

**Improvements Needed to Strengthen
Milwaukee County Transit System's
(MCTS) Commitment to
Workforce Diversity**

June 2017

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June 29, 2017

To the Honorable Chairman
of the Board of Supervisors
of the County of Milwaukee

We have completed an audit, *Improvements Needed to Strengthen Milwaukee County Transit System's (MCTS) Commitment to Workforce Diversity*.

A joint response from the County Department of Transportation (MCDOT) and the Milwaukee County Transit System (MCTS) is attached as **Exhibit 4**. We appreciate the cooperation extended by management and staff of the Milwaukee County Transit System during the course of this audit.

Our report describes MCTS's longstanding policy and commitment to diversity, fairness and equal employment opportunities in the hiring practices including promotions, demotions and terminations/turnover efforts outlined in their Equal Employment Opportunity Program Affirmative Action Plan (EEOP/AA Plan).

During our review, we noticed that over the years, MCTS has experienced numerous key management and staff changes that directly influenced their efforts to oversee, maintain, and monitor a diverse workforce free from harassment and discrimination. Therefore, we identified challenges affecting the process and provided recommendations to strengthen the implementation of MCTS's EEOP/AA Plan.

Please refer this report to the Committee on Finance and Audit.

A blue ink signature of Jerome J. Heer, written in a cursive style.

Jerome J. Heer
Director of Audits

JJH/cah

Attachment

cc: Scott B. Manske, CPA, Milwaukee County Comptroller
Milwaukee County Board of Supervisors
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George Christenson, Milwaukee County Clerk
Teig Whaley-Smith, Director, Department of Administrative Services
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Improvements Needed to Strengthen Milwaukee County Transit System's (MCTS) Commitment to Workforce Diversity

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Summary

Beginning in 1975, Milwaukee County provided mass public transit services under a contract with a privately owned non-profit corporation, Milwaukee Transport Services, Inc. (MTS). MTS, which operates over 60 routes and averages 150,000 rides daily, is responsible for recruiting and employing the workers necessary to operate the transit system. The current workforce averages 1,100 operators, mechanics, and administrative employees. Eighty-eight percent of the workforce is represented by bargaining units; the remaining workers are classified as non-represented employees.

MTS's commitment to diversity and concept of fair and equal employment opportunities is stated in their written Equal Employment Opportunity Program Affirmative Action Plan (EEO/AA Plan). MTS seeks to provide a work environment free from harassment and discrimination by managing and maintaining progress toward achieving a diverse workforce using internal monitoring and reporting systems to track personnel transactions or activities. MTS's workforce fluctuates frequently resulting mainly from new hires and terminations (voluntary and involuntary).

The audit of MTS was initiated in response to a resolution adopted by the County Board, which asked audit to look at hiring practices, promotions, demotions, qualifications, gender, age, county/non-county experience, tenure, diversity, and turnover for 2010-2015.

Utilization data indicates that MTS could improve workforce diversity in several key job categories.

As an agency that adheres to Federal Transit Administration (FTA) guidelines, MTS conducts utilization analysis of its workforce. According to FTA's written guidance, "A completed utilization analysis identifies job categories that have an underutilization or concentration of minorities or women in relation to their availability in the relevant labor market." Underutilization is an employment condition that occurs when fewer minorities and/or women are employed in a particular job group than their availability in the relevant labor market (RLM). Concentration occurs when a higher participation of minorities and/or women are employed in a particular job group than their availability in the RLM.

MTS uses the "Any Difference Rule" and the "Whole Person Rule" to determine market utilization. Our analysis used several utilization tools and standards, which are defined below.

- Any Difference Rule – is any difference between the availability percentage and the utilization percentage.
- 80 Percent Rule – The actual representation is less than 80 percent of availability.
- Two Standard Deviation Rule – The difference between the actual and expected representation is statistically significant.
- The Whole Person Rule – At least one whole person lower than the number predicted by the availability percentages minus the internal promotable and trainable employees identified in MTS' EEO/AA Plan.

We looked at utilization of minorities and females across job codes for the years 2010-2016. In doing so, we noted the following.

Officials and Administrators:

- Females were underutilized during the seven-year period in all rules of measure.
- Minorities met concentration during the seven-year period in all rules of measure.

Professionals:

- Females were underutilized during the seven-year period under the Any Difference Rule, and a majority of the time under the Whole Person Rule. Under the 80% and 2-Standard Deviation rules, they met concentration.
- Minorities met concentration during the past seven years in all rules of measure except in 2010 when the Any Difference Rule was not met.

Technicians:

- Females were underutilized during the seven-year period under the Any Difference Rule, and a majority of the time under the 80% and Whole Person rules. They met concentration under the 2-Standard Deviation Rule.
- Minorities were underutilized during the seven-year period under the Any Difference Rule and 80% Rule, and in 2012-2013 under the Whole Person rules of measure. They met concentration under the 2-Standard Deviation Rule in 2010, and 2014-2016 under the Whole Person rule.

Administrative Support Workers:

- Females were underutilized during the seven-year period in all measures except the 80% Rule in 2016.
- Minorities met concentration three of seven years under all rules of measure, except they were underutilized in 2012-2015 under the Any Difference Rule.

Craft Workers:

- Females were underutilized during the seven-year period under the Any Difference Rule, and sporadically in the 80% and the Whole Person rules while meeting concentration under the 2-Standard Deviation Rule.
- Minorities were underutilized a majority of the seven-year period under the Any Difference, and a majority of the time under 80% and Whole Person rules. They met concentration a majority of the time under the 2-Standard Deviation Rule.

Operatives:

- Females met concentration in the past seven years in all rules of measure.
- Minorities met concentration in the past seven years in all rules of measure.

Laborers and Helpers:

- Females met concentration in six years, in all rules of measure, except in 2016.
- Minorities met concentration in the past six years in all rules of measure, except in 2016.

Perceptions about workforce diversity could be addressed more effectively.

According to the Equity Theory of motivation, employee behavior is affected by their perception of fairness. Our review of utilization data related to MTS workforce diversity identifies several opportunities for improvement, but does not stand on its own.

We also looked into the records of 29 individuals who stepped forward with concerns, were identified by management, or were union officials. In doing so, we interviewed several former and current employees eager to express their perception of the lack of fairness in hiring and promotional practices at MTS. We also examined 99 internal complaint files and 68 Equal Employment Opportunity Commission cases. We categorized concerns into the following groups:

- Unfair hiring practices allegations
- Unfair treatment allegations
- Lack of promotional opportunities allegations
- Favoritism allegations
- Nepotism allegations
- Harassment allegations
- Retaliation allegations

According to the FTA, the Equal Employment Opportunity Program should function as “a written detailed, results-oriented set of procedures designed to achieve prompt and full utilization of people within a protected class at all levels and in all parts of the recipient’s workforce, including

compensation.” However, based on the perceptions of reality by a segment of the protected class, MTS may not be putting forth a strong good faith effort to communicate and enforce an environment of equal employment opportunities.

MTS’s commitment to diversity needs to be clarified in hiring, promotion, and separation procedures.

MTS states their commitment to fair and consistent employment practices in their Equal Employment Opportunity Program/Affirmative Action Plan (EEOP/AA Plan), which includes an assessment of employment practices section. We reviewed MTS’s trends and practices related to employee hiring, promotion, and separation from service.

Our analysis showed that minorities are clearly the largest group of employees hired from 2010-2015, with females as the second largest starting in 2012. Bus operators represent 78 percent of the employees hired, which are mostly minorities and females. MTS has documented employment practices for recruitment, selection, interviews, employment, compensation and benefits, and training programs. However, in our review of how the hiring practices were implemented, it is often not clear that MTS is routinely adhering to “fair and consistent” employment practices. For example, requirements for employment applications, pre-employment physicals, and employment reference checks were not always maintained in employee files, despite requirements in both MTS policy and/or for job descriptions.

MTS’s EEOP/AA Plan states that promotional and transfer job opportunities for non-represented positions may be posted internally and externally simultaneously, and selection will be based on professional and educational experience that are most closely matched with the requirements of the position. Aside from this statement, MTS does not have policies and procedures in place for promotional practices for non-represented positions. Our record review identified the following concerns: non-represented employees were promoted based solely on written recommendations from department heads, and by appointment. Employees expressed concerns regarding what they believed to be unfair promotional practices and a lack of advancement opportunities. Our analysis of MTS employee promotions from 2010-2015 shows that 53.2 percent of MTS’s promotions were White males.

MTS does not have a policy in place for demoting employees. Clear demotion policies and procedures may reduce allegations of unfair treatment, harassment or discrimination. MTS also does not have written policies and procedures for terminating or separating employment with non-represented

employees. Yet, during our review period, a total of 680 employees separated/terminated employment with MTS. During this time, MTS experienced management and organizational changes, which included leadership under four President and Managing Directors, and a competitive request for proposal process for the transit management services MTS has provided since 1975. Termination is an inevitable part of personnel activity in every company, but understanding whether termination was voluntary (resignation or retirement) or involuntary (discharge, layoff, death) is important in assessing human resource patterns. From 2010-2016, resignations for female employees more than doubled in 2013, with a small dip in 2014, and doubling again in 2015.

Minority females were the reason for the increases in resignations and retirements for 2013. White males had lower instances of resignations, discharges, and no layoffs, but higher instances of retirements. Minorities and females had lower instances of retirements, but higher instances of resignations, discharges, and layoffs.

MTS stated that all employees who voluntarily terminate their employment with the company will be subject to an exit interview with a representative from Human Resources. However, our review indicates this is not happening regularly. Even though there are multiple reasons for an employee to leave a company, an exit interview will allow workers the opportunity to freely express their views about working at the company, which will provide valuable information to MTS.

Accountability for review of complaints could be enhanced.

MTS has an Anti-Harassment/Non-Discrimination Policy statement, and believes that harassment and discrimination can arise from a broad range of inappropriate behaviors such as: physical acts, verbal behaviors, non-verbal actions, and differential treatment (exclusion based on personal trait/background). MTS has an internal complaint process to address this.

