

# Management Pay Plan City of Milwaukee

Presentation to the Finance and Personnel Committee  
July 9, 2007

Department of Employee Relations

# History of the Pay Plan

- Classification, Pay Structure, and Pay Progression Practices established in 1988
- Significant changes made in 1995 – re-established a step system for pay progression purposes.
- Pay is determined by the job classification and years of service

# Changes in MPP Demographics

- 23% reduction in the number of management positions
- In 2008, 46% of management employees will be at the maximum of their grades
- As of 2005, 85% of management employees were over the age of 40
- Salary and benefit changes for management employees have not kept pace with other employee groups.
- Increasing difficulty recruiting internal talent for management positions due to loss of “protection” and “seniority”, inability to earn overtime, and higher health care premiums for active and retired employees.

# Why change?

- The current system does not emphasize accountability; pay progression is primarily determined by the value of the job and years of service
- The current system does not recognize performance or employee contributions
- Inefficient and cumbersome classification structure
- Need increased flexibility in recruitment and greater retention incentives.

# Major objectives of Proposed Plan

- Increased managerial **accountability** with a stronger emphasis on **performance and contributions**.
- Increased emphasis on **professional development and exceptional achievement**.
- Increased **flexibility** in recruitment.
- Increased flexibility to **respond to internal equity** considerations and labor market pressure.
- Greater **retention incentives** to encourage transfers and promotions for employees.
- **Streamlined classification** and re-classification **processes**.

# Comparison between Current Plan and the Proposed Plan

## Accountability through Performance reviews

- No consistent administration on a City-wide basis.
- Step increases are granted without a performance assessment.
- Performance reviews protocols, guidelines and training being established in 2007 for implementation in 2008.
- Process will require identification of core managerial competencies, goals and objectives to be achieved.

# Managerial Classifications

- No groupings or categories define “management” positions.
- Analysis is done on a case by case basis.
- **Professional:** technical/staff level position requiring KSA typically obtained through formal education/training.
  - 3 Ranges with 37% of positions
- **Managerial:** first line sups, program managers, and division heads.
  - 4 Ranges with 56% of positions
- **Leadership:** department heads, cabinet members, and deputies.
  - 4 Ranges with 7% of positions

# Pay Structure/Pay Progression

- 20 Salary Grades
- Step Structure – 12 steps from min to max with 6.5% overlap between ranges.
- 3.1% increments between steps
- 40% spread from min to max
- 11 Salary Grades: consolidation of grades 4 through 19 into 11 bands.  
*- Note: SGs 1, 2, 3 will not change.*
- Step Structure from min to Step 7 + open range after Step 7 to max
- 3.1% increments between step 1 and step 7 and 1.5% increments in open portion of the range
- Up to 60% spread from min to max



# Salary Range Comparison

	1	2	3	4	5	6	7	8	9	10	11	12
SG 004	\$42,478	\$43,797	\$45,157	\$46,559	\$48,005	\$49,495	\$51,032	\$52,618	\$54,251	\$55,935	\$57,672	\$59,468
SG 005	\$45,280	\$46,686	\$48,135	\$49,630	\$51,171	\$52,760	\$54,399	\$56,088	\$57,829	\$59,625	\$61,476	\$63,395
SG 006	\$48,256	\$49,754	\$51,299	\$52,892	\$54,535	\$56,228	\$57,974	\$59,774	\$61,631	\$63,545	\$65,517	\$67,565
	1	2	3	4	5	6	7	<b>OPEN RANGE</b>				
P1	\$42,478	\$43,797	\$45,157	\$46,559	\$48,005	\$49,495	\$51,032	\$51,033 - \$67,565				

# Proposed Pay Structure

<b>PROFESSIONAL</b>	<b>SG</b>	<b>BAND</b>	<b># OF EMPLOYEES</b>
P1	4, 5, 6	\$42.4 - \$67.5	128
P2	7, 8, 9	\$51.4 - \$81.8	76
P3	10, 11, 12	\$62.2 - \$99.0	33
<b>MANAGERIAL</b>			
M1	4, 5, 6	\$42.4 - \$67.5	143
M2	7, 8, 9	\$51.4 - \$81.8	117
M3	10, 11, 12	\$62.2 - \$99.0	77
M4	13, 14, 15	\$75.4 - \$119.9	28
<b>LEADERSHIP</b>			
L1	12, 13, 14	\$70.7 - \$112.5	5
L2	15, 16	\$85.6 - \$127.8	19
L3	17, 18	\$97.3 - \$145.2	16
L4	19	\$110.6 - 154.8	4

# Professional Development & Exceptional Achievement Awards

- Not available

- Lump-sum/non-base building awards for:

Achieving a job related professional designation or certification

Achieving exceptional performance for employees in open portion of ranges only (including employees at max)

# Professional Development and Exceptional Achievement Awards

- Professional designation/certification awards: \$700
- Exceptional achievement awards: \$1400

## Internal Controls and Monitoring

- Prof Dev Awards will be funded at 10% of eligible employees
- Exceptional achievement awards will be funded at 1/3 of eligible employees
- DER will review and approve/deny requests from department to grant awards based on established guidelines.
- Exceptional achievement awards must be based on measurable outcomes consistent with the departments budgetary and strategic mission and objectives.

# Recruitment Flexibility

- Up to Step 7 of the Salary Grade with approval from the Chair of the Finance and Personnel Committee and DER based on guidelines developed by DER.
- Up to the midpoint of the new salary ranges with the approval from the Chair of Finance and Personnel and DER based on guidelines developed by DER.

# Salary adjustments after Promotion

- Promotions to a higher grade result in a salary adjustment of at least 3%.
- Promotions to a higher grade within group (P1 to P2) result in a salary adjustment of at least 3%
- Initial promotion to Professional: at least 3%
- Initial promotion to Management: at least 5%
- Initial promotion to Leadership: at least 7%

# Salary adjustments after Transfer

- No adjustment is available under the current system.
- Lateral transfers to different jobs within the same grade may result in a 3% adjustment as determined by DER.

# Reclassifications

- Positions are reclassified to a higher salary grade based on significant changes in scope and level of responsibility.
- DER conducts job evaluation studies and makes recommendations to the CSC, F&P,CC, and the Mayor.
- Pay adjustments of 3% within grade may be authorized by DER after administrative review. Depts must demonstrate significant changes in duties and resp.
- When changes are such that a position must be upgraded from a professional position to a managerial or leadership position, the current process will remain.



# Reallocations

- Positions are upgraded to higher salary grades based on labor market and/or pay compression considerations.
- Pay adjustments of 3% within grade may be authorized via administrative review by DER in response to pay compression or labor market considerations. Higher adjustments will require Council approval.

# COLA Adjustments

- As approved by Council and Mayor
- As approved by Council and Mayor

# Summary

- The proposed changes to the Management Pay Plan represent a significant shift to the City's compensation philosophy. These changes will:
- More closely resemble private sector pay practices by emphasizing performance and employee contributions as factors determining pay for management employees.
- Increase flexibility in recruitment and retention practices.
- Streamline the classification and reclassification processes.

*The cost of implementing these proposed changes represents .3% of the total payroll for covered managers.*