July 20, 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. The new Pay Plan, if approved, will go into effect Pay Period 1 of 2008. In preparation, the Department of Employee Relations will develop administrative policies and procedures, will determine the rate of pay for each position within a new salary grade, will conduct training sessions, and will develop documentation forms to ensure a smooth implementation prior to the end of 2007.

Sincerely,

Maria Monteagudo Employee Relations Director

Attachments:

- A. Table Summarizing Critical Provisions of New Management Pay Plan
- B. Comparison of Current vs. Proposed Salary Structures
- C. Proposed Salary Grades with 2008 Rates of Pay
- C: Patrick Curley, Chief of Staff Mark Nicolini, Budget and Management Dir Marianne Walsh, Research & Analysis Mgr

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 Citywide.	Performance management/review processes being established in 2007 for implementation in 2008 on a Citywide 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 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 L5: Current SG 20	
	12 steps from min to max	7 Steps + open range after Step 7	
	3.1% increments on employees anniversary date	3.1% increments on anniversary date up to Step 7 of the new Salary Grade 1.5% increments after Step 7 up to the maximum of the Salary Grade	
	40% spread from min to max	Up to 60% spread from min to max	

Profe ssional	None	Lump sum, non-base building, pensionable awards for
Development and	-	professional development (limited to job related professional
Exceptional		designations or certifications) and exceptional achievement
Achievement		in open portion of salary range only (including employees at
Awards		the max).
Awarus		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
A m m a i m t m a m t	1 lm 4 a 74 b a 4 a m	established by policy makers for the departments.
Appointment	Up to 7th step with	Up to "midpoint' of the new ranges with approval of Chair of
Rate	approval of Chair of F&P	Finance and Personnel and DER.
	and DER.	
Salary	 Promotions are at least 	Promotion to a higher grade within group (P1 to P2): 3%
Adjustments for	3% over prior total pay	
Promotions and		 Initial Promotion into Professional Classification: 3%
Transfers		 Initial Promotion into Management Classification: 5%
		 Initial Promotion into Leadership Classification: 7%
	 Lateral transfers never 	 Lateral transfer to different job within the same grade
	result in salary	may result in a 3% adjustment as determined by DER.
	adjustment.	
Reclassifications	Positions are reclassified to	 Pay adjustments of 3% within grade may be authorized
	higher salary grades based	by DER after administrative review. Departments must
	on significant changes in	demonstrate significant changes in duties and
	scope of responsibility.	responsibilities.
	This requires a thorough	·
	analysis of the changes by	 When changes are such that a position must be
	DER and approval from the	upgraded from a professional position to a managerial or
	CSC, Finance Committee,	leadership position, process should remain the same and
	Council and the Mayor.	changes must be approved per current system.
Reallocations	Positions are upgraded to	Pay adjustments of 3% may be authorized via administrative
	higher salary grades based	review by DER in response to pay compression/labor market
	on labor market and/or pay	considerations. Higher adjustments would require Finance
	compression	and Personnel Committee approval.
	considerations.	""
Across-the-	As approved by Common	As approved by Common Council and Mayor
Board Pay	Council and Mayor.	
Increases	,	