



Department of Human Resources

INTER-OFFICE COMMUNICATION

Date: AUGUST 8, 2016
To: Theodore Lipscomb, Chairman, Milwaukee County Board
James Schmitt, Chairman, Personnel Committee
FROM: Mike Blickhahn, Director Compensation and HRIS *MB*
SUBJECT: Request for adjustment of employees to step at above their market minimum

During the July 2016 meeting of the Milwaukee County Personnel Committee a request was made for the Human Resource Department and Comptroller's office to submit a report on possibly adjusting the compensation of those employees previously identified as being below market minimums. This memo is in response to that request.

Summary

In 2015 and early 2016 there were several presentations made by Human Resources and an associated workgroup to the then Finance, Personnel and Audit Committee regarding the recommended change to pay ranges, and away from the outdated grades and steps currently in use. There were several items presented that would need to occur in conjunction with that change in pay policy. Among them:

Steps to pay ranges: This change would move away from the need to pay employees on the fixed points as defined with steps and towards the best practice approach of allowing employee pay rates to be any amount, as determined by the compensation guidelines, between the minimum and maximum of the pay range their position is assigned.

Adjustment to minimums: This was intended to be the first step after the change to pay ranges had been approved, and was intended to adjust the rate of pay of those employees currently below the market minimum of their pay range up to just the minimum of the pay range. Funding for this was approved in the 2016 budget.

Equity Adjustments: This change was intended to be the second step after new pay ranges are rolled out and adjustments to minimums had been implemented. This step was designed to allow for some limited adjustment of compensation for employees with significant experience, and funding for this was approved in the 2016 budget.

While new pay ranges have not yet been approved by the County Board, and recognizing we have over 500 employees that are paid below the market minimum for their position, the Board requested that we explore implementing the adjustment to minimums noted above. However,

these adjustments would need to be implemented within the framework of the current grades and steps. As has previously been noted, the Compensation Workgroup does not support making this adjustment without the implementation of the new pay ranges, however, given the Personnel Committee's request for a report on only the minimum adjustments portion of the policy, this memo lays out the affected employees, challenges, and cost of this request.

Affected employees and cost:

Based on the most recent review of employees conducted in August of 2016, there are 514 employees who are paid below the minimum of what would be their new pay range. Moving these employees to the pay step at or just above the market minimum of what would be their new range will cost \$1,428,946.24. (It should be noted that if the move to the new pay ranges were approved this cost would have been \$1,084,625.86)

Challenges:

While the Compensation Division and the Compensation Workgroup support adjusting the compensation of these employees in conjunction with the move to new pay ranges, adjusting them without the change in policy does create a few challenges that should be noted:

- Because steps are fixed points and don't align with market, this will mean moving these employees to the next highest step in their range that coincides with the market minimum. Nearly all of these 514 will now be paid at various points above the market minimum (because the steps do not align with market data points) and will result in the cost being more than simply adjusting these employees to market minimums.
- This does not address the significant equity issues we have where like jobs are now on different grades (with different pay opportunities).
- This does not address the issue that the current grades do not align in any way to market data for the positions.
- We are still not addressing the significant equity issues we have with experienced employees not being paid enough for their time in position or experience, either because we are not handling equity appropriately because of the step structure, or because the current steps do not go high enough to reflect market value for these experienced employees. In many ways this approach may make equity more of an issue, because we are further compressing the pay of employees with varying levels of experience.

In response to the Personnel Committee Request:

Attached please find a list of those 514 positions where we would adjust employee compensation and the step they would be adjusted to, with the corresponding cost and percentage increase. Should you direct that we make these adjustments, the annual cost will be \$1,428,946.24. We would suggest making these adjustments effective the first pay period of November, 2016 (to allow time for employee communication and payroll system entry).