



Department of Employee Relations

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Deborah Ford
Labor Negotiator

October 26, 2012

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

Dear Committee Members:

Re: Common Council File Number 120879

The following classification and pay recommendations were approved by the City Service Commission on **October 23, 2012**.

In the Department of Employees' Retirement System,

One position of Employees' Retirement System-Executive Director, PR 1MX was recommended for two footnotes including compensation in PR 10X for current incumbent and compensation flexibility by the Annuity and Pension Board.

One position of Chief Investment Officer, PR 1MX was recommended for reallocation to Pay Range 1NX.

Two positions of Pension Investment Analyst, PR 2KX was recommended for reclassification to Pension Investment Analyst Senior, PR 2OX, in addition to under fill titles of Pension Investment Analyst, PR 2MX and Pension Investment Analyst Associate, PR 2KX which all have a footnote attached allowing compensation flexibility.

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

Sincerely,



Maria Monteagudo
Employee Relations Director

MM:fcw

Attachments: Job Evaluation Report
Fiscal Note

C: Mark Nicolini, James Carroll, Nicole Fleck, Victoria Robertson, Bernard (Jerry) Allen, and Beth Cleary



Job Evaluation Report

City Service Commission Meeting: October 23, 21012

Employees' Retirement System

Current	Request	Recommendation
Employees' Retirement System-Executive Director PR 1MX (\$95,030 - \$133,049)	Study of Position and add footnote that allows compensation flexibility.	Employees' Retirement System-Executive Director PR 1MX (\$95,030 - \$133,049) Add two footnotes: To be paid rates consistent with PR 1OX (\$107,973 - \$151,159) and allow compensation flexibility as determined by the Board.
Chief Investment Officer PR 1MX (\$95,030 - \$133,049)	Study of Position	Chief Investment Officer PR 1NX (\$101,294 - \$141,815)
Pension Investment Analyst PR 2KX (\$64,805 - \$90,728) Two positions	Study of Position and add footnotes that allow compensation flexibility.	Pension Investment Analyst Senior PR 2OX (\$83,653 - \$117,118) Two positions Add footnotes that allow compensation flexibility as determined by the Board.
		Underfill Title Pension Investment Analyst PR 2MX (\$73,627 - \$103,077) Add footnotes that allow compensation flexibility as determined by the Board.
		Underfill Title Pension Investment Analyst Associate PR 2KX (\$64,805 - \$90,728) Add footnotes that allow compensation flexibility as determined by the Board.

Actions Required

Listed at end of report

Background

On August 29th of this year the Director of the Employees' Retirement System (ERS) Bernard (Jerry) Allen, requested that three positions with responsibility for monitoring the investments of the Annuity and Pension Board be studied for appropriate pay level. Mr. Allen's request was prompted by a pay study conducted by McLagan and Associates dated December of 2011. The study indicated that three investment positions that are the subject of this report were being compensated significantly below the relevant labor market which the ERS has defined as public funds in the Midwest. The most relevant portion of salary data from that report is presented in the chart below.

**Salaries of ERS Investment Jobs
Compared with Those in Midwestern Public Funds**

ERS Titles and Salaries			Midwest Public Funds
Title	Minimum	Maximum	Median
Chief Investment Officer	\$95,030	\$133,049	\$239,300
Pension Investment Analyst	\$64,805	\$90,728	\$136,900

The ERS has stated that these three investment positions are critical to the performance of the Board's investments and the independent status of the System as a whole. It is critical that the department is able to attract and retain employees at competitive rates. Due to the fact these investment jobs are performed by City employees, as opposed to individuals from outside consulting firms, their interest is strictly aligned with the ongoing financial health of the ERS and with the Board's investment policy. According to Mr. Allen, this staffing approach has been successful. In his correspondence to Employee Relations, dated August 29, 2012, he stated that the ERS's investment portfolio added \$255 million to its funds during a ten-year period ending December 31, 2011 above and beyond market benchmarks. In that same letter, Mr. Allen stated that employing City employees to independently monitor investments is very cost effective and that if an outside financial firm provided these services it would cost \$4.5 million annually.

In addition the Annuity and Pension Board has requested the addition of a footnote that provides flexibility in compensating the ERS-Executive Director. At one point in time it had been contemplated that the ERS-Executive Director would become an employee of the Annuity and Pension Board through an intergovernmental cooperation agreement with the City approved by the Council in 2007. However, the Board has not implemented that option and instead has requested that the position be paid rates comparable to pay range 10X \$107,973 - \$151,159, as well as a footnote that allows the Board to compensate the position at any rate in that range.

