

**FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU**

**Executive Summary: 2005 Proposed Budget**

**Department of Employee Relations (DER)**

1. The 2005 proposed budget includes **\$5,163,586**. This is a **1%** increase from the 2004 budget (Page 2).
2. The number of authorized positions decreases from 99 in 2004 to 98 in 2005 (Pages 5- 6).
3. Three labor contracts (MPA, Local 215, and MPSO) have been settled for calendar year 2003. Two tentative agreements with DC 48 are scheduled for a ratification vote on October 14, 2004 for the 2003 contract and a separate 2004-2006 contract (Pages 6-7).
4. In 2003, DER coordinated and facilitated an Employee Placement Program for city employees deemed to be at-risk for layoff in light of staff reductions throughout the city. This program will continue in 2005 and be made available to city employees (Pages 6 & 10).
5. Various initiatives planned by DER for 2005 and beyond will work toward creating positive labor-management relations, developing various competencies important to management and fostering employee retention (Pages 7-10).
6. The number of citizen complaints pending before the Fire and Police Commission has been reduced by approximately 9%, from 60 in 2003 to a current 55 in 2004 (Pages 12-13).
7. In 2005, DER is prepared to provide the Milwaukee Police Department with candidates for one training class and the Milwaukee Fire Department with candidates for one training class (Page 13).
8. Special Purpose Accounts under the responsibility of DER are budgeted at **\$105,893,100** for the 2005 proposed budget, an increase of 17% from 2004. This amount includes the Employee Health Care Benefits. The majority of this increase is related to rising health care costs (Page 16).
9. Employee Health Care Benefits, budgeted at \$94,726,100 for 2005, represent a 18% increase from 2004 (Pages 16-17).
10. The Worker's Compensation SPA is increased by 14% for 2005, from \$7,778,950 to \$8,910,000 (Pages 17-18).

**FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU**

**2005 Proposed Budget Summary: Department of Employee Relations (DER)**

<b>Category</b>	<b>2003 Actual</b>	<b>2004 Budget</b>	<b>Change</b>	<b>2005 Proposed</b>	<b>Change</b>
<b>Operating</b>	\$5,522,541	\$5,077,262	-8%	\$5,163,586	1%
<b>Positions</b>	105	99	-6	98	-1

The Department of Employee Relations (DER) provides human resources and support to city agencies and the Milwaukee Public Schools with the goal of attracting, retaining and motivating a competent and diverse workforce. DER will meet these goals while complying with state and federal employment laws, civil service rules and applicable collective bargaining agreements.

DER conducts four programs:

- Employee Relations
- Compensation and Employee Benefits
- Staffing
- Workers' Compensation

DER conducts its operations in accordance with the rule of the City Service Commission and the rules of the Fire and Police Commission.

**Departmental Mission Statement**

To maintain a productive, diverse workforce that is well trained, empowered, motivated, adequately compensated, high in morale, prepared to protect the lives and property of the citizens of Milwaukee, and fully attune to efficient and effective customer service delivery.

**Historical Information**

In 2003, the Fire and Police Commission was merged with DER and consolidated the Commission services into DER's three distinct divisions: **Administration** (Business, Diversity & Outreach, Labor Relations, Board of City Service Commissioners and Fire & Police Commission), **Operations** (Staffing, including fire and police, Selection Services, Compensation Services, Training and Development Services, Certification & Salary Services and Research) and **Employee Benefits** including health benefits and worker's compensation. This reorganization completed a change from specified service teams to a functional division of duties.

The merger of the Fire and Police Commission (FPC) and the Department of Employee Relations (DER) has posed many successes and opportunities. Even though the merger

was adopted in conjunction with the 2003 City Budget, the actual physical move of the Commission staff did not occur until August of 2003.

A summary of the accomplishments and opportunities is summarized below.

### **Accomplishments**

- (1) The Office of Diversity was created as a result of the merger allowing the functions of the FPC citizen complaint process to be incorporated with similar employment complaint processing responsibilities. This has resulted in increased efficiencies and improved communication and outreach with the community. The Diversity Office staff is also assisting in completing background checks for the FPC. It is anticipated that this office will also assist in FPC recruitment efforts and initiatives.
- (2) Recruiting activities for entry-level Firefighter and Police Officer positions have been delegated to the Recruiting and Training Specialist. This position works closely with representative from MPD and MFD to conduct community outreach and recruitment activities at career fairs, schools and universities, and other venues.
- (3) Test proctoring tasks and related activities are now supported by an increased number of HR professionals.
- (4) Three FPC staffing professionals have received training in DER staffing activities. They are now supporting recruitment, testing, and selection services activities for general city employees.
- (5) The increased interaction between administrative staff of the Fire and Police Commission with Labor Relations staff handling protective services contracts and other labor relations matters have proven to be mutually beneficial. The department is better able to support MPD and MFD in terms of ensuring that day-to-day operational decisions are consistent with and in accordance with the respective and applicable rules of the FPC and the labor agreements.
- (6) The increased interaction between FPC staff and other HR professionals has proven beneficial in terms of sharing information and handling critical and sensitive HR problems and concerns experienced by all departments in the areas of supervisory training and development and interpretation of employment regulations

In 2004, DER implemented a single medical services contract that included all general City and protective services area. This has facilitated increased coordination of services and more effective mechanisms to handle concerns in regards to the administration of this contract.

