

November 29, 2016 (Revised December 20, 2016)

To the Honorable Members of the
Fire and Police Commission
City of Milwaukee
Milwaukee Wisconsin

Dear Commission Members;

-Summary-

This report recommends changes to the compensation structure for sworn Fire management positions of Battalion Chief, Deputy Chief and Assistant Fire Chief in the Milwaukee Fire Department (MFD). The realignment of pay ranges will address the pay compression problems recently exacerbated by the implementation of salary adjustments for sworn positions represented by the Milwaukee Professional Firefighters Association, Local 215, as required by the 2013-2016 collective bargaining agreement.

Failure to recognize and immediately address the existing pay compression problems will have a negative impact on the Fire Chief's ability to attract applicants for these critical leadership positions.

<u>Current Title/ # of Positions/Vacancies</u>	<u>Current Pay Range*</u>	<u>Proposed Pay Range</u>	<u>Appointment Rate</u>
Assistant Fire Chief 3 positions/ 0 vacancies	\$103,153 - \$144,421	\$103,841 - \$145,381	\$115,327
Deputy Chief, Fire 7 positions/ 0 vacancies	\$102,875 - \$112,438	\$91,403 - \$127,961	\$110,940
Battalion Chief, Fire 15 positions/ 3 vacancies	\$ 93,770 - \$101,862	\$80,441 - \$112,626	\$107,068

The recommended changes to the pay range minimums and maximums and the corresponding appointment rates create a more appropriate structure and pay differential between sworn management positions within MFD in relation to the highest rank classification of Fire Captain within Local 215. The recommended pay ranges will help address internal equity problems as new appointments are made into leadership positions in the Fire Department and are also consistent with the internal pay structure of other executive level civilian positions across the City. The rates listed are resident rates.

*Current rates in this report are based on changes per Part II, Section 5, J, of the Salary Ordinance.

Background

Over the last several years Chief Mark Rohlfing has experienced significant difficulty attracting members of Local 215, Milwaukee Professional Firefighters Association, to apply for leadership positions within the Milwaukee Fire Department, at the rank of Battalion Chief and above. Although a number of factors contribute to this problem, the most significant reason individuals are not motivated to apply or accept leadership positions within MFD is the structural pay compression problem that exists between the rates of pay of the highest officer rank in the union, Fire Captain, and sworn management leadership positions of Battalion Chief, Deputy Chief, and Assistant Chief.

Structural rates of pay (pay range minimums and maximums) and pay progression salary adjustments (the ability to move through an established pay range on the employees anniversary date) for members of Local 215 are a mandatory subject of bargaining. Employees represented by Local 215 have received salary adjustments, both across the board increases and step increases, per specific labor contract provisions. In contrast, the rates of pay for sworn management positions were frozen for a four year period from 2009 to 2012 and employees have not been eligible for pay progression within their range.

The chart below summarizes the across the board salary increases for both groups since 2009.

Year	Local 215*	Chief Officers Association
2016	2% PP1 2% PP14 .25% PP25	0%
2015	2% (an additional 1% for the Paramedic rank)	0%
2014	1% in PP 1 1% in PP 14	1.0%
2013	2%	1.5%
2012	1% PP 14	0%
2011	2.95% PP 26	0%
2010	0%	0%
2009	3%	0%

*In addition to cost of living increases, Local 215 members have been eligible for step salary adjustments on their anniversary date.

Up until 2009, the City strived to maintain wage parity between Local 215 and sworn management personnel. Establishing appropriate pay differentials within a quasi-military organization based on nature of work, level of responsibility, and complexity of assignment is critical for a number of reasons as explained below:

1. Senior level and leadership positions within public safety careers are typically filled via internal promotions, not outside recruitment efforts. Individuals who are promoted from within, from the rank of Fire Captain, are able to immediately support and contribute to the department's mission and its strategic goals and objectives instead of devoting time to learning about the organization;
2. Leadership positions in the largest Fire Department in the state are not attractive to rank and file members from other jurisdictions because of the negative impact a separation can have upon benefits driven by payroll status within those jurisdictions and other seniority and job protection considerations; and,
3. Union members relinquish the protections and benefits afforded to them as members of a bargaining unit when promoted to non-civil service positions that serve at the discretion of the Chief.