We reviewed approximately 99 internal complaint cases from 2010-2015. Forty-five of these cases involved 7 people. Our review indicated that internal complaint files are not maintained in a consistent and orderly manner. White males represented 15 percent of the total complaints filed, minorities 36 percent, and females 48 percent. A majority of the minority and female complaints were by Black females. MTS used various outcomes to resolve internal complaints, the most common included: 17 percent were given or reminded of the company's policy; 17 percent found no reasonable basis or evidence to support claims after investigation; 16 percent received written warnings; 14 percent

received suspensions. MTS also has an informal internal complaint appeal process, though we believe this can be enhanced.

MTS encourages employees to resolve problems by filing internal complaints, but also make employees aware of external options like the U.S. Equal Employment Opportunity Commission (EEOC) and/or Wisconsin Department of Workforce Development, Equal Rights Division (ERD). MTS employees filed approximately 68 external cases from 2010-2015. The highest number of external complaints occurred in 2014 with 19 cases, and Black females were the largest group to file claims with external agencies with a total of 25 cases. The outcomes/conclusions varied based on the stage of the process the cases were in, but in general 54 percent of the cases did not constitute a negative outcome for MTS.

MTS management administers disciplinary actions to employees that fail to adhere to company work rules and conduct standards, which are unrelated to internal and external processes previously discussed unless discrimination and harassment occur. We assessed disciplinary actions in 2014, and found that actions related to minority males and females seem to be proportionate to their representation in the workforce while discipline of White males appears to be less frequent than would be expected for their proportion of the workforce.

Efforts are needed to ensure that MTS pay equal salaries to minorities and females in similar positions.

Pay equity is discussed in numerous places, including MTS's EEO/AA Plan, the Equal Pay Act of 1963, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, and Title I of the Americans with Disabilities Act of 1990. MTS does not have written policies and procedures on compensation for non-represented employees, but does have practices outlined in their MTS EEO/AA Plan. Several MTS former and current employees shared concerns with what they perceive as unequal pay for minorities and women essentially doing the same jobs as White males.

We analyzed MTS salaries and wages earned by employees from 2010 through August 2016 for four job categories: Officials-Directors, Officials-Managers, Officials-Supervisors, and Professionals for the purpose of identifying compensation trends and situations that may adversely impact minorities and females. MTS compensation trends show that on average, minority males employed under job groups Chiefs and Directors and Supervisors have been compensated below the average wages in those job groups. White females have been compensated below in Chiefs and Directors, Managers,

and Professionals job groups. Minority females were compensated below under Chiefs and Directors, Managers and Supervisors job groups. We also identified instances when minorities and females are paid lower wages than co-workers in similar positions, and newly hired White males have earned higher salaries than minorities and females with more seniority.

MTS should address compliance with previous and amended EEO Program Requirements.

The FTA issues guidance, often in the form of circulars, to provide grantees of Federal funding with direction on program-specific issues and statutory requirements. FTA Circular 4704.1A establishes instructions and guidelines for MTS and other transit agencies regarding Equal Employee Opportunities. According to MTS's EEOP/AA Plan, governed under the old FTA Circular, the Chief Civil Rights and Labor Officer position is key to the oversight and implementation of MTS's EEOP/AA Plan. During this audit, changes at MTS call into question the company's continued commitment and compliance with FTA requirements and guidelines, especially as it relates to the EEO Officer.

- The former Chief Civil Rights and Labor Officer responsible for EEO Officer duties resigned in June 2015 due to recent changes in management and a lack of communication that resulted in her not being able to perform her job duties in advising staff on EEO issues/goals and implementing MTS's EEOP/AA Plan.
- Throughout the audit process, MTS did not hire a Chief Civil Rights and Labor Officer, and certain duties were done by other executive staff.
- In October 2016, auditors were told that the Director of Human Resources/Labor Relations was now the EEO Officer.

In leaving this position vacant for almost two years, MTS has impeded the company's effectiveness in monitoring, overseeing and implementing the EEOP/AA Plan. We recommend that MTS reevaluate this position as it relates to the FTA requirements and ensure that the EEO Officer is free from any conflicts of position or interest.

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Background

Beginning in 1975, Milwaukee County provided mass public transit services under contract with a privately owned non-profit corporation, Milwaukee Transport Services, Inc. (MTS). In December 2014, MTS became a quasi-governmental instrumentality of Milwaukee County with oversight by a new governing board. Organizationally, the program is administered by the County Executive's Director's Office of the Milwaukee County Department of Transportation (MCDOT). Policy direction is received from the Milwaukee County Board of Supervisors via its Committee on Transportation, Public Works and Transit.

MTS manages and operates the Milwaukee County Transit System (MCTS) with a fleet of 410 diesel buses, serving nearly 5,500 bus stops operating over 60 routes and averaging 150,000 rides daily to people in counties of Milwaukee, Ozaukee, and Waukesha. MTS operates Paratransit services that provide demand responsive transportation and orientation service that complements the fixed-route services of MCTS, for individuals that are eligible by the Americans with Disabilities Act (ADA). MTS also has a Growing Opportunities program pass (GO Pass) that allows reduced fee rides to eligible ADA riders and eligible individuals 65 and older on all MCTS buses.

MTS is responsible for recruiting and employing the workers necessary to operate the transit system. The current workforce averages 1,100 operators, mechanics and administrative employees. A majority (88 percent) of the workforce is represented by bargaining units: Amalgamated Transit Union Local 998 (ATU) and Office and Professional Employees International Union (OPEIU). Workers not represented by a bargaining unit are classified as non-represented employees. The 2017 budget reports total revenues of \$146.5 million, total expenditures at \$160.5 million, and a tax levy of \$14 million.

MTS Commitment to Diversity

Milwaukee Transport Services, Inc. (MTS) has a commitment to diversity and a concept of fair and equal employment opportunities as stated in their most recently filed Equal Employment Opportunity Program Affirmative Action Plan (EEOP/AA Plan) for January 1, 2011 through December 31, 2014. MTS is required to submit an EEOP/AA Plan every four years. The policy states:

"It is the policy of Milwaukee Transport Services, Inc. (MTS) to provide equal employment opportunity to all qualified applicants or employees regardless of race, color, creed, religion, sex, age, disability, marital status, sexual orientation, genetic information, national origin,

military status, veteran status or any other characteristic protected by local, state or federal law. We are strongly committed to this policy and believe in the concept of fair and equal employment opportunity.

MTS is committed to hiring and developing the best people we can employ, basing our judgment solely on their job-related qualifications. We are committed to assuring that all recruiting, hiring, training, promotions, transfers, layoffs, recall from layoffs, compensation, benefits, company-sponsored educational, social and recreational programs, and other employment related programs and personnel actions be free from discrimination.

MTS is committed to equal employment opportunity and a diverse workforce through full utilization of available qualified human resources at all levels and in all parts of the organization. To implement our commitment, we have in place an Equal Employment Opportunity Program which includes utilization goals with respect to the employment of available qualified minorities and women within our organization. We believe that successful achievement of equal employment opportunity utilization goals will provide benefits to the organization through fuller utilization and development of previously underutilized human resources.”

MTS Managing Diversity

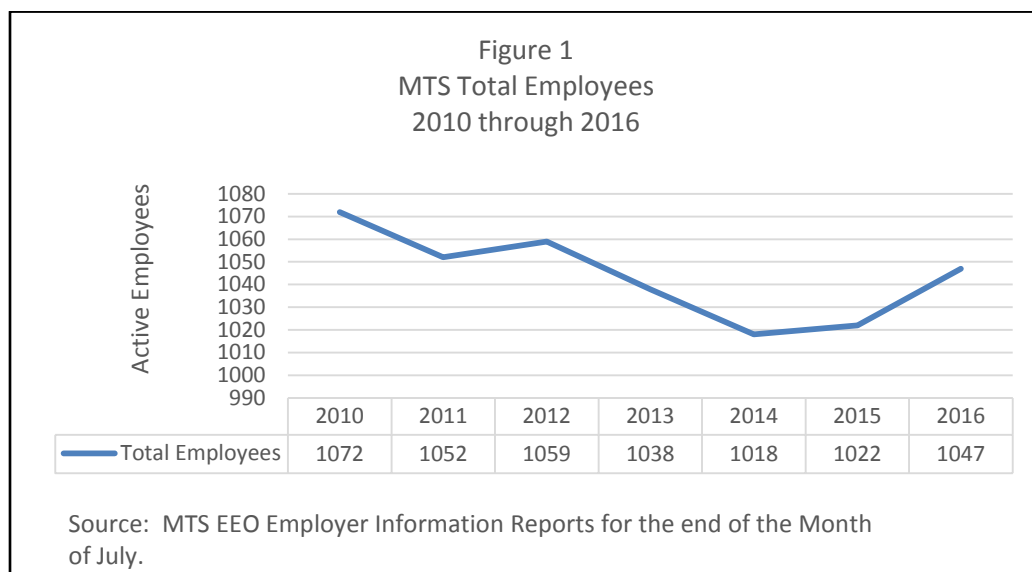
In written Equal Employment Opportunity Program / Affirmative Action Plans, MTS seeks to provide a work environment free from harassment and discrimination by managing and maintaining progress towards achieving a diverse workforce using internal monitoring and reporting systems to track personnel transactions or activities (e.g. hires, promotions, and terminations). MTS identified the following systems as their way of measuring and tracking progress:

- Using monthly Affirmative Action Goals Attainment Reports to provide a real-time assessment of progress toward utilization goals for the Affirmative Action Plan year.
- Tracking employment activities including applicant flow, new hires, promotions, transfers, and separations/terminations.
- Assessing employment practices to identify the potential adverse impact of employment decisions on women and minorities in order to take affirmative steps to remedy problems, through job group analysis, workforce analysis, utilization analysis, and impact ratio analysis.
- Pursuing that management staff is regularly consulted and informed of program effectiveness, the degree of attainment of EEO objectives, issues with employment discrimination, progress towards established goals, and input in resolving problem areas.
- Using market availability data to measure women and minorities in the relevant labor market, set short-term and long-range utilization goals to identify problem areas, and track progress (action steps) towards achieving workforce diversity.
- Using the utilization goals in the EEOP/AA plan as a reasonable gauge to measure progress in fulfilling their affirmative action obligation relating to full utilization of available qualified females and minorities throughout the organization.

MTS states that the plan or the utilization goals are not intended to discriminate against an individual or group of individuals with respect to employment opportunities for which they qualified for on the grounds that they are not beneficiaries of affirmative action. The Equal Employment Opportunity Program/Affirmative Action Plan is not intended to sanction the discriminatory treatment of any person.