### **Opportunities**

- (1) FPC staff still strictly performs entry level and promotional examinations for MPD and MFD. The unique requirements associated with these selection and testing processes, the volume and complexity of examination

components and validation requirements have made it difficult to start cross-training other staff in support of these functions.

- (2) The test scoring and eligible list preparation tasks have not been consolidated into the DER test processing system SIGMA. A future goal will be to evaluate the feasibility of utilizing this system for FPC tests.

The availability of other staffing and selection services personnel to support high-volume FPC examinations, may represent an opportunity to provide increased support in processing and administering tests or test components in-house as opposed to using a consultant. This will undoubtedly result in efficiencies and expense reductions in the future.

### **Expenditure Analysis**

1. The 2005 proposed budget includes **\$5,163,586** for operating expenses. This is a 1% increase from the 2004 budget.

The number of authorized positions decreases from 99 in 2004 to 98 in 2005. This number of authorized positions does not include 10 FTEs for members of the City Service Commission and the Fire and Police Commission.

2. Professional Services includes an amount for \$96,088. This is a 14% (\$16,476) reduction from 2004.

The Professional Services budget line includes the following services:

- (1) Fire and Police Commission contract with EB Jacobs for Police Officer and Police Aide test design, development and administration.
- (2) Firefighter test scoring expenses and consulting fees.
- (3) Interest and Grievance arbitration expenses.
- (4) Cost of mediation sessions with labor unions.
- (5) Investigative and interpreting services.
- (6) Cost of examiners, cost of assessment centers for executive level positions.
- (7) Court Reporters for disciplinary appeals and grievance appeals.
- (8) Background Checks.

DER does not anticipate that this reduction will have a significant service impact as it plans on extending the firefighter eligible list created in 2003. DER will not incur costs associated with test scoring and administration for this high volume exam. However, DER anticipates increases in costs or expenditures associated with pending interest arbitration proceedings with Milwaukee Police Department labor unions.

\$90,317 is included in the line Other Operating Services. This is a 23% (\$27,326) reduction from 2004.

This account includes expenses related to:

- (1) Recruitment costs: employment ads in newspapers, professional journals, Internet sites, professional associations, career fairs.
- (2) Oral Boards: costs associated with travel and stay for professional raters and examiners for entry level and promotional examinations
- (3) Miscellaneous Expenses: records retrieval and destruction, MPR charges, equipment repair.

An area of concern relates to the fact that a number of promotional eligible lists for both MPD and MFD will expire in 2005. The department will have to closely monitor the use of expert raters for oral boards and control costs associated with these procedures.

3. Special Funds totaling \$112,619 are funded to accommodate expenditures formerly a component of operating expenses:
  - Safety Glasses - \$23,000
  - Drug Testing - \$12,000
  - Preplacement Exams - \$77,619

Equipment is budgeted for \$3,000. This expense is related to the need for updating computer hardware and software.

#### **Personnel and Program Changes**

1. The 2004 budget authorized 99 positions in DER
2. In 2004, the following new positions were created and authorized by the Common Council for the Worker's Compensation section:
  - 1 Management Services Adjuster
  - 1 Claims Adjuster
  - 1 Claims Representative

These position additions raised the number of authorized positions in DER to 102

3. The following position changes are proposed in the 2005 budget:
  - 1 vacant Graduate Intern is eliminated
  - 2 vacant Claims Representative are eliminated
  - 1 filled Program Assistant II is eliminated
  - 1 filled Diversity Specialist-Senior is eliminated
  - 1 Examination Supervisor is eliminated (recommended for downgrade to HR Representative)
  - 1 Research Analyst is added
  - 1 Office Assistant II is added

The eliminations and additions referenced for the 2005 proposed budget for DER will authorize 98 positions.

