



Department of Employee Relations

September 17, 2007

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Troy M. Hamblin
Labor Negotiator

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

Dear Committee Members:

Re: Common Council File Number 070551

At the July 25th meeting of the Finance and Personnel Committee, the Department of Employee Relations (DER) presented a proposal that recommended significant changes to the City's Management Pay Plan. While there was some positive feedback from Department Heads and senior level managers relative to the increased flexibility in pay practices, many managers expressed concern about the shift from "automatic pay progression" for managers within the upper half of the new salary ranges and the inequities created with the compression of the salary ranges into professional, managerial, and leadership salary bands.

Based on the feedback received, the Committee directed DER to draft a different proposal that would address the flaws of the current system: continuing the practice of "automatically" granting pay increases to management employees at the rate of 3.1% without a direct link to performance, accountability or contributions. The Committee welcomed the recommendations associated with providing added flexibility in recruitment and promotion pay practices to allow the city to better compete for managerial talent in the labor market as well as recognizing outstanding employee contributions. The Committee also recognized the need to create an added pay incentive for workers to be attracted to managerial vacancies.

This communication summarizes the new proposal for the Management Pay Plan in light of the discussion at the July 25th meeting.

Pay Structure

- Maintain the current 20 salary grade pay structure but change the ranges from 12 steps to open ranges.
- Retain the classification hierarchy recommendation placing positions in Salary Grades 004 through 019 into the Professional, Management, or Leadership category for purposes of salary adjustments after promotions and transfers and for classification reviews.

Pay Progression

- For 2008, continue the 3.1% adjustment on the employee's anniversary date if the mandatory performance reviews demonstrate fully satisfactory performance and no increase if performance is less than fully satisfactory.
- Monitor performance management practices throughout 2008 and seek Council approval for a more viable and structured performance review matrix for 2009.

Exceptional Performance

- Allow managers at any place in the salary grade, including the maximum of the ranges, to be eligible for an exceptional performance achievement award of 1% of the midpoint of the salary grade to which they are assigned based on measurable, documented, and tangible performance based contributions. Requests for exceptional performance awards must be forwarded to DER for

review and approval. These awards will be non-pensionable and non-base building.

Professional Development

- Allow managers to be eligible for a \$700 lump sum award for earning a job related professional degree, designation or certification.
- Awards must be approved through DER and are nonpensionable and non-base building.

Appointment Rate

- Change the recruitment rate for new management appointments to up to 60% of the salary grade with approval the Chair of Finance and Personnel Committee and the Department of Employee Relations.

Salary Adjustments for Promotions and Transfers

- Establish a salary after promotion matrix to allow salary adjustments after promotion to be dependent upon the added level of responsibility of the position to which the manager is promoted. For example, promotions into Salary Grade 001-003 should result in a 3% salary increase. However, promotions into a managerial classification should result in salary adjustments of 5% and promotions into leadership classifications should result in adjustments of 7%.

These changes will address some of the concerns raised after the most recent proposal in July and will also help to meet the following goals:

1. Increased managerial accountability with a stronger emphasis on performance and contributions when 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 markets.
4. Greater retention incentives to encourage transfers and promotions for employees within the Management Pay Plan.

We recommend that these changes go into effect Pay Period 1, 2008. As indicated before, the Department of Employee Relations will develop administrative policies and procedures, conduct training sessions, and develop documentation forms to ensure a smooth implementation. A report will also be prepared for the City Service Commission and this Committee to further explain the reclassification, promotion, and transfer process. It will include a list of all management titles in salary grades 004 through 020 and their designation as Professional, Management, or Leadership. A chart summarizing the critical provisions of the current and proposed salary structure of the Management Pay Plan is attached.

Sincerely,



Maria Monteagudo
Employee Relations Director

Attachments: Comparison of Current vs. New Proposed Salary Structures
Salary Ordinance Changes
Fiscal Note

C: Patrick Curley, Chief of Staff