Workforce Trends for 2010 through 2016

MTS's workforce fluctuates frequently resulting mainly from new hires and terminations (voluntary and involuntary). To show an active employee trend pattern, we focused on the month of July for a seven-year period (2010 through 2016). Figure 1 focuses in on workforce changes from 2010-2016.



According to Figure 1 above, MTS workforce shows a decrease of workers starting in 2010 to 2014. In 2014, the workforce began a slight increase that continued through 2016.

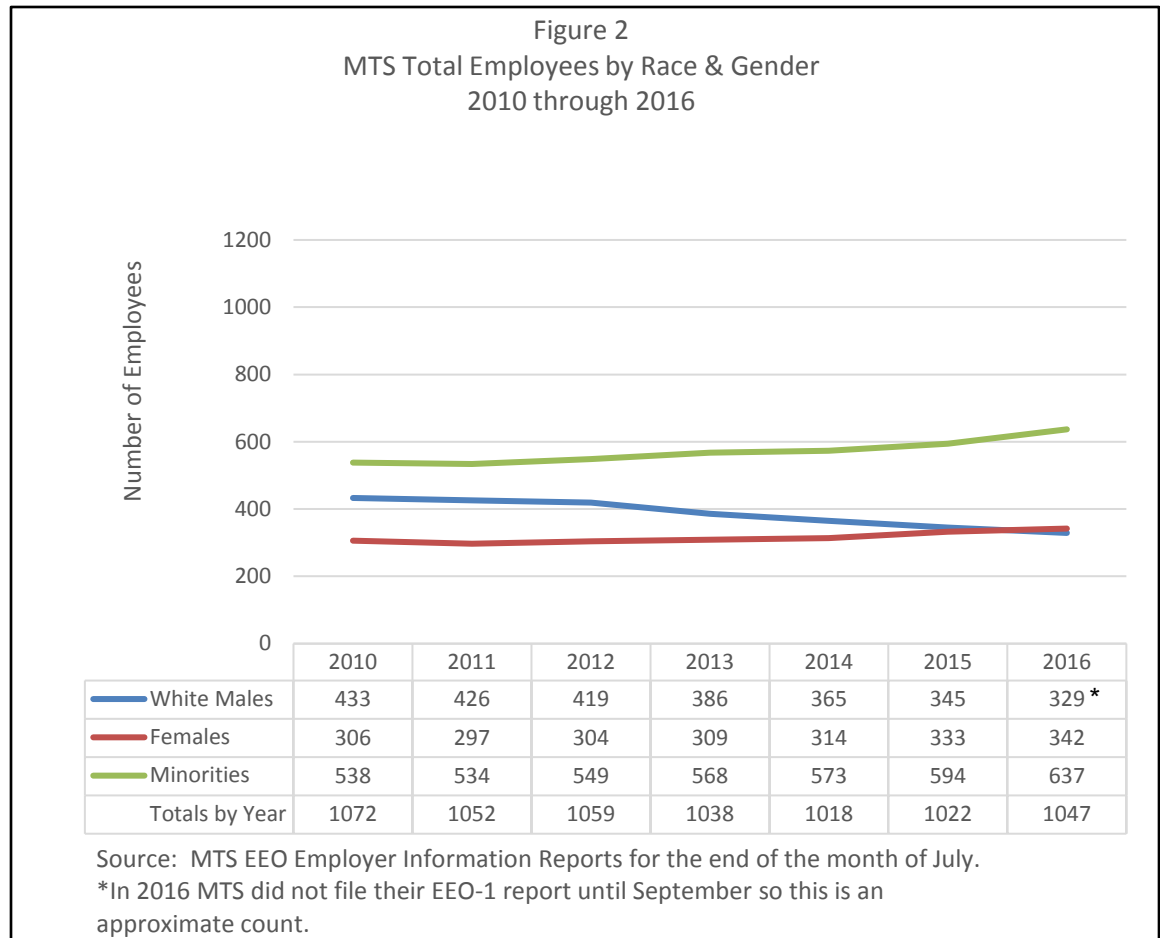


Figure 2, separates the total number of employees by White males, females, and minorities. On average, minorities represented 3,993 or 54.6 percent of the workforce, females 2,205 or 30.2 percent, and White males 2,703 or 37.0 percent over the seven-year period.

Any reference to females throughout this report includes all females of every race; and minorities represent all minority groups, males and females. Minority females are counted twice as females and minorities for purposes of illustrating the diversity of the workforce.

The audit of Milwaukee Transport Services, Inc. (MTS) was initiated in response to a request by the Milwaukee County Board of Supervisors under Resolution File No. 15-227, which states in part:

Authorizing and directing the Comptroller's Audit Services Division to conduct an operational and procedural audit of the administration of Milwaukee Transport Services, Inc. as it relates to hiring practices, promotions, demotions, qualifications, gender, age, county/non-county experience, tenure, diversity, and turnover for calendar years 2010 through 2015.

The audit was designed to answer questions we address in the following report sections..

Section 1: Utilization data indicates that MTS could improve workforce diversity in several key job categories

MTS's EEO/AA Plan includes an objective for how its workforce should look.

Milwaukee Transit Services, Inc. has included in its EEO/AA Plan an objective for how its workforce should look:

"...MTS's objective is to hire and promote minorities and females at the percentage rate equivalent to their availability in the relevant job market. Placement or utilization goals are not quotas nor do they create guarantees to specific groups. Instead, utilization goals are targets for recruitment and outreach to broaden the pool of qualified candidates which should be attainable by means of good faith efforts to make the program work..."

The Federal Transit Administration (FTA) Circular 4704.1A, Section 2.2.4 Utilization Analysis, effective October 31, 2016, states:

"FTA requires agencies who meet the EEO Program threshold requirements...to complete a utilization analysis as part of their EEO Program submission. A completed utilization analysis identifies job categories that have an underutilization or concentration of minorities and women in relation to their availability in the relevant labor market. The analysis also establishes the framework for goals and timetable to correct employment practices that contributed to any identified underutilization or concentration."

This language was also included in prior circulars, in effect during our review period.

MTS Utilization Analysis

Underutilization occurs when fewer minorities and or women are employed in a job group than their availability in the relevant labor market.

As an agency that adheres to FTA guidelines, MTS conducts Utilization Analysis to meet its objective stated above by identifying underutilization and concentration of women and minorities by job group. Underutilization is an employment condition that occurs when fewer minorities and/or women are employed in a particular job group than their availability in the relevant labor market (RLM). Concentration occurs when a higher

Concentration occurs when a higher participation of minorities and or women are employed than available in the relevant labor market.

MTS generally recruits personnel from within the Milwaukee Metropolitan Statistical Areas (Milwaukee, Ozaukee, Washington, and Waukesha Counties).

participation of minorities and/or women are employed in a particular job group than their availability in the RLM.

MTS indicated that it generally recruits personnel from within the Milwaukee Metropolitan Statistical Areas, Milwaukee, Ozaukee, Washington and Waukesha Counties; and in some cases, they recruit for professionals and managerial positions using state, regional or national levels. The EEO/AA Plan identified the “Census 2010 Special EEO File Sample National,” and the EEO Tabulation for 2006-2010 (5-year American Community Survey (ACS) data) as the source of the RLM data. MTS’s availability analysis compares the participation rate of minorities and women with their availability in their relevant labor market, using two factors; outside availability like census data, state employment service data, etc. and inside availability like individuals in the workforce that can be transferred, promoted or trained.

Due to discrepancies in the RLM percentages reported in MTS data, the use of the national market for all job categories, and the statement from MTS management that they could not substantiate the methodology used by former staff to create the data, we completed our analysis of the EEO Tabulation relevant labor market data to compare with MTS workforce. (See Figures 3 through 17 and Tables 1 through 16).

U.S. Census Data Reliability

The EEO Tabulation “serves as the primary external benchmark for conducting comparisons between the racial, ethnic, and sex composition of each employer’s workforce to its available labor market.” The Census data is based on a sample and subject to sampling variability. The EEO Tabulation presents data according to where people worked at the time of the survey (worksite geography), and according to where people lived, regardless of where they worked (residence geography). In our analysis, we used the EEO-1 Tabulation for Wisconsin residences for officials

in director, manager and supervisor job categories (100, 101 and 102) and Milwaukee County worksite for all other job categories. We included Wisconsin to adhere to the FTA Circular that states, “FTA require agencies to use relevant geographic areas and labor force data for different job categories. For example, executive management and professional positions would likely have a regional or national recruiting area compared with a local recruiting area for the lower-skilled jobs.”

There are multiple utilization tools and standards available to determine underutilization and concentration.

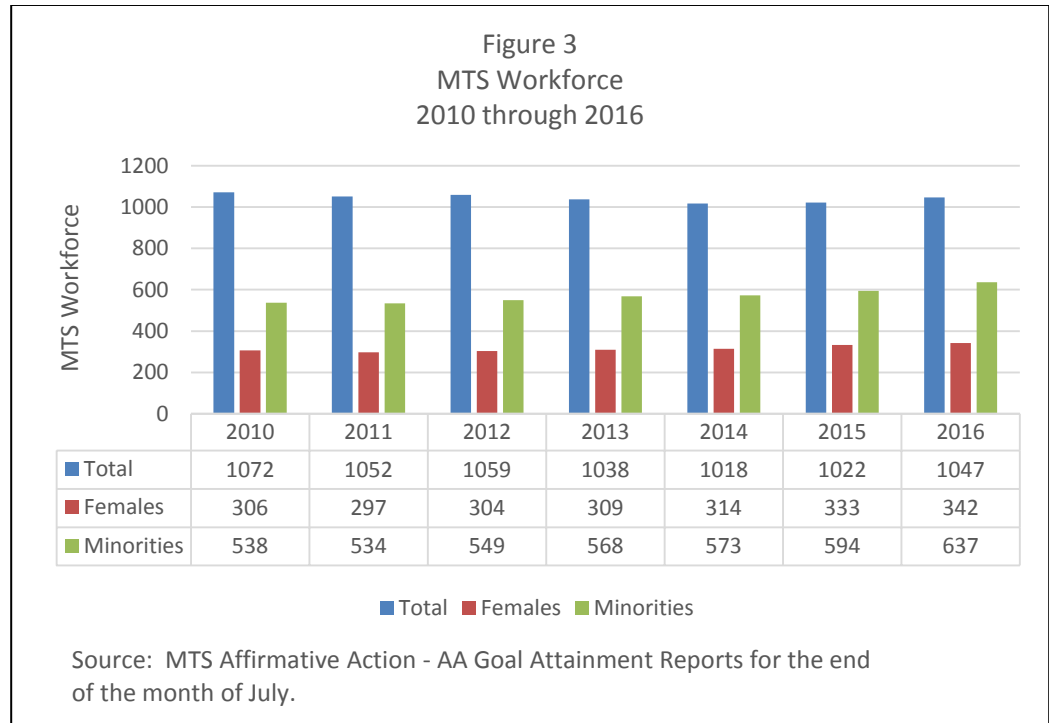
Utilization Analysis Methods and Rules of Measures