The pay structures that have resulted from the practices described above have created significant pay compression problems. There are different forms of pay compression. One form of pay compression exists when the pay of one or more employees is very close to the pay of more experienced employees in the same job. Another form of pay compression is when employees in lower-level jobs are paid almost as much as their colleagues in higher-level jobs, including leadership or managerial positions. According to compensation professionals, a good method for identifying a pay compression problem is to look at areas where the salaries of the direct reports are more than 95 percent of their supervisors' salaries. The table below summarizes the current pay structure of the relevant positions within the MFD.

Title	Number of positions	Pay Range	
		Minimum	Maximum
Assistant Chief	3	\$103,153	\$144,421
Deputy Chief	7	\$102,875	\$112,438
Battalion Chief	15	\$ 93,770	\$101,862
Fire Captain (Local 215)	54	\$ 93,482	\$100,961

As demonstrated by the chart above, at the maximum of the range, Fire Captains are paid at 98.6% of the maximum rate of their immediate supervisors. According to information provided by the MFD, 46 of the 54 Fire Captains or 85% of the employees who are eligible to apply for leadership positions, are currently at the maximum of the pay range. Given this problem, the majority of Fire Captains have little to no incentive to consider a promotion to the rank of Battalion Chief. The salary adjustment for a Fire Captain who is appointed to the rank of Battalion Chief is limited to \$901 per year. This adjustment is not commensurate with the increase in scope of responsibility and complexity of the work associated with the Battalion Chief level.

A Fire Captain manages 3 individuals on their assigned apparatus and work with a Battalion Chief to monitor their assigned fire station. A Battalion Chief has total responsibility over 40 to 50 Firefighters, Fire Captains and Fire Lieutenants assigned to the Battalion. They function in a leadership capacity supporting the department's mission, values, customer service, and fiscal responsibilities. In addition to being responsible for all forces operating at the scene of emergencies, they are responsible for all personnel and activities for an assigned shift including management of battalion staffing, maintenance of discipline, establishment and monitoring of battalion and department policies, coordination of training sessions, plus the maintenance of high standards of performance for personnel, equipment, and quarters.

Given the aforementioned pay compression and the significant increase in responsibility associated with the rank of Battalion Chief, it should be no surprise to learn that the last three promotional opportunities to the rank of Battalion Chief posted within MFD have yielded a very limited pool of applicants as demonstrated below:

Year	Number of Applicants	Number Completing the process
2012	7	5
2013	5	3
2014	7	4

Analysis and Recommendations

The Chief's inability to fill critical vacant leadership positions will undoubtedly have an impact on his ability to deliver mission critical services. Positions at the Battalion, Deputy and Assistant Chief levels function in a leadership capacity that supports the department's mission, values, customer service, and fiscal responsibilities. Employees in these positions are expected to identify and implement efficiencies and operational policies while adhering to sound

fiscal management practices. Pay compression and the policies that enable it impact the MFD's ability to establish the appropriate command structure to function efficiently and effectively.

In establishing the appropriate pay structure for Fire sworn management positions within MFD, the Department of Employee Relations (DER) considered the need to create a pay structure with the following critical elements:

- acknowledges and reflects the increased complexity of work associated with each sworn management rank;
- offers an incentive for Fire Captains to apply for promotions into leadership positions;
- has the flexibility to alleviate and address all forms of pay compression so newly appointed members do not receive a salary that is higher than the salary of members with greater seniority and experience in the rank; and
- maintains internal equity within the City's pay structure.

The following pay structure is recommended for the sworn management positions in the MFD. These include resident rates.

Classification	Current Pay Range	Proposed Pay Range	Proposed Appointment Rate
Battalion Chief	\$ 93,770 - \$101,862	\$80,441 - \$112,626	\$107,068
Deputy Chief	\$102,875 - \$112,438	\$91,403 - \$127,961	\$110,940
Assistant Chief	\$103,153 - \$144,421	\$103,841 - \$145,381	\$115,327
Chief	\$117,201 - \$164,078*	No change	

*Per the Salary Ordinance pay is limited by the Mayor's salary of \$147,336.

