

July 6, 2007

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

Dear Committee Members:

Over the past few years the Department of Employee Relations has been conducting a specific review of compensation and pay practices for employees in the City's Management Pay Plan. This review has included an analysis of pay practices in effect since 1988 when the original pay plan was created and further amendments implemented in 1995 when the City reverted to a step system. Since then, the primary emphasis for determining pay for management employees has been time on the job instead of performance, competence or skills.

Changes in the City's organizational structure, reductions in the number of management positions, changes in employee demographics, and shifts in the labor market have prompted the need for changes to the Management Pay Plan. It is important to understand that an organization's compensation philosophy drives its ability to attract, retain, and motivate employees. Labor unions have the ability to negotiate wages and other terms and conditions of employment for its members. Policy makers and elected officials have the authority and responsibility for establishing the same for employees in the Management Pay Plan. While making changes to pay plans in general is often challenging and controversial, we believe that the time is right for the City's Management Pay Plan to be updated in a way that will enhance our ability to attract and retain qualified talent, increase managerial accountability, and shift the emphasis for determining pay from time on the job to employee contributions.

In reviewing the Pay Plan, the Department of Employee Relations established a number of benchmarks derived from discussions with the primary stakeholders including department heads and appointing authorities, policy makers, elected officials, and management employees. The following goals were established to drive the recommendations for change:

1. Increased managerial accountability with a stronger emphasis on performance and contributions and reduced emphasis on time on the job for purposes of determining pay.
2. Increased emphasis on professional development and exceptional achievement/performance, and employee recognition.

3. Increased flexibility in pay practices for recruitment and adjustments needed to respond to shifts in the labor market.
4. Greater retention incentives to encourage transfers and promotions for employees within the Pay Plan.
5. Streamlined classification and re-classification processes.

The attached table summarizes the critical provisions of the current plan and the proposed changes for management employees. These recommendations are being presented at the July 9th meeting of the Finance and Personnel Committee for information only. It is anticipated that a file seeking Committee action will be scheduled for the July 25th meeting. While the new Pay Plan, if approved, will not go into effect until Pay Period 1 of 2008, the Department of Employee Relations will have to develop administrative policies and procedures, conduct training sessions and, and develop documentation forms to ensure a smooth implementation prior to the end of 2007.

Sincerely,



Maria Monteagudo
Employee Relations Director

Attachments:

Table Summarizing Critical Provisions of New Management Pay Plan
Comparison of Current vs Proposed Salary Structures

C: Patrick Curley, Chief of Staff
Mark Nicolini, Budget and Management Dir
Marianne Walsh, Research & Analysis Mgr

Attachment A

Proposed Changes to the City of Milwaukee Management Pay Plan Department of Employee Relations July 2007		
	Current Plan	Proposed Plan
Accountability through performance reviews	No consistent administration City-wide.	Performance management/review processes being established in 2007 for implementation in 2008 on a City-wide basis.
Managerial Classification	None	All positions in the Management Pay Plan will fall in one of three categories: Professional : Non-supervisory positions requiring specialized training or formal education. Managerial: Entry-level supervisors to Program and Division Managers Leadership: Cabinet/Dept Heads and Deputies
Pay Structure and Pay Progression	20 salary grades 12 steps from min to max 3.1% increments on employees anniversary date 40% spread from min to max	11 Salary Grades Note: SGs 1, 2, 3 are not covered by this proposal. Professional: P1 : Current SGs 4, 5, 6 P2: Current SGs 7, 8, 9 P3: Current SGs 10, 11, 12 Managerial: M1: Current SGs 4, 5, 6 M2: Current SGs 7, 8, 9 M3: Current SGs 10, 11, 12 M4: Current SGs 13, 14, 15 Leadership: L1: Current SGs 12, 13, 14 L2: Current SGs 15 & 16 L3: Current SGs 17 & 18 L4: Current SG 19 7 Steps + open range after Step 7 3.1% increments on anniversary date up to Step 7 1.5% increments after Step 7 up to the maximum of the range Up to 60% spread from min to max