MTS rules of measure to determine underutilization and/or concentration were “Any Difference Rule” and the “Whole Person Rule.” Our analysis used several utilization tools and standards:

- The FTA Sample Utilization Analysis Chart, “a tool FTA recipients may use to complete the workforce utilization analysis requirement as described in Section 2.2.4 of EEO Circular 4704.1A.”
- The EEO/HR Compliance Management Software utilization analysis (JavaScript App) that is an “on-line Affirmative Action Plan Utilization Analysis software via the internet.” The on-line analysis is “a free JavaScript application that computes underutilization using Any Difference Rule, 80 percent Rule, and 2-Standard Deviation Rule.”
- Any Difference Rule – is any difference between the availability percentage and the utilization percentage.
- 80 percent Rule – The actual representation is less than 80 percent of availability.
- Two Standard Deviation Rule – The difference between the actual and expected representation is statistically significant.
- The Whole Person Rule – At least one whole person lower than the number predicted by the availability percentages minus the internal promotable and trainable employees identified in MTS’s EEOP/AA Plan.

MTS Overall Workforce

According to MTS's Affirmative Action – Monthly Progress Reports for the month of July for the past seven years, MTS total workforce is shown in Figure 3.



MTS total workforce has remained slightly over 1,000 employees in the month of July in 2010 through 2016. Females represented 28.5 percent of the total workforce in 2010 and gradually rose to 32.7 percent in 2016; while minorities represented 50.2 percent in 2010 increasing to 60.8 percent in 2016.

What the MTS Workforce Looks Like

The following tables 1 and 2 list the number of MTS's female and minority employees under each job category in the month of July over the past seven years. The purpose is to provide a numerical progression or regression of females and minorities by job group. All references to females in this section includes all females of every race and ethnicity. All references to minorities include American Indian or Alaskan Native, Asian, Black or African-

American, Hispanic or Latino, and Native Hawaiian or Other Pacific Islander, 2+Race (multiple races) for both males and females.

Table 1
MTS Female Employees by Job Category

<u>Job Category</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Directors	6	7	7	7	6	5	5
Managers	7	6	7	7	8	6	7
Supervisors	9	8	8	8	9	10	11
Professionals	13	13	12	11	13	13	13
Technicians	4	4	4	4	3	3	3
Administrative Support Workers	33	31	27	28	28	34	30
Craft Workers (Skilled)	3	2	2	3	3	1	1
Craft Workers (Semi-Skilled)	3	3	2	3	3	3	2
Operatives (Bus Operators)	222	216	228	231	235	253	267
Laborers and Helpers	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>5</u>	<u>3</u>
Totals	306	297	304	309	314	333	342

Source: MTS Human Resources records analyzed by Milwaukee County Comptroller's Audit Services Division.
(MTS Affirmative Action – AA Goal Attainment Reports for the end of the month of July.)

Table 2
MTS Minority Employees by Job Category

<u>Job Category</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Directors	2	3	3	2	2	1	1
Managers	3	3	3	5	5	6	6
Supervisors	18	16	16	17	18	22	22
Professionals	4	6	6	5	8	8	9
Technicians	1	1	1	1	1	1	1
Administrative Support Workers	21	19	16	16	15	17	17
Craft Workers (Skilled)	21	16	15	16	17	16	18
Craft Workers (Semi-Skilled)	1	1	0	2	3	4	7
Operatives (Bus Operators)	458	452	472	487	485	502	537
Laborers and Helpers	<u>9</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>19</u>	<u>17</u>	<u>19</u>
Totals	538	534	549	568	573	594	637

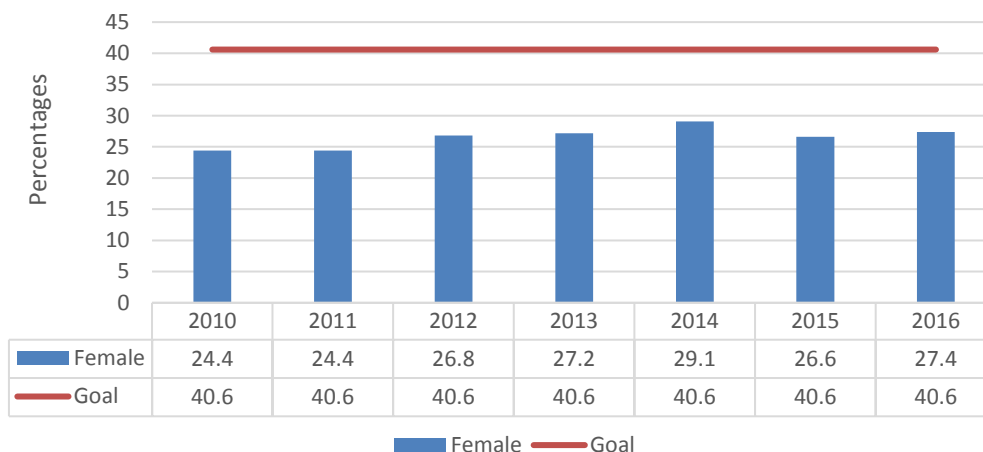
Source: MTS Human Resources records analyzed by Milwaukee County Comptroller's Audit Services Division.
(MTS Affirmative Action – AA Goal Attainment Report for the end of the month of July).

What MTS Workforce Should Look Like

Tables 3 through 16 and Figures 4 through 17 represent the MTS workforce for full-time and part-time employees for the past seven years. The goal line is the U.S. Census EEO Tabulation Data for the relevant labor market (availability). As previously stated, MTS indicated that they use “Any Difference” and “Whole Person” rules to measure utilization and concentration. For the purpose of this report, the tables that corresponds with the figures list “Yes” when females and/or minorities are underutilized, and “No” when they have met concentration.

The Figures and Tables present the information by EEO job categories. A listing of 2014 MTS Job Titles by EEO Job Categories can be found in Exhibit 2.

Figure 4
MTS Utilization Analysis - Wisconsin Relevant Labor Market
Officials & Administrators 100 - 101 - 102
Females
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

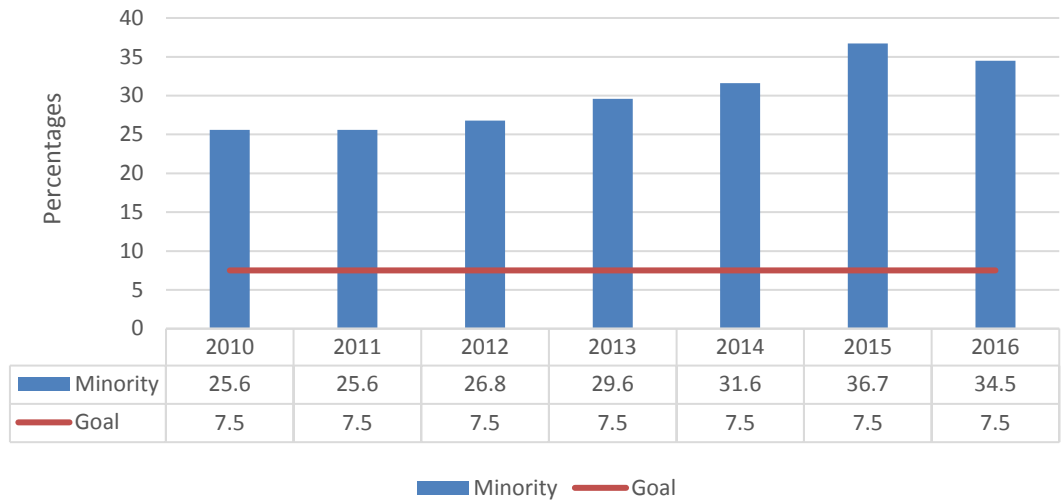
Table 3
Females
2010 – 2016 Underutilization
(Job Group 100–102 – Wisconsin Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	Yes	Yes	Yes	Yes	Yes	Yes
80%	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2-Standard Deviation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Whole Person	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Females were underutilized during the seven-year period in combined job categories for Officials and Administrators, in all rules of measure.

Figure 5
MTS Utilization Analysis - Wisconsin Relevant Labor Market
Officials & Administrators 100 - 101 - 102
Minorities
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

Table 4
Minorities
2010 – 2016 Underutilization
(Job Group 100–102 – Wisconsin Relevant Labor Market)

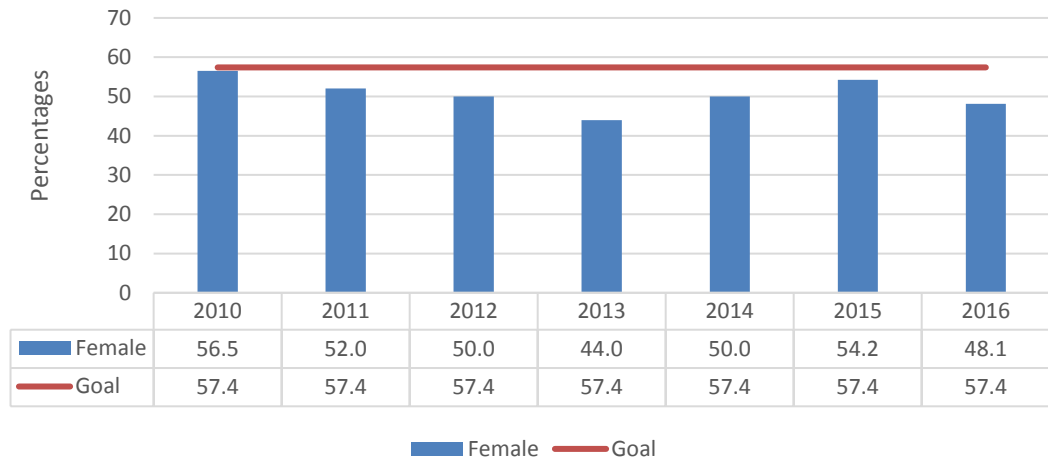
<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	No	No	No	No	No	No	No
80%	No	No	No	No	No	No	No
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	No	No	No	No	No	No

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Minorities met concentration each year during the seven-year period in combined job categories for Officials and Administrators, in comparison to the RLM in the State of Wisconsin, for all rules of measure.

