



**City
of
Milwaukee**

*INTERDEPARTMENTAL CORRESPONDENCE
LEGISLATIVE REFERENCE BUREAU*

M E M O

To: Finance and Personnel Committee Members
From: Barry Zalben, Manager, Legislative Reference Bureau
Date: October 16, 2007
Re: File #070551, Revised Management Pay Plan

Overview

On September 17, 2007, the Department of Employee Relations released a revision to its July 2007 revised management pay plan. This revision proposes the following:

1. Pay Structure – current salary grades are maintained, but steps within ranges are abolished so that grades are open ranges.
2. Classification of employees – employees are classified as professional, management or leadership for purposes of salary adjustment after promotions and transfers.
3. Pay progression based on performance appraisal – for 2008, an employee who receives a satisfactory performance review on his or her anniversary date will receive a 3.1% salary increase, equivalent to a step increase in the previous management plan.
4. Exceptional performance – any employee is eligible for an award of up to 1% of the midpoint of the salary grade to which the employee is assigned based on measurable contributions. These awards must be approved by the Department of Employee Relations and will be non-pensionable and non-

based building. It is assumed that no more than 20% of management employees will receive this award in any year.

5. Professional development – An employee is eligible for a \$700 lump sum award for earning a job related professional degree or certification. The award must be approved by the Department of Employee Relations and is non-pensionable and non-based building.
6. Appointment rate – The recruitment rate for a new management employee could be up to 60% (currently 50%) over the minimum of the salary grade with the approval of the chair of the Finance and Personnel Committee and the Department of Employee Relations.
7. Salary adjustments for promotions and transfers – Changes the amount of salary increase for a promotion or transfer, now set approximately at 3%, to 5% if an employee is moving from a professional to managerial classification, or 7% if an employee is promoted into the leadership classification.

The Department of Employee Relations notes that this September plan revision recognizes concerns relating to its July proposal while continuing to emphasize increased managerial accountability with respect to performance, outstanding achievement, and flexibility in pay practices for recruitment, retention and promotion.

Analysis

The September plan proposed by the Department of Employee Relations is a stopgap measure; relating to pay progression, the department notes, although it could apply to the plan as a whole, “Monitor performance management practices throughout 2008 and seek Council approval for a more viable and structured performance review matrix for 2009”. Later in the report, the department states it will need to “...develop administrative policies and procedures, conduct training sessions, and develop documentation forms to ensure a smooth implementation”. For the department to have adequate baseline experience to evaluate the plan, I believe that 2 years of experience are necessary so that adjustments to the current plan are based on solid evidence on what works and what doesn’t work.

It should also be noted that in a fiscal note jointly prepared by DER and the Budget Division, it is assumed that 96% of all managers who are not at the maximum step of their salary range will receive a 3.1% increase for full satisfactory performance; only 4% will not.

The plan’s \$700 lump sum award for professional development also merits comment. Many current employees possess advanced degrees or certification that they acquired prior to entering city service or during their years of city employment. These degrees and certifications include, for example, master’s of public

administration, master's of urban planning and certified public accountant. No recognition is given for such professional development already earned. Then too, city employment opportunities, both at the transfer or promotional level and for original exams, often require that applicants already possess advanced degrees or certification. For example, one transfer announcement states under desirable qualifications: "Masters' degree in Public Administration, Business Administration or a closely related fields." An original exam states that a desirable qualification is: "Certification as a CIA (Certified Internal Auditor or CPA (Certified Public Accountant)." A third announcement, also an original exam, states under minimum requirements: "familiarity with Geographic Information Systems is desirable."

In summary, then, it seems that the key point in DER's revised management pay plan is the requirement for performance appraisal, and that building sufficient experience and data in that area is necessary prior to revising any aspects of the current management pay plan.