4. The following reclassifications are proposed to reflect increased responsibilities:
- 1 Labor Relations Representative Senior, SG 07 to Labor Relations Officer, SG 09, approved by the Common Council in 2003
  - 2 Personnel Analyst Senior, SG 05 to Human Resource Representative, SG 07, approved by the Common Council in 2003

***It is the intention of DER to identify opportunities for employees impacted by the 2005 budget reductions and offer placement opportunities into vacant positions accordingly.***

Many of the initiatives outlined previously will require the shifting of limited resources within the Department, as they are not necessarily funded by the '05 budget. They will, however, be critical in facilitating the provision of HR consultation services to city operating departments. DER anticipates engaging departments to assist in funding initiatives that will support their overall mission and vision.

The reduction of one HR Representative position in 2005 will impact examinations and testing procedures.

Specifically:

- (1) There may be fewer performance tests
- (2) A reduction in the use of oral boards and increased use of *Training and Experience* evaluations for creation of eligible lists
- (3) Fewer open competitive examinations
- (4) Fewer promotional examinations
- (5) Extended use of current, comparable transfer and reinstatement lists.

DER staff member duties will continue to become more multifunctional across the department.

In 2003, \$150,000 in funding was provided in the budget of the Department of Administration for DER to develop an Employee Placement Program for current city employees deemed to be at-risk of layoff in light of budget reductions throughout the city. The primary goal of the program was to offer employees career transitions services in the form of resume preparation, interviewing and networking skills, career assessment and group counseling sessions. This program will continue into 2005 with carryover funding from this account. Approximately \$124,000 remains in this program account.

### **Contract Negotiations**

Three labor contracts (MPA, Local 215, and MPSO) have been settled for calendar year 2003. There are no contract settlements for calendar year 2004 and beyond. The recently

hired (8/12/04) Labor Negotiator has resumed collective bargaining with key labor organizations in an effort to achieve multi-year, voluntary settlements. None of the collective bargaining should produce an extraordinary fiscal impact for 2005.

### **2005 Initiatives: Labor-Management Relations**

Positive labor/management relations are defined by DER as practices, behaviors, and outcomes that reflect: mutual respect and trust, knowledge and sound understanding of management and employee rights, compliance with labor provisions and the ability to effectively use the grievance procedure to resolve discrepancies in the interpretation of labor contract provisions.

In an effort to continually improve the labor-management climate DER will:

- (1) Continue its efforts to be the catalyst to renew departmental commitments and support of labor management advisory committees. This will include the development of guidelines or ground rules to be used to support of such committees;
- (2) Work collaboratively with individual departments to identify issues to be addressed in bargaining and identify areas of improvement in terms of positive labor/management relations;
- (3) Develop training sessions and briefing papers for managers and supervisors to enhance their ability to work with union representatives, administer grievance procedures and effective discipline;
- (4) Identify departmental trends and patterns stemming from turnover rates, grievances, and complaints and work with departments in implementing good and sound labor management practices to address areas of concern.

### **2005 Initiatives: Employee Retention**

DER is developing a *total rewards philosophy* to be used to effectively attract, retain and motivate employees. By communicating to employees the total value of their salary and benefits package, DER anticipates a greater appreciation for the City of Milwaukee as an employer. The value of each employee's total reward package is typically comprised of salary and benefits, and other tangible and intangible elements.

Examples of tangible elements include Tuition Reimbursement, Commuter Value Pass, and Flexible Benefits. Intangible elements could include Flexible Work Schedules, Job Skills training, Performance Management, Coaching, other training and development, and wellness programs.

2005 Initiatives: Reclassification Studies

DER is currently revising the process by which departments make requests for changes in classification/allocation. This change will involve the departments submitting a justification letter, revised job descriptions and job analysis questionnaires prior to a study being initiated by DER.

The justification letter is to include information on:

- Changes to duties and responsibilities
- Changes in the level of work as defined by Knowledge, Skill, Mental or physical effort requirements, Responsibility level, or Working conditions
- Program, policy, or organizational changes that have impacted the position and its responsibility level
- Documented recruitment or retention difficulties
- Titles of other positions within the city that may be comparable to the position to be studied
- The impact of the requested change on other positions within the department

Currently departments submit a request along with revised job descriptions. Job analysis questionnaires are then requested from the incumbents to be studied.

This revised classification/reallocation study process will be the same whether the request comes as a result of changes to the budget or is requested during the course of a year. The chart below details classification status since 2003.

	Classification Studies (Job titles)	Number of Positions
2003	65 completed	118
2004 to date August 26, 2004	75 completed	125
2004 currently under study	19 in process	129
Additional Requests	30	60

The current wait list for classification studies is the result of a lifting of the freeze on classification studies that was in effect for about a 4-year period. The wait time for a classification study varies based on the type of request. New positions are given highest priority and are completed quickly (1 to 2 weeks) and are sent through the approval process. This involves review and approval by the City Services Commission, Finance & Personnel Committee and Common Council. A study involving a change in level of duties and responsibilities takes longer. These studies involve interviews with incumbents and supervisors and may involve an on site job audit. For these studies the analyst will also research similar positions in city government for comparability. These studies can take about 60 days. Studies that stem from market pay issues involve collecting and analyzing salary survey data from comparable employers.