Professional Development and Exceptional Achievement Awards	None	<p>Lump sum, non-base building awards for professional development (limited to job related professional designations or certifications) and exceptional achievement in open portion of salary range only (including employees at the max).</p> <p>These awards must be approved by DER after reviewing documentation prepared by the requesting department. Exceptional achievement must be measurable and consistent with the mission and objectives/outcomes established by policy makers for the departments.</p>
Appointment Rate	Up to 7th step with approval of Chair of F&P and DER.	Up to “midpoint’ of the new ranges with approval of Chair of Finance and Personnel and DER.
Salary Adjustments for Promotions and Transfers	<ul style="list-style-type: none"> ▪ Promotions are at least 3% over prior total pay ▪ Lateral transfers never result in salary adjustment. 	<ul style="list-style-type: none"> ▪ Promotion to a higher grade within group (P1 to P2) : 3% ▪ Initial Promotion into Professional Classification: 3% ▪ Initial Promotion into Management Classification: 5% ▪ Initial Promotion into Leadership Classification: 7% ▪ Lateral transfer to different job within the same grade may result in a 3% adjustment as determined by DER.
Reclassifications	Positions are reclassified to higher salary grades based on significant changes in scope of responsibility. This requires a thorough analysis of the changes by DER and approval from the CSC, Finance Committee, Council and the Mayor.	<ul style="list-style-type: none"> ▪ Pay adjustments of 3% within grade may be authorized by DER after administrative review. Departments must demonstrate significant changes in duties and responsibilities. ▪ When changes are such that a position must be upgraded from a professional position to a managerial or leadership position, process should remain the same and changes must be approved per current system.
Reallocations	Positions are upgraded to higher salary grades based on labor market and/or pay compression considerations.	Pay adjustments of 3% may be authorized via administrative review by DER in response to pay compression/labor market considerations. Higher adjustments would require Finance and Personnel Committee approval.
Across-the-Board Pay Increases	As approved by Common Council and Mayor.	As approved by Common Council and Mayor

Management Pay Plan Review
 Comparison of Current Vs. Proposed Salary Grades

Current 40% Spread	Salary Grades 001, 002, & 003	Professional	Management	Leadership
SG 001 \$35,090 - \$49,121	SG001 \$35,090 - \$49,121 40% Spread—7 employees			
SG 002 \$37,392 - \$52,341	SG 002 \$37,392 - \$52,341 40% Spread—50 employees			
SG 003 \$39,848 - \$55,783	SG 003 \$39,848 - \$55,783 40% Spread—7 employees			
SG 004 \$42,478 - \$59,468		P1 SG 004-SG 006 \$42,478 - \$67,566 60% Spread—128 employees	M1 SG 004-SG 006 \$42,478 - \$67,566 60% Spread—143 employees	
SG 005 \$45,280 - \$63,396				
SG 006 \$48,257 - \$67,566				
SG 007 \$51,440 - \$72,013		P2 SG 007-SG 009 \$51,440 - \$81,824 60% Spread—76 employees	M2 SG 007-SG 009 \$51,440 - \$81,824 60% Spread—117 employees	
SG 008 \$54,814 - \$76,736				
SG 009 \$58,448 - \$81,824				
SG 010 \$62,288 - \$87,205		P3 SG 010-SG 012 \$62,288 - \$99,074 60% Spread—33 employees	M3 SG 010-SG 012 \$62,288 - \$99,074 60% Spread—77 employees	
SG 011 \$66,407 - \$92,966				
SG 012 \$70,767 - \$99,074				L1 SG 012-SG 014 \$70,767 - \$112,571 60% Spread—5 employees
SG 013 \$75,421 - \$105,598				
SG 014 \$80,405 - \$112,571				
SG 015 \$85,699 - \$119,976				L2 SG 015-SG 016 \$85,699 - \$127,883 50% Spread—19 employees
SG 016 \$91,340 - \$127,883				
SG 017 \$97,360 - \$136,308				L3 SG 017-SG 018 \$97,360 - \$145,289* 50% Spread—16 employees
SG 018 \$103,781 - \$145,289				
SG 019 \$110,616 - \$154,857				L4 SG 019 \$110,616 - \$154,857* 40% Spread—4 employees
SG 020 \$117,900 - \$165,066				*Capped by Mayor's salary

2006 Rates of Pay

Elected Officials—6 titles—22 incumbents (Alderman, City Attorney, City Treasurer, Comptroller, Mayor, Municipal Judge)