MTS indicated that in 2014, they recruited nationally for vacancies in job category 100 – Officials – Directors. They have had success recruiting locally in job categories 101 – Officials – Managers and 102 – Officials – Supervisor but internal recruitment has historically been the method most utilized.

Figure 6
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Professionals 200
Females
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

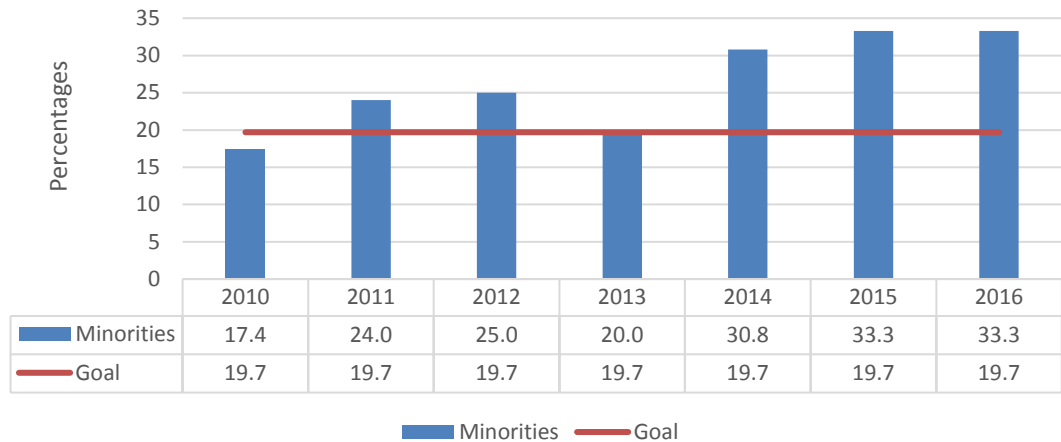
Table 5
Females
2010 – 2016 Underutilization
(Job Group 200 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	Yes	Yes	Yes	Yes	Yes	Yes
80%	No	No	No	Yes	No	No	No
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	Yes	Yes	Yes	Yes	No	Yes

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Females were underutilized during the seven-year period in the job category 200 – Professionals under Any Difference Rule and a majority of the time under Whole Person Rule. However, under the 80% and 2-Standard Deviation rules of measure, they met concentration.

Figure 7
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Professionals 200
Minorities
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

Table 6
Minorities
2010 – 2016 Underutilization
(Job Group 200 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	No	No	No	No	No	No
80%	No	No	No	No	No	No	No
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	No	No	No	No	No	No

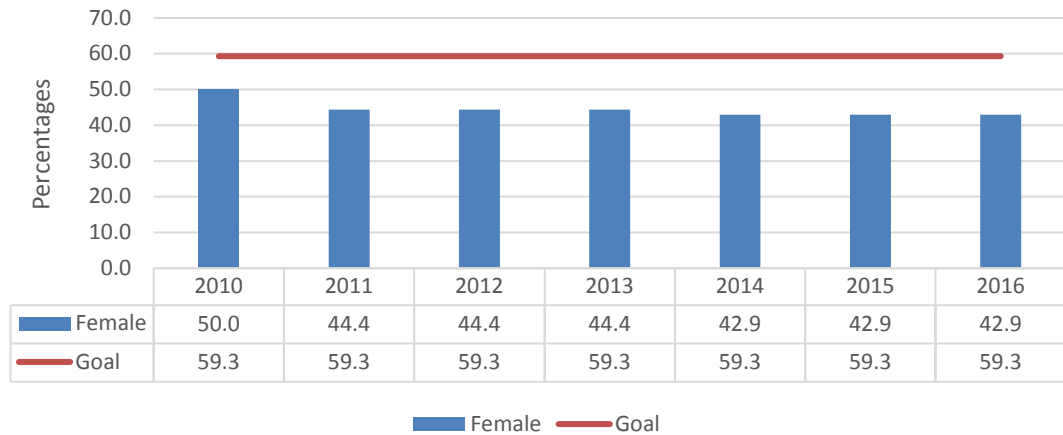
Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Minorities met concentration in the past seven years under job category 200 – Professionals, in all rules of measure, except in 2010 Any Difference Rule was not met.

MTS indicated that for vacancies in this job group 200 – professionals, they have been successful recruiting locally, and historically, the feeder groups have been their favorite method of

internal recruitment. Feeder groups are employees that with training and mentorship can possibly be promoted into a higher level position.

Figure 8
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Technicians 300
Females
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

Table 7
Females
2010 – 2016 Underutilization
(Job Group 300 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	Yes	Yes	Yes	Yes	Yes	Yes
80%	No	Yes	Yes	Yes	Yes	Yes	Yes
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	Yes	Yes	Yes	Yes	Yes	Yes

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Females were underutilized during the seven year period in the job category 300 – Technicians, under Any Difference, and a majority of the time under 80% and Whole Person rules of measure. However, females met concentration under the 2-Standard Deviation Rule.

Figure 9
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Technicians 300
Minorities
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

Table 8
Minorities
2010 – 2016 Underutilization
(Job Group 300 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	Yes	Yes	Yes	Yes	Yes	Yes
80%	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	Yes	Yes	Yes	No	No	No

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Minorities were underutilized during the seven period in the job category 300 – Technicians, under Any Difference and 80%, and in 2012 through 2013 under Whole Person Rules of measure. However, minorities met concentration under the 2-Standard Deviation Rule and in 2010 and 2014 through 2016 under the Whole Person Rule.

MTS indicated that for vacancies in job group 300 for technicians, they have been successful recruiting locally.

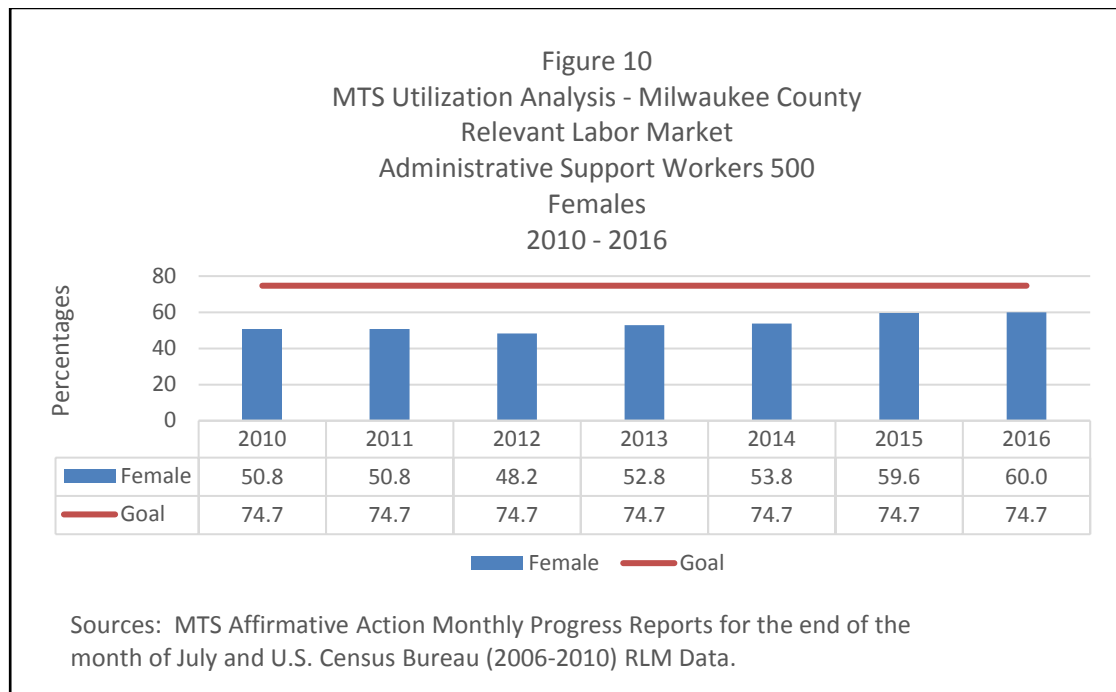
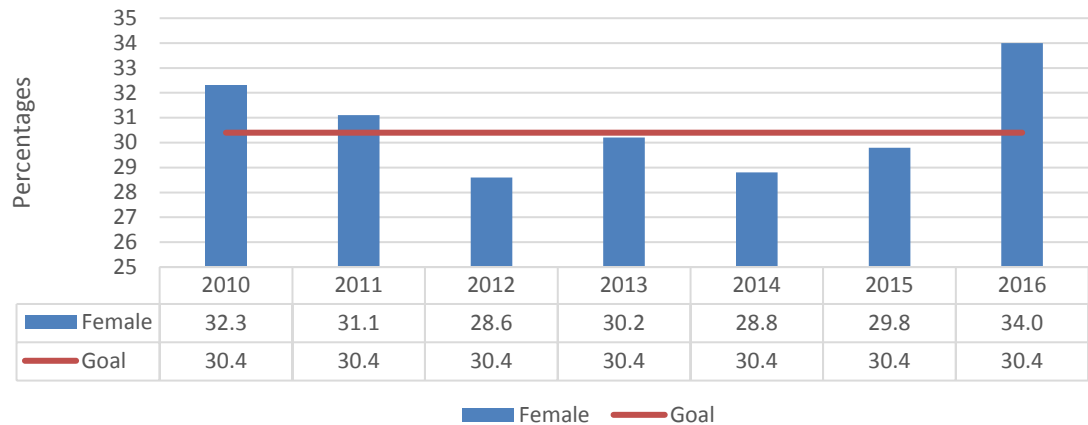


Table 9 Females 2010 – 2016 Underutilization (Job Group 500 – Milwaukee County Relevant Labor Market)							
<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	Yes	Yes	Yes	Yes	Yes	Yes
80%	Yes	Yes	Yes	Yes	Yes	Yes	No
2-Standard Deviation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Whole Person	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Source: Auditor created using data provided by MTS and verified using an online utilization tool.							