### **2005 Initiatives: Policies and Programs**

A new Strategic Planning Process will create the framework for new DER initiatives and programs to be implemented in 2005 and beyond. One of the critical strategic objectives identified in conjunction with this effort is to assist the City in establishing and maintaining an organizational culture that encourages and supports:

- (1) Positive labor management relations,



- (2) Responsibility, accountability, and competency,
- (3) Employee development and professional growth, and
- (4) Job satisfaction.

Some of the initiatives and programs that may be pursued by DER (depending on funding and availability of staff) in conjunction with this strategic objective are identified below.

Leadership Development Institute for New Supervisors

DER will develop curriculum for mandatory training briefings for new City of Milwaukee managers and supervisors to assist them in developing key managerial competencies needed for successful leadership within the organization. Knowledge of employment practice within the context of the organizational culture and climate will establish clear expectations in terms of roles and responsibilities and will assist in reducing costs and ensuring quality public services.

Total Rewards Philosophy

DER will work on the development and promotion of a total rewards philosophy to effectively attract, retain and motivate employees. A total rewards philosophy clearly communicates the value of each employee salary and benefit package to employees.

Employment Law Training Update

Continue the facilitation and coordination of employment law update training for key managers and supervisors on such topics as ADA, FMLA, IRCA, FLSA, legal interviewing, anti-harassment/anti-discrimination, WI Public Record Law, etc.

Performance Appraisal for Management Employees

Provide guidance and direction to City of Milwaukee departments in the development and implementation of performance appraisal /performance management models to measure accountability and competency for management employees.

Human Resource Development/Training for Supervisors.

Develop a variety of mechanisms for communicating practical employment issues and policies to departments, supervisors/managers and other targeted employee groups. This may include an HR reference manual, E-Bulletins, briefing papers, training sessions and targeted e-mails. Topics may include tips on working with union representatives, administering grievance and disciplinary actions, mentoring and coaching, performance management and performance improvement plans.

Citywide Respectful Workplace Training Program.

Identify and coordinate facilitation of Respectful Workplace Training Program for City agencies.

#### DER Intervention Program

Based on data gathered from exit interviews, turnover analysis, and departmental grievances and complaints, identify trends and patterns that call for direct consultation, training and outreach to City departments and their managers and supervisors in creating positive, respectful and trusting labor/management relations.

#### Recognition Programs

Identify and recommend viable employee recognition activities and programs to be used by operating departments to acknowledge individual and team contributions. Acknowledge and recognize departments that demonstrate best practices in areas of: reducing accidents; preventing injuries; and developing and maintaining positive relations with labor unions, viable EEO Committees.

#### City-wide Diversity Committee

Create a City-wide Diversity Committee to address cultural competency and cross cultural communication issues in the workplace.

#### City Central Safety Committee

Convene City Central Safety Committee to address employee safety concerns including proper training and ensuring proper safety policies and practices are followed.

#### Joint Labor/Management Committees

Assess opportunities and development guidelines/ground rules with union representatives on the establishment of advisory Labor/Management Committees.

### **City of Milwaukee Displaced Worker Assistance**

DER will provide outplacement services in the same manner as in 2004, using unspent dollars allocated for this purpose last year. Through an RFP process, Career Solutions, Inc. was selected for the City's Outplacement Program. DER has extended the contract with this vendor through April 14, 2005. This vendor worked with a total of 20 employees from mid December 2003 through August 2004. Fifteen of these employees indicated they had achieved their goal.

### **Fire and Police Commission Program and Policy Information**

The Fire and Police Commission is composed of five citizen members who are appointed by the Mayor and approved by the Common Council to overlapping five-year terms. State law and City Charter set its authority and responsibilities. The Commission sets rules and regulations governing the selection and appointment of police and fire department personnel. The Executive Director or designee conducts examinations for entry and promotional positions for both departments. The Commission approves or denies appointments made by the fire and police departments, reviews personnel policies,

conducts appeal hearings on personnel disciplinary matters, and reviews citizen complaints.

The Commission has statutory responsibility for conducting annual reviews of the operations of the police and fire departments, and may issue directives to the departments' chiefs based upon such reviews.

The Fire and Police Commission continue to work to ensure a high level of retention, especially among newly sworn personnel.

In 2004, The Fire and Police Departments continue to provide counseling and extended training to police and fire recruits, who are having difficulty in their recruit training, in order to retain newly hired police officers. These practices are in recognition of the tremendous cost of recruiting, testing and training new firefighters and police officers.

