

Please consider granting those of us who are within three years of eligibility for retirement the option of being grandfathered into the current system or moving to the new system. I appreciate your consideration of this request.

Sincerely,

Cindy Angelos
Parking Financial Manager
Department of Public Works

Cc: Maria Monteagudo, DER