Females were underutilized during the seven-year period in the job category 500 – Administrative Support Workers, except in 2016 under the 80% Rule of measure.

Figure 11
MTS Utilization Analysis-Milwaukee County
Relevant Labor Market
Administrative Support Workers 500
Minorities
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

Table 10
Minorities
2010 – 2016 Underutilization
(Job Group 500 – Milwaukee County Relevant Labor Market)

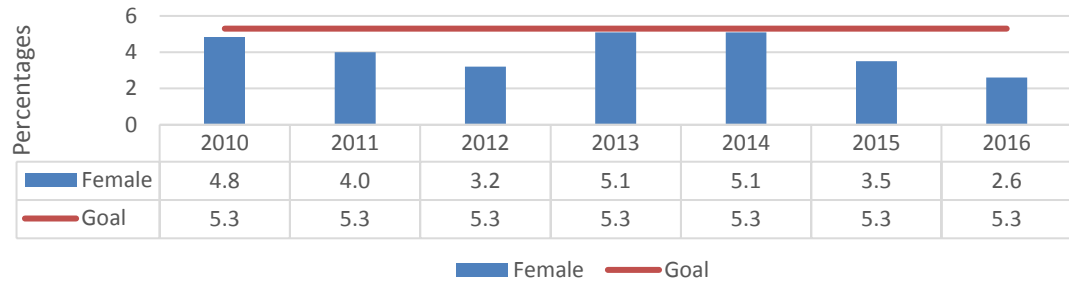
<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	No	No	Yes	Yes	Yes	Yes	No
80%	No	No	No	No	No	No	No
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	No	No	No	No	No	No

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Minorities met concentration three of seven years during the seven-year period in the job category 500 – Administrative Support Workers, under all rules of measure, except they were underutilized in 2012 through 2015, under Any Difference Rule.

MTS indicated that for vacancies in this job group 500 for administrative support workers, they have been successful recruiting locally, however, a majority of the positions are represented and are filled through lateral movement through job bids (applications).

Figure 12
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Craft Workers 600 - 601
Females
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

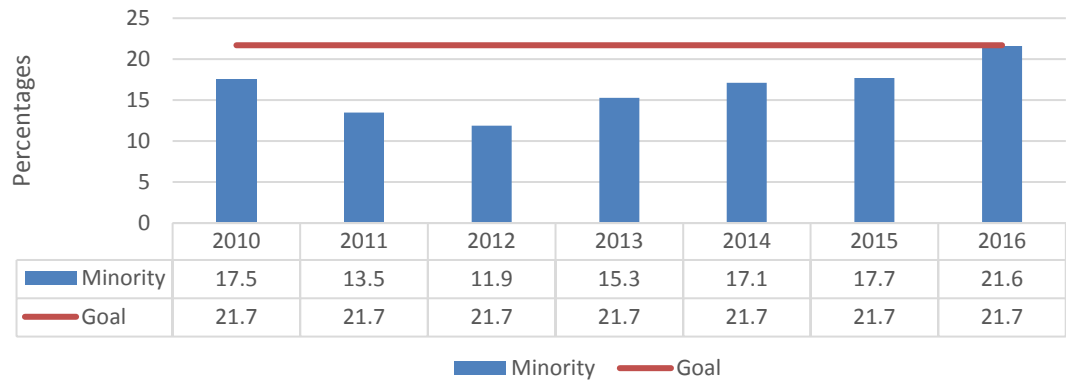
Table 11
Females
2010 – 2016 Underutilization
(Job Group 600 – 601 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	Yes	Yes	Yes	Yes	Yes	Yes
80%	No	Yes	Yes	No	No	Yes	Yes
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	Yes	Yes	No	No	Yes	Yes

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Females were underutilized during the seven-year period in job categories 600 – 601 – Craft Workers under Any Difference Rule, and sporadically in the 80% and the Whole Person Rules; while meeting concentration under the 2-Standard Deviation Rule.

Figure 13
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Craft Workers 600 - 601
Minorities
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

Table 12
Minorities
2010 – 2016 Underutilization
(Job Group 600 – 601 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	Yes	Yes	Yes	Yes	Yes	Yes
80%	No	Yes	Yes	Yes	Yes	No	No
2-Standard Deviation	No	Yes	Yes	No	No	No	No
Whole Person	Yes	Yes	Yes	Yes	Yes	Yes	No

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Minorities were underutilized a majority of the seven-year period in job categories 600 – 601 – Craft Workers under Any Difference, and a majority of the time under 80% and Whole Person Rules. However, they met concentration a majority of the time under the 2-Standard Deviation Rule.

MTS indicated that in 2014, they have struggled to recruit individuals in this job group 600 for craft workers, and will explore internal training from lower classified feeder groups. In job group 601 craft workers: semi-skilled, they have been successful recruiting locally.

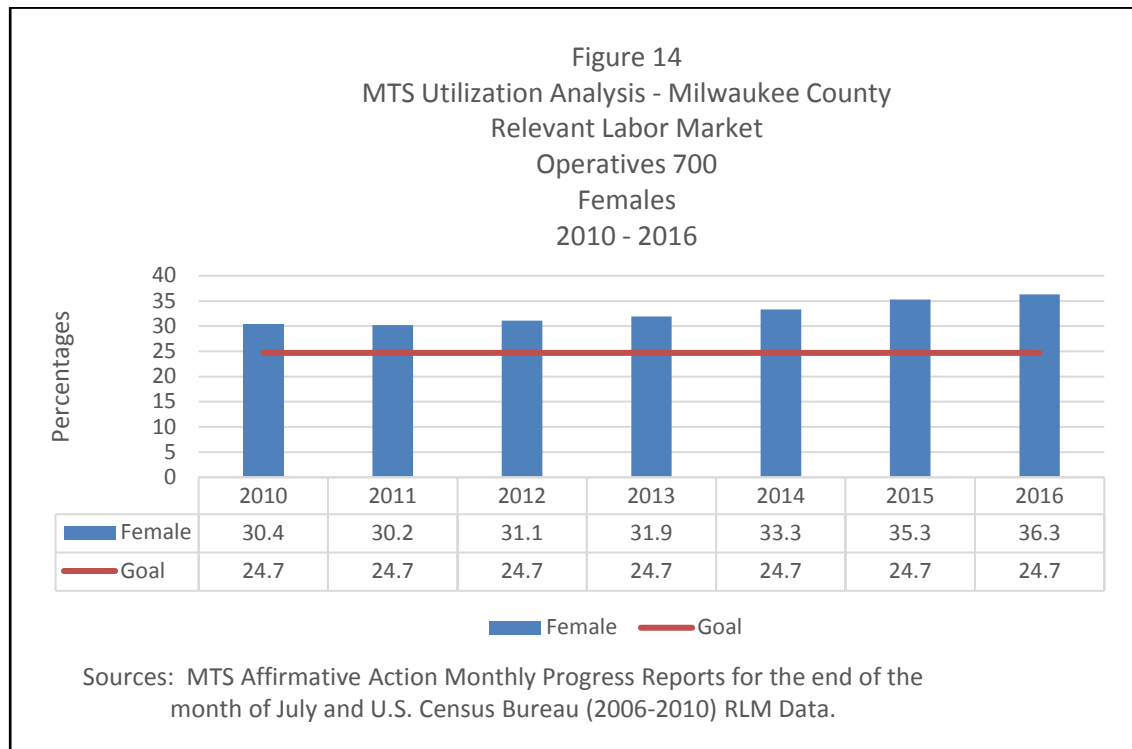


Table 13 Females 2010 – 2016 Underutilization (Job Group 700 – Milwaukee County Relevant Labor Market)							
<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	No	No	No	No	No	No	No
80%	No	No	No	No	No	No	No
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	No	No	No	No	No	No
Source: Auditor created using data provided by MTS and verified using an online utilization tool.							

Females met concentration in the past seven years under job category 700 – Operatives, in all rules of measure.

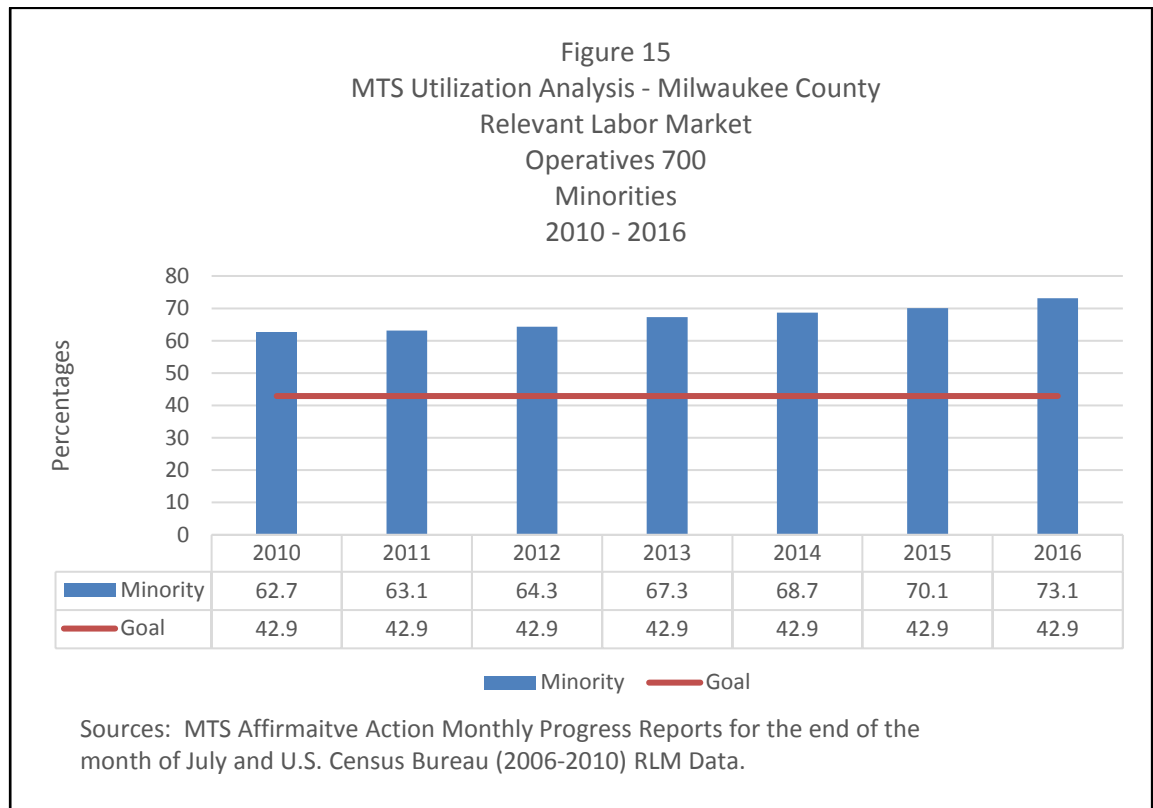


Table 14
Minorities
2010 – 2016 Underutilization
(Job Group 700 – Milwaukee County Relevant Labor Market)