Police Officer candidates undergo psychological examinations prior to appointment to identify and eliminate those candidates who are psychologically unfit for police work and who would tend to leave law enforcement early in their careers.

Fire and Police Commission staff continues to collect and analyze information on the overall rate of separation and reasons. The separation rate started to decrease significantly in 2003.

	2002	2003	2004 (YTD)
Resignations	57	27	19
New Sworn Personnel (within 4 years of appt)	25	6	6

### **Disciplinary Action**

The decision as to whether or not formal disciplinary action is warranted, and the level of discipline imposed, is within the discretion of the chief of the fire department and the chief of the police department. State law gives fire department and police department members the right to appeal formal discipline imposed by the respective chief to the Fire and Police Commission if the discipline exceeds a certain threshold (more than 5 days for the police department, 2 working days for the fire department) that is set by state law. The Fire and Police Commission addresses issues related to general discipline with each chief during quarterly performance reviews.

In the fire department, the average number of formal disciplines imposed by the Fire Chief has held relatively steady for the years 1991-2002. During this same period, an average of slightly less than one appeal per year was filed with the Fire and Police Commission as a result of discipline.

In the police department, the average number of formal disciplines imposed increased. For the period of 1993-1996, an average of approximately 96 formal disciplines per year were imposed compared to 350 formal disciplines per year for the period of 1999-2002.

The number of appeals filed with the Fire and Police Commission between 1991-1996 averaged slightly more than 9 appeals per year, with an average of 9 appeals per year disposed. Between 1997-2002, the average number of appeals filed were 20 with an average of 19 disposed per year.

**Lowering the number of pending disciplinary actions**

Number of disciplinary actions pending before FPC on December 1, 2003  
29

Number of disciplinary actions pending before FPC on August 1, 2004  
5

The number of disciplinary actions pending before the Fire and Police Commission has been reduced by more than 80% through the cooperative efforts of the Milwaukee Police Department, the City Attorney's Office and legal counsel for the Milwaukee Police Association and Fire & Police Commission staff. Hearings have been scheduled and held when necessary. Negotiations have taken place and resolutions have been reached which, in the vast majority of cases, have resulted in the offending department member accepting responsibility and the Department gaining credibility in the eyes of employees and citizens alike. The Fire and Police Commission continues to encourage these types of outcomes and will work with all parties to this end.

**Citizen Complaints**

Fire and Police Commission staff, and now DER Office of Diversity and Outreach staff, receive and resolve literally hundreds of complaints each year that take many forms, from service related issues to formal complaints regarding perceived or actual misconduct by members of the Fire or Police Departments. The formal complaint process is accessible to all individuals and places great emphasis on dispute resolution requiring participation by both the affected citizen and the accused department member on a person-to-person basis. Formal hearings are available and are conducted based upon the merits of the complaint and the desire of a complainant to proceed to formal hearing.

**Lowering the number of pending citizen complaints**

Number of citizen complaints pending before FPC on December 1, 2003  
60

Number of citizen complaints pending before FPC on August 1, 2004  
55

The number of complaints pending before the Fire and Police Commission has been reduced by approximately 9%. The Fire and Police Commission would like to see a much greater reduction, but this is not entirely within the control of the Commission and its staff. A single event may generate several complaints. Pending criminal and/or civil

lawsuits hinder staff's ability to schedule and conduct both the (pretrial) conciliation process and the formal trial process. As a continuing goal, the Fire and Police Commission will continue to strive to reduce the number of complaints and the amount of time it takes to resolve those complaints with the understanding that the complainant and/or the specific circumstances of the incident dictate the ability to close cases.

### **Police and Fire Recruit Classes & Eligible Retirements**

The first Police class for 2004 started April 12, 2004 and graduated on September 10, 2004 with 59 recruits. A second class is planned to commence on December 6, 2004 with a target group of 60 recruits.

One fire recruit class commenced on March 29, 2004 and graduated in September with 45 recruits.

In 2005, one Police Officer recruit class, to begin in December, and one Firefighter recruit class are proposed.

Applications will be taken for police officer in 2005, but not for firefighter. The current eligible list has the names of 887 qualified Firefighter candidates.

Expenses related to the recruitment and examination of police officer candidates include: advertising, printing of Test Preparation Guides, mailing costs, consultant services (including revising test components, printing and shipping test booklets, scoring written tests, preparing statistical analyses, developing candidate data base with scores, devising scoring forms, analyzing results of physical ability and oral examination components, assuring that background investigations meet with court order demands, analysis of psychological tests), test site cost (if any), purchase of test answer sheets, maintenance of physical ability test equipment, medical examinations, drug screen tests and psychological interviews.