The recommended pay ranges provide a more appropriate pay differential for sworn management positions within MFD and will help reduce future pay compression and internal equity problems as new individuals get promoted after implementation. The recommended pay ranges also place these leadership positions in comparable pay ranges for other general city civilian positions as documented below:

- The recommended pay range for Battalion Chief creates a \$11,665 differential between the maximum pay of Fire Captain and the maximum pay of Battalion Chief. If the recommended pay range is approved, DER recommends that Battalion Chiefs be placed at the appointment rate of \$107,068 upon adoption and that pay progression practices allowed for general city employees, per the guidelines established by DER, be followed for eligible employees. The recommended pay range is consistent with the pay range associated with other senior leadership positions within the City structure including the following: Water Plants Manager, Sanitation Services Manager, Forestry Services Manager, Street and Bridges Services Manager, Disease Control and Environmental Health Services Director, and Electrical Services Operations Manager.
- The recommended pay range for Deputy Chief creates a \$15,335 differential between the maximum pay of Battalion Chief and the maximum pay of Deputy Chief. If the recommended pay range is approved, DER recommends that Deputy Chiefs be placed at the appointment rate of \$110,940 upon adoption and that pay progression practices allowed for general city employees, per the guidelines established by DER, be followed for eligible employees. The recommended pay range is consistent with other executive level positions within the City structure including the following: Deputy Library Director, Public Health Lab Director, Neighborhood Services Operations Director, and Block Grant Director.

- The restructuring of the pay range for Assistant Chief is recommended to keep parity with other Deputy positions within the City's structure. If the recommended pay range is approved, DER recommends an appointment rate of \$115,327 for newly appointed Assistant Chiefs and that current Assistant Chiefs be placed in the new structure at the rate of \$118,466 upon adoption. This is necessary based on internal equity considerations currently in place and because the Assistant Chiefs promoted in 2016 are compensated at an annual rate that is higher than the Assistant Chief appointed in 2011. It is also recommended that pay progression practices allowed for general city employees per the guidelines established by DER be followed for eligible employees. The recommended pay range is consistent with other deputy or director level positions within the City structure including the following: Chief Information Officer, Legislative Liaison Director, Milwaukee Public Library Director, and Municipal Port Director.

The Milwaukee Fire Department has worked with the Budget and Management Division to secure the appropriate levels of funding for implementation of this new structure in 2017. The changes to the Salary Ordinance needed to implement the recommendations contained in this report will need Common Council approval. A report including those recommendations is scheduled to be heard at the Finance and Personnel Committee on December 7, 2016.

I look forward to presenting this report and recommendations to the Fire and Police Commission at its meeting on December 1, 2016.

Action Needed:

In the Salary Ordinance, under Pay Range 4MX, replace the range as follows;

Hourly	38.67	54.15
Biweekly	3,093.89	4,331.77
Annual	80,441.14	112,626.02

Add footnote designation "(1)" to the title "Battalion Chief, Fire" to read as follows: "(1) Appointment rate to be at \$4,118.00 (\$107,068.00) effective Pay Period 26, 2016. This rate supersedes the promotional percentage increase under Part II, Section 5 of the Salary Ordinance."

In the Salary Ordinance, under Pay Range 4OX, replace the range as follows;

Hourly	43.94	61.52
Biweekly	3,515.50	4,921.58
Annual	91,403.00	127,961.08

Add footnote designation "(2)" to the title "Deputy Chief, Fire" to read as follows: "(2) Appointment rate to be at \$4,266.93 (\$110,940.18) effective Pay Period 26, 2016. This rate supersedes the promotional percentage increase under Part II, Section 5 of the Salary Ordinance."

In the Salary Ordinance, under Pay Range 4RX, delete footnote designation "(1)" after the title "Assistant Fire Chief" and add the footnote designations "(2)" and "(3)" to read as follow:

“(2) To be paid in the following range effective Pay Period 26, 2016: \$3,993.89 - \$5,591.58 (\$103,841.14 - \$145,381.08). Appointment rate to be at \$4,435.66 (\$115,327.16). This rate supersedes the promotional percentage increase under Part II, Section 5 of the Salary Ordinance.”

“(3) Gerard Washington and Brian Smith to be paid at the rate of \$4,556.41 (\$118,466.66) effective Pay Period 26, 2016.”

Sincerely,

Maria Monteagudo
Employee Relations Director

C: Mark Rohlfing, Fire Chief