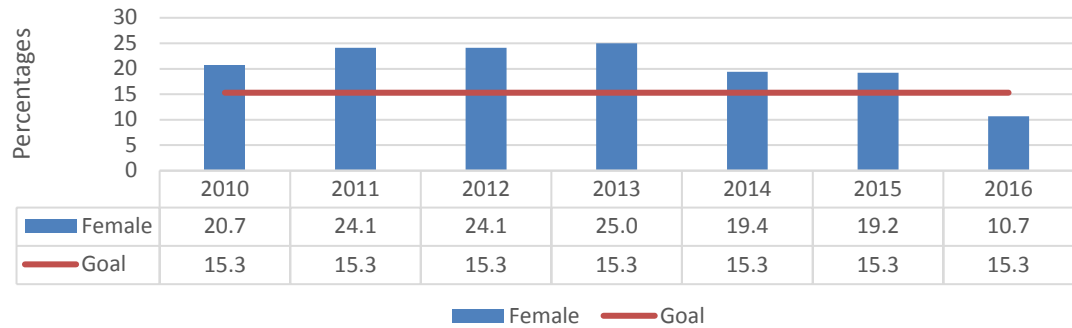
<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	No	No	No	No	No	No	No
80%	No	No	No	No	No	No	No
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	No	No	No	No	No	No

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Minorities met concentration in the past seven years under job category 700 – Operatives, in all rules of measure.

MTS indicated that for vacancies in this job group 700 – Operatives, they primary recruit locally, with internal job bids from laborers and helpers.

Figure 16
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Laborers & Helpers 800
Females
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

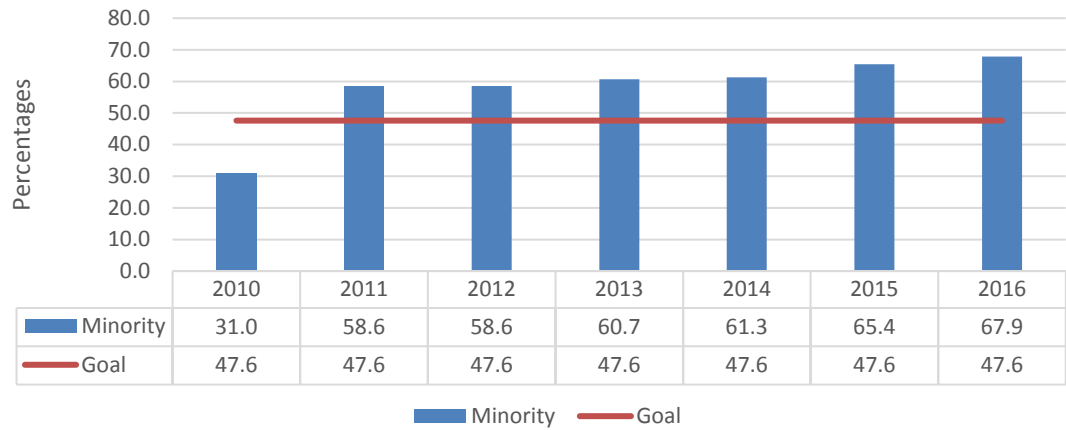
Table 15
Females
2010 – 2016 Underutilization
(Job Group 800 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	No	No	No	No	No	No	Yes
80%	No	No	No	No	No	No	Yes
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	No	No	No	No	No	No	Yes

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Females met concentration in six years under job category 800 – Laborers and Helpers, in all rules of measure, except in 2016.

Figure 17
MTS Utilization Analysis - Milwaukee County
Relevant Labor Market
Laborers & Helpers 800
Minorities
2010 - 2016



Sources: MTS Affirmative Action Monthly Progress Reports for the end of the month of July and U.S. Census Bureau (2006-2010) RLM Data.

Table 16
Minorities
2010 – 2016 Underutilization
(Job Group 800 – Milwaukee County Relevant Labor Market)

<u>Rules of Measure</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Any Difference	Yes	No	No	No	No	No	No
80%	Yes	No	No	No	No	No	No
2-Standard Deviation	No	No	No	No	No	No	No
Whole Person	Yes	No	No	No	No	No	No

Source: Auditor created using data provided by MTS and verified using an online utilization tool.

Minorities met concentration in the past six years under job category 800 – Laborers and Helpers, in all rules of measure, except in 2010.

MTS indicated that for vacancies in this job group 800 for laborers and helpers, they primarily recruit locally.

Our review identifies a pattern of underutilization for females and minorities in many job categories over long periods of time.

MTS Action Plan for Underutilized Groups

In their EEOP/AA Plan, MTS has an action plan that lists short-term and long-range goals including action steps to achieve the goals for job categories that were identified as underutilized. However, our review identifies a pattern of underutilization for females and minorities in many job categories over long periods of time. Therefore, we agree with FTA that “an important part of a successful EEO Program is establishing an effective and workable internal monitoring and reporting system.”

We recommend that MTS adhere to FTA requirements by taking steps to:

1. *Assess the results of action plans taken since the last program submission.*
2. *Evaluate the EEO Program during the year and take any necessary corrective action regarding the development and execution of programs, goals, and timetables semiannually, at a minimum.*
3. *Create procedures and documentation that support actions to implement the plan for minority and female job applicants or employees and inform management of the program's effectiveness.*

Section 2: Perceptions about workforce diversity could be addressed more effectively

MTS Equal Employment Opportunity Program/Affirmative Action Plan states:

“Milwaukee Transport Services, Inc. is committed to hiring and developing the best people we can employ, basing our judgment solely on their job-related qualifications. We are committed to assuring that all recruiting, hiring, training, promotions, transfers, layoffs, recall from layoffs, compensation, benefits, company-sponsored educational, social and recreation programs, and other employment related programs and personnel actions be free from discrimination.”

Perceptions are Important

The Equity Theory of motivation describes how individuals believe fairness exists until their perceptions of fairness change.

In the 1960's, J. Stacy Adams, a workplace and behavioral psychologist, developed the Equity Theory of motivation “to describe the relationship between an employee's motivation and his or her perception of equitable or inequitable treatment.” Individuals believe that fairness exist until their perceptions of fairness changes. Usually, changes occur in the areas of inputs, what the individual brings of value to the company (e.g. time, education, experience, effort, etc.); or outputs, what they receive from the employer (e.g. salary, expenses, job security, employee benefits, etc.); compared to the inputs and outputs of co-workers.

The Equity Theory Overview by Brian Redmond states, “Equity Theory shows that one's perception is relative to their own reality.” Our understanding of the Equity Theory is that each individual has their own perception of fairness as it relates to the value they place on their inputs and outputs, and when one becomes greater than the other, tension develops and perceptions of fairness takes shape.

When unfairness or inequity is perceived, employees will attempt to change the tension of unfairness by:

1. Decreasing the time they devote to work, increasing wasted time;
2. Performing just enough work to get the job done, no overachieving or overtime;
3. Requesting more outputs, e.g. pay, vacation, benefits, etc.;
4. Developing behavior problems towards management and/or co-workers, becoming argumentative;
5. Finding other employment, quit.

When perceptions are not addressed properly, employees will become the organization's worst critics.

When perceptions are not addressed properly, employees will become the organizations worst critics; and will hinder the company's ability to hire the best candidates.

Perceptions of Former and Current Employees

As shown in Section 1, statistics related to MTS workforce diversity identify several opportunities for improvement. But the data does not stand on its own. This audit was initiated in response to several concerns that may not be accurately reflected in data alone. To get at those potential issues, we looked at 29 employees who stepped forward with concerns, were identified by management or union officials. We also examined 99 internal complaint files, that were all of the internal files MTS had records for during our review period; and 68 cases filed with the Equal Employment Opportunity Commission and/or the Wisconsin Department of Workforce Development Equal Rights Division. These 196 items may overlap. These 196 files are clearly not a statistically random selection of MTS management of diversity that may be grounded in fact or in perception. Proceedings such as labor grievances, EEOC process, and civil litigation are available to resolve facts. Perceptions are best addressed with a consistent, clear, and documented approach to managing workforce diversity.

Are MTS employment practices free from discrimination as interpreted by its employees? To answer this question we

interviewed former and current minority employees eager to express their perceptions of the lack of fairness in the hiring and promotional practices at MTS. The interviewees provided examples of what they perceived as unfair treatment against them personally or experienced by fellow co-workers. To organize the information, we grouped the allegations/perceptions in the following categories:

- Unfair hiring practices,
- Unfair treatment,
- Lack of promotional opportunities,
- Favoritism,
- Nepotism,
- Harassment, and
- Retaliation.

The interviewees provided examples of perceived unfair hiring and promotional practices at MTS that has adversely impacted minorities, especially Black females. During meetings with MTS management, they mentioned a few of the same examples shared by employees verifying an awareness of some of the allegations.

We shared details of all of these allegations with MTS. A few examples of the types of allegations we received are included below.

- We received an allegation that MTS changes job announcements to meet the qualifications of the individuals they want to hire. For example, an initial posting for a management position had four qualifications that were changed to two to meet the experience of the White male hired.
- Employees claimed MTS management failed to provide on-the-job training to new hires. For example, a Black female did not receive on-the-job training after she was hired and later was threatened with termination when she struggled to perform the work.