A total of 189 sworn members of the Police Department and 166 sworn members of the Fire Department are currently, or will become eligible to retire at some time during 2005. It is not possible to predict if or when those eligible to retire will actually retire. The Fire and Police Commission is prepared to process at least the one proposed police officer class off of the current eligible list in 2005. In addition, the Commission will be conducting a new police officer examination in 2005.

### **Diversity**

Since 1990, minorities (Asian, Black, Native American, and Hispanic), as a percentage of the sworn police force, have ranged from roughly 18% to a current high of 36%. The percentage of women on the police force has also increased from approximately 8.8% in 1990 to 18.8% in 2004. Minorities currently comprise 23% of the sworn personnel in the Fire Department compared to 17% in 1990. Women have consistently been represented at between 4% and 5% in the Fire Department's sworn ranks during this same period.

## Recruitment

While applications are accepted for the Police Officer and Firefighter positions only every two or three years during a brief window, the Department of Employee Relations is continually reaching out to a diverse population to generate interest in these positions. The DER Recruiting Specialist, often working with representatives of MPD and MFD, conducts presentations and works at career fairs and other events in a wide variety of venues throughout the year.

The DER Recruiting Specialist coordinates the logistics of attending college career fairs, community job fairs, and festivals throughout the year. DER is selective about which invitations to accept, for example, visiting colleges that have law enforcement or criminology majors or that have urban campuses. The focus is on increasing the diversity in the Police Officer and Firefighter positions. DER elects to spend time and money on events that will help to gain exposure in different communities.

The following are examples of college fairs DER recruiters attend each year:

- UW-Milwaukee Criminal Justice Career Day,
- Wisconsin Private Colleges Career Consortium (WIPCCC) Workforce Fair,
- UW-Madison CareerQuest,
- UW-Whitewater Multicultural Career Day, and
- Alverno College Spring Job Fair.

Community job fairs in which DER participates:

- Maximus Job Fair (*held every other month*),
- Opportunities Industrialization Center of Greater Milwaukee (OIC-GM) Job Fair,
- YMCA Job Fair,
- Hmong Community Resource Fair, and
- Northwest Side Community Development Corporation (NWSCDC) Mega Job Fair.

DER staffs a table at these events:

- PrideFest,
- United Community Center (UCC) Fiesta,
- Asian Moon Festival,
- African World Festival,
- Arab World Festival,
- Mexican Fiesta, and
- Hmong New Year Celebration.

DER also fulfills requests for someone to speak to small groups about police and fire careers, for example the Ho Chunk Nation Study Center, Esperanza Unida, and the Hmong American Friendship Association.

In June 2004, a half-day *Recruiting Training* session was held for a diverse pool of Police Officers who are now among the recruiters assigned to various events. Police Officers were chosen because they are interested in recruiting and bring positive energy and enthusiasm to the role of recruiter. MPD has expressed interest in conducting additional recruiting training in the future.

Phone and e-mail inquiries from the public are handled on a daily basis by DER staff. If the application period for a position is approaching, such as the Police Officer position, DER staff will take the person's name and address. When the position opens, postcards are sent to all persons in the database indicating that it is open. If the person is inquiring about a position that will not be open for some time to come, such as Firefighter, DER staff will answer questions and provide information. A great deal of information can also be found on the DER web site about both the Police Officer and Firefighter positions.

The recruitment cycle for Police Aides and Fire Cadets takes place annually. Recruiting begins in fall with a large mailing to area high schools and community groups followed by personal visits. A visit may consist of conducting a presentation, participating in a career fair, or staffing a recruiting table in the cafeteria.

The application period typically runs from mid-January to mid-February for Police Aides and from mid-January to early March for Fire Cadets. Return visits are made to those high schools where the largest number of students expressed interest in these positions to explain the hiring process, take applications, and show students the video for the Physical Abilities Test. In late January, an Open House is held at the Milwaukee Safety Academy to which all high schools and community groups are invited. DER staff members take applications for both positions and answer questions for students and their parents, while MPD and MFD sworn personnel conduct tours, field questions, and display police and fire gear.

Police Officers, Firefighters, and DER staff members often talk about job opportunities with MPD and MFD informally with family members, friends, neighbors, and citizens. Currently under development is a business card that Police Officers can carry with them while on duty to hand out to citizens. It will include a summary of the qualifications, salary, and benefits of the Police Officer job, in addition to the web site and phone number where they can find more information. Based upon its success, a similar business card may be developed for the Firefighter position.

The Milwaukee Fire Department has established a Recruitment Committee whose mission is twofold:

- To reach out to minorities and women to consider a career with MFD
- To convey to the public that MFD does much more than fight fires

For example, over 75% of fire department runs are to respond to medical emergencies. The Committee is currently working to select a vendor who can partner with MFD. Two DER-Fire and Police Commission staff members serve on the Recruitment Committee.