Analysis

Considering the information provided by the ERS via McLagan and Associates, it is clear that ERS's investment positions should be reallocated to a higher level. In the case of the Chief Investment Officer, it is our recommendation to reallocate the position one pay range higher to PR 1NX \$101,294 - \$141,815. Due to the fact that the Chief Investment Officer reports directly to the Annuity and Pension Board, and not to the Employees' Retirement System-Executive Director, this change does not create a pay compression issue with that position.

In the case of the Pension Investment Analyst position, it is recommended that a new career ladder be created consisting of the following job classifications and levels.

Proposed Career Ladder for Pension Investment Analyst


Title	PR and Range
Pension Investment Analyst Senior	2OX \$83,653 - \$117,118
Pension Investment Analyst	2MX \$73,627 - \$103,077
Pension Investment Analyst Associate	2KX \$64,805 - \$90,728

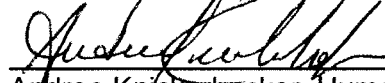
In order to provide the greatest flexibility in recruiting and maintaining independent investment analysts on staff, the ERS has requested that authority be granted to recruit and compensate employees in all of the above job classifications at any amount in their respective pay ranges. This is the same degree of flexibility that currently exists for the Chief Investment Officer. The


ERS-Executive Director has indicated that in making determinations regarding compensation and pay progression for investment staff, that they will include, among other considerations, the performance of the incumbents and the performance of the investments.

Recommendation

In order to provide the ERS with the greatest amount of flexibility possible it is recommended that the Chief Investment Officer be reallocated to pay range 1NX \$101,294 - \$141,815; that a new career ladder be established for Pension Investment Analyst as outlined in the above table; and that footnotes allowing flexibility in recruiting and compensating employees be maintained or created for all of these titles. In addition it is recommended to footnote the ERS-Executive Director to be paid at rates comparable to pay range 1OX and to allow compensation at any rate in that range with the approval of the Annuity and Pension Board.

Prepared by: 
Laura Sutherland, Human Resources Representative

Reviewed by: 
Andrea Knickerbocker, Human Resources Manager

Reviewed by: 
Maria Monteagudo, Employee Relations Director

Action Required

In the Salary Ordinance:

In pay range 1MX add footnote (2) and (4) for the Employee's Retirement System-Executive Director as follows:

- Employees' Retirement System-Executive Director (1) (2) (4)
- (1) Recruitment may be at any rate in the pay range.
 - (2) Compensation may be at any rate in the pay range upon approval of the Annuity and Pension Board.
 - (4) Position to be paid rates consistent with pay range 1OX (\$107,973 - \$151,159) while occupied by Bernard Allen.

In pay range 1MX delete the following title "Chief Investment Officer" and previous footnote (2) and add the title and footnotes (1) and (2) to pay range 1NX as follows:

- Chief Investment Officer (1) (2)
- (1) Recruitment may be at any rate in the pay range.
 - (2) Compensation may be at any rate in the pay range upon approval of the Employees' Retirement System-Executive Director and the Annuity and Pension Board.

Delete the current pay range 2NX and create the following new pay ranges:

Pay Range 2NX		
Hourly	37.73	52.82
Biweekly	3,018.02	4,225.53
Annual	78,468.52	109,863.78

Pay Range 2OX

Hourly	40.22	56.31
Biweekly	3,217.43	4,504.55
Annual	83,653.18	117,118.30

Pension Investment Analyst Senior (1) (2)

- (1) Recruitment may be at any rate in the pay range.
- (2) Compensation may be at any rate in the pay range upon approval of the Employees' Retirement System-Executive Director and the Annuity and Pension Board.

Pay Range 2PX

Hourly	42.87	60.01
Biweekly	3,429.28	4,800.87
Annual	89,161.28	124,822.62

Pay Range 2QX

Hourly	45.69	63.97
Biweekly	3,655.01	5,117.27
Annual	95,030.26	133,049.02

Assistant City Attorney III (1)

- (1) Recruitment is at any rate up to \$4,915.76 at the discretion of the City Attorney.

In pay range 2MX, add the title of "Pension Investment Analyst" and footnotes (2) and (3) as follows:

Pension Investment Analyst (2) (3)

- (2) Recruitment may be at any rate in the pay range.
- (3) Compensation may be at any rate in the pay range upon approval of the Employees' Retirement System-Executive Director and the Annuity and Pension Board.

In pay range 2KX, delete the title of "Pension Investment Analyst" and add the title of "Pension Investment Analyst Associate" and footnotes (3) and (4) as follows:

Pension Investment Analyst Associate (3) (4)

- (3) Recruitment may be at any rate in the pay range.
- (4) Compensation may be at any rate in the pay range upon approval of the Employees' Retirement System-Executive Director and the Annuity and Pension Board.

In the Positions Ordinance, under the Employees' Retirement System, Management Support Systems, delete two positions of "Pension Investment Analyst" and add two positions of "Pension Investment Analyst-Senior."