- An individual reported MTS management denied a common practice of position re-evaluation to a minority employee. For example, a Black female met with management to discuss a job re-evaluation, but instead of reassessing her current position, she was moved to a different job without a wage increase.
- It was reported MTS job descriptions do not have career advancement or professional development for minority employees. For example, a Black female was promised a job description with steps for career advancement and professional development, which she did not receive.
- Another reported retaliation for filing an EEO complaint was used to deny a promotion to a minority female. For example, a Black female was denied a promotion, afterward, a panel member mentioned an EEO complaint that she had filed.

FTA guidelines seek to establish procedures designed to achieve prompt and full utilization of the protected class at all levels of the workforce.

According to the FTA, the Equal Employment Opportunity Program should function as “a written detailed, results-oriented set of procedures designed to achieve prompt and full utilization of people within a protected class at all levels and in all parts of the recipient’s workforce, including compensation.”

However, based on the perceptions by a segment of the protected class, MTS may not be putting forth a strong good faith effort to communicate and enforce an environment of equal employment opportunities for minorities.

Therefore, we recommend that:

MTS adhere to FTA guidelines and follow its established EEOP/AAP plan to implement its equal employment opportunity action-oriented short-term and long-range goals toward fuller utilization of females and minorities across the organization by:

4. *Examining current recruitment efforts to identify and strengthen the goals that are effective and eliminate the ones that are not outcome-based. For example, move from exploring the implementation of a mentoring program to actually establishing a mentoring program which includes a focus on females and minorities; and*

**MTS should analyze
and follow their
EEO/AA Plan.**

5. *Establish a career path counseling program for employees of protected classes that are interested in management positions.*

MTS should analyze and follow their EEO/AA plan exercising special attention to the best practices from the U.S. Equal Employment Opportunity Commission (EEOC) as it relates to “Eradicating Racism and Colorism from Employment,” (see Exhibit 3) in the areas of recruitment, hiring, and promoting by:

6. *Recruit, hire, and promote with EEO principles in mind, by implementing practices designed to widen and diversify the pool of candidates..., in deeds and not just words.*
7. *Monitor for EEO compliance by conducting self-analyses to determine whether current employment practices disadvantage people of color, treat them differently or leave uncorrected the effects of historical discrimination in the company.*
8. *Ensure selection criteria do not disproportionately exclude certain racial groups unless the criteria are valid predictors of successful job performance and meet the employer’s business needs. For example, if educational requirements disproportionately exclude certain minority or racial groups, they may be illegal if not important for job performance or business needs.*
9. *Continue to encourage education and professional development through the use of tuition reimbursement program.*
10. *Make employment decisions in a transparent manner and document them.*
11. *Ensure that no artificial barriers, bias, or restrictive seniority provisions exist that result in overt or inadvertent discrimination.*

In the remaining sections of this report, we identify other specific areas where MTS can strengthen its commitment to a diverse workforce.

Section 3: MTS's commitment to diversity needs to be clarified in hiring, promotion, and separation procedures

Milwaukee Transport Services, Inc. states their commitment to fair and consistent employment practices in their Equal Employment Opportunity Program/Affirmative Action Plan (EEOP/AA Plan):

"We (MTS) recognize that good faith effort for equal employment opportunity requires that MTS's employment practices, i.e., recruitment, selection, compensation, standards, and discipline are fair and consistent to ensure that all qualified applicants and employees are receiving equal opportunity in every term and privilege of employment."

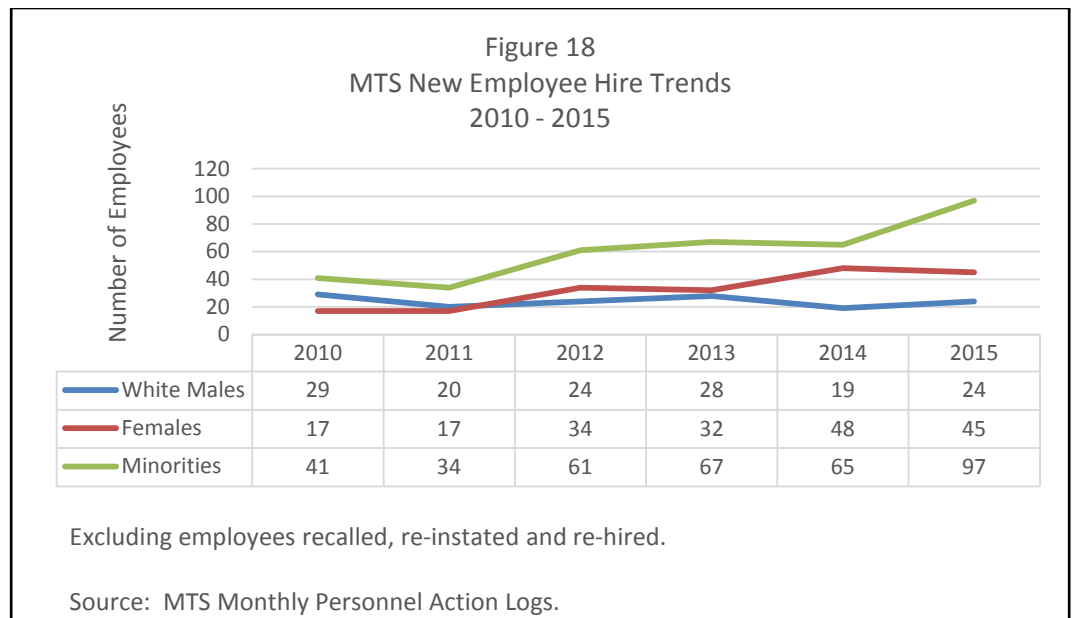
MTS's EEOP/AA Plan includes an Assessment of Employment Practices section to ensure all qualified applicants and employees receive equal opportunity through employment.

To ensure a good faith effort towards equal employment opportunities are achieved, MTS's EEOP/AA Plan includes an Assessment of Employment Practices section "to ensure that all qualified applicants and employees are receiving equal opportunity in every term and privilege of employment."

During this audit, several requests were made to obtain a copy of MTS's Human Resources policies and procedures (P&P) manual. Some MTS management staff stated that they do not have updated policies and procedures or that each department has its own. In any case, no P&P manual was received. In lieu of a P&P manual, MTS directed auditors to their Assessment of Employment practices in their EEOP/AA Plan and union contracts as its employment practices guidelines.

Hiring Practices

In the following pages, we will present MTS's trends and practices as it relates to employee hiring, promotion, and separation from service. We will begin with an overview of MTS's new hire trends.



Bus operators represent 78 percent of the employees hired, and are mostly minorities and females.

Figure 18 shows that minorities are clearly the largest group of employees hired in the six-year period, with females as the second largest starting in 2012. Bus operators represent approximately 78 percent of the employees hired, which are mostly minorities and females.

MTS's assessment of employment practices briefly outlined procedures dealing with recruitment, employment selection, employment, compensation and benefits, and training programs. The following steps outline the employment processes:

Recruitment

Job announcements are posted:

- In conspicuous locations at work sites;
- Efforts are made to disseminate job announcements to the community;
- Presented on company website; and
- Sent to community organizations.

Job announcements and job position descriptions are viewed on an ongoing basis:

- To ensure job duties and requirements are job-related, and
- Do not adversely affect minorities, women and other members of protected classes.

Bargaining units (ATU and OPEIU) require that:

- Very few job position vacancies are announced to the public except for bus operator positions, which have on-going recruitment whether vacancies exist or not; and
- Vacated jobs must be posted in-house first for consideration by existing bargaining unit members.

Job applicants are required to complete an application.

Selection

All applicants are required to complete MTS's employment application forms:

- In the Human Resources Office, or online.
- Resumes are accepted for job openings if selected for an interview, applicants are required to complete an application.

Written tests consist of:

- Standardized psychological, aptitude and skills test, and
- Specific job-related exams.
- Human Resources staff proctors (supervises) and scores all written tests.
- Applicants that fail the tests are disqualified and removed from further consideration for that position but may reapply for employment at a later date.

Applicants still being considered for the positions are subject to:

- Employment reference check, and/or
- Background checks including credit, criminal and driving record.

Selection is based on professional and educational experiences that closely match job requirements.

Selection is based on professional and educational experiences that closely match the job requirements.

Interviews

- Human Resources management in conjunction with the hiring department management determines which applicants are interviewed.
- MTS management staff interviews all applicants.
- All applicants offered employment must undergo a drug screen.
- Some applicants are subject to a post-offer, pre-employment physical to determine if they can meet the physical demands of non-sedentary jobs.

Employment

- MTS employees are subject to the company's rules, codes and policies outlined in the employee handbook.
- Employees are subject to the rules on work performance and conduct expectations by their respective departments.
- Employees who fail to adhere to policies, department work rules, and conduct standards will be subject to progressive discipline up to and including termination.

Compensation and Benefits

Wage rates for union positions are negotiated and mutually agreed to by MTS and the bargaining units. MTS has established wage ranges for non-represented employees.

- Wages and benefits for union positions are negotiated and subject to change by mutual agreement between MTS and bargaining unit.
- Non-represented employees' wages are based on MTS established wage ranges including the type of job, market compensation for the similar or same job, and the value the job adds to the organization.
- Generally, new employees and existing employees entering a new job group can expect to be compensated at the low end of the pay range.

Training Programs

- MTS has a biennial management development training program that is required for supervisory personnel who have staff oversight.
- New bus operators must undergo (20) days of combined classroom and behind-the-wheel training.

Review of Hiring Practices

To evaluate the hiring practices at MTS for fairness and consistency, we analyzed 29 MTS employee personnel files, five union, and 24 non-represented employees, based on concerns expressed and interviews conducted with MTS management, current and former employees, and union officials from ATU Local 998. To be clear, these 29 employees were not randomly selected. They are employees with specific concerns about how well MTS has managed workforce diversity. We assessed their concerns by examining employment practices procedures, statements made by HR management, and our review of 42 job descriptions. Ten of the personnel files reviewed were for staff hired in 2010 through 2015.

We were approached by employees with specific concerns about how well MTS has managed diversity.

Based on our analysis, it is often not clear that MTS is routinely adhering to “fair and consistent” employment practices. Our findings are listed below:

- MTS’s EEOP/AA Plan states that all applicants are required to complete an employment application when selected for an interview. Two upper management employees did not have completed MTS’s employment applications in their files prior to being hired. However, one application was given to auditors by Management after being informed that it was missing from