**DER Special Purpose Accounts**

Special Purpose accounts are not included in department budgets, but expenditure authority over them is typically assigned to departments by virtue of Common Council resolution after the budget is adopted. The 2005 proposed budget provides a total of \$105,893,100 for special purpose accounts, an increase of approximately 17% from 2004, related primarily to the cost of health care benefits. The following chart details the 2004 adopted and 2005 proposed budgets for SPAs under DER's authority.

<b>Special Purpose Account</b>	<b>2004 Budget</b>	<b>2005 Proposed</b>	<b>Change</b>
Employee Health Care Benefits	\$ 79,901,100	\$ 94,726,100	18%
Workers' Compensation	7,778,950	8,910,000	14%
Long Term Disability	552,000	562,000	1%
Unemployment Compensation	1,200,000	800,000	-33%
Commuter Value Pass	95,000	95,000	-
Flexible Spending Account	35,000	30,000	-14%
Tuition Reimbursement Fund	760,000	720,000	-5%
Employee Training Fund	50,000	50,000	-
<b>TOTAL</b>	<b>\$ 90,372,050</b>	<b>\$ 105,893,100</b>	<b>17%</b>

A brief description and major changes in each special purpose account are provided:

**Employee Health Care Benefits**

Funding in this on-going account covers the costs associated with the City's self-funded health care benefit program (Basic Plan), health maintenance organizations (HMOs), and dental insurance. Also included in this account are the costs associated with a contract for a third party administrator of the Basic Plan, utilization review and case management and a claims cost containment program. A separate budget summary is provided for this special purpose account.

In 2005, the employee share for Basic Plan for management employees is based on the difference between the Basic Plan cost and the low cost HMO plan. Management employees who retired in 2004 and after now pay for health insurance at the rates in effect for active employees. The city wants to continue to offer employees choices and to require an employee contribution when a more expensive plan is selected.

The total city costs associated with the Basic Plan in 2005 are projected to increase 25% for \$2.4 million in 2004 to \$30.8 million. *This increase for 2005 includes \$3.7 million for the accrual of 2004 expenses paid in 2005 that must be accrued back to 2004 as required by new accounting standards.*



For 2005 the cost for the city for the two HMO's is going up 18%. HMO costs are paid on a per member basis with rates set through annual contracts

Key to any health care cost control effort will be the ability of employees and retirees to maintain good health. Continuing efforts in 2005 include the ability of those enrolled in Aurora Family Network HMO to have a no-cost Health Risk Analysis, to assist employees with taking better care of their health. Other efforts from CompCareBlue include their Lifestyle Blue efforts, and wellness promotional efforts from DER. Both the Basic Plan and the HMO's will make additional efforts to work with those at greatest risk in controlling and reducing their health care needs.

DER is seeking to control the city's health care costs through collective bargaining. Two continuing goals for DER in this area are to negotiate a city contribution for all health insurance plans that is equal to 100% of the low cost HMO and to provide that future retiree (less than 65 years of age) contributions are equivalent to those of current employees. DER is at various stages of negotiations with the city's bargaining units.

In 2005, HMO rates are set equally to all employees with a set city share, \$352.29/month for single coverage and \$962.13/family for management employees or \$355.61 for single coverage and \$970.80 for family coverage for represented employees. For the Basic Plan, the share paid by employees varies according to the respective bargaining unit.

New in 2005 for *active management employees only*, the Basic Plan will have a choice of three tiers with monthly payments with the actual difference being the amount above the city share based upon the low-cost HMO. Monthly payments for management employees will vary according to the Basic Plan/Patient Choice tier chosen.

### **Worker's Compensation**

This on-going account covers expenses incurred by the city as result of employee job-related injuries. In addition, funds are provided (\$60,000 for the 2005 proposed budget) in a sub-account to cover expenses incurred as a result of exposure to bloodborne pathogens in the workplace.

The 2004 Worker's Compensation SPA, as of September 13, 2004 is 65% expended and has a balance of \$2.667 million remaining.

The 2005 proposed budget for this SPA is a 14% increase from the 2004 budget. In 2002, DER requested and received a transfer of \$49,000 from the 2002 Common Council Contingent Fund. This contrasts to the \$1.9 million from the Common Council Contingent Fund to supplement a shortfall in 2001. No supplement to this SPA was required in 2003. The increase in this SPA for 2005 reflects an anticipated rise in the cost of health care. There are *no fee schedules or caps* for injury payments. In addition the employee can go to *any doctor* for treatment. Employees enrolled in an HMO can choose to obtain treatment from any doctor. State law mandates that the city pay for the treatment if it is related to an injury sustained on the job.

Funding for Worker's Compensation is projected based upon current experience. Actual expenditures may vary from the current projections.

In 2005, DER intends to work with all city departments and agencies to pursue effective return to work options for injured workers and other cost control strategies that will impact the overall Workers' Compensation expenditures incurred by the city.

*The chart below details the 2003 payments for departments with over \$1 million in Workers' Compensation Claim payments.*

<b>Dept.</b>	<b>1/1/03 through 12/31/03</b>
DPW*	\$2,896,717
Police	\$2,153,507
Fire	\$1,170,029

*\* Excludes DPW-Water Works and DPW-Parking*

### **Long-Term-Disability**

This account funds an income replacement program for employees who cannot work due to injury or illness. Currently, about 3,400 employees are eligible as a result of collective bargaining and extension to non-represented and management employees. Insured benefits begin 180 days from the date an employee can no longer work because of illness or injury. The 2005 proposed budget for this SPA represents an increase of \$10,000 from the 2004 budget.

### **Unemployment Compensation**

This ongoing account funds payments for unemployment compensation mandated by federal and state law.

\$800,000 budgeted for 2005 compares to \$1,200,000 in 2004, although a Contingent Fund request for an additional \$400,000 was requested and approved for 2003. No Contingent Fund supplement has been required, to date, in 2004. Through July 2004, \$601,254 has been paid in claims. Currently, 60 employees continue to receive benefits with approximately 230 employees facing lay-off in November. The 2004 SPA should be adequately funded to serve the projected claims through the end of the year.

Unemployment Compensation is limited to 26 weeks of eligibility, although special extensions may be implemented by the state.

The amount of proposed funding for 2005 is based upon an estimate of the amount that will, most likely, be required.

### **Commuter Value Pass**

Currently, 329 employees are enrolled in this program. A similar enrollment is projected for 2004. There is no increase in this SPA for 2005 and no increase in cost is assumed. The cost to the city is \$23.00 per month per participant. The participant shares a \$19.00 per month cost through payroll deduction. With the exception of the sworn uniformed protective service employees, all active employees are eligible for this program.

### **Flexible Spending Account Administration**

The Flexible Spending Account (FSA) program allows employees to set aside pre-tax dollars for certain medical care and dependent care expenses. The city cost for this program is \$3.50 per month per participant. This ongoing account provides funding to contract with a third party administrator to coordinate and manage the program. There are currently 581 employees enrolled in this program representing 642 total accounts, 546 in the Medical Savings Account and 96 enrollments in the Dependent Care Account.

A similar number is projected for 2005. The current number of participants represents approximately 7.6% of the total number of employees eligible for this program.

Employees are either enrolled in a FSA Medical or FSA Dependent Account and/or both. In 2004, the maximum contribution for medical expenses increased from \$2000 to \$3000 per participant.

In 2005, a possibility exists for increased participation in the Medical Savings Account due to the new health care options available to management employees as well as the 20% co-insurance for prescription medications.

This SPA for 2005 is budgeted according to estimated participants for the year.

### **Tuition Reimbursement Fund**

This ongoing account is used to reimburse tuition costs for City employees. Specific maximum reimbursement levels are determined by collective bargaining. In 2003, 1,989 employees took advantage of the Tuition Benefit Reimbursement Program. Through August 18, 2004, there have been 1,248 applications submitted for Tuition Benefit Reimbursement.

DER intends to enhance training and development programs for supervisors in 2005. Approximately 57% of eligible managers use this benefit on an annual basis. 10% of those using benefits use the entire amount available to them.

Benefits eligible for reimbursement include professional membership dues, eligible promotional and continuing education courses at approved centers/institutions of learning, conferences and conventions and DER-sponsored courses.

The 2005 proposed requested budget, a reduction of 5% from 2004, is based on prior year experience.

**Employee Training Fund**

Funds in this account are used to provide training for various purposes for city employees, including new employee orientation. DER intends to use this fund on a yearly basis to provide focused *Leadership Development* training, policy training and across-the-board employment law updates. Topics will vary from year to year.

In 2004, a total of \$25,000 was allocated to consulting services for the Milwaukee Police and Fire Departments on cultural diversity assessment, training, evaluation and oversight. *Gary Hollander Enterprises* is the vendor for these services.

In conjunction with DER's planning process, a recommendation will be made to develop mandatory training for new managers and supervisors in employment-related topics including basic supervisory skills, working in a unionized environment and employment law. DER anticipates using this account to partially fund this initiative.

This SPA is budgeted for a similar amount as in 2004.

**Revenues**

Category	2003 Actual	2004 Budget	2005 Proposed	Change
Charges for Services	\$ 215,621	\$205,000	\$200,000	-2%

Estimated revenue in the 2005 proposed budget is related to charges for services to the Water Department (\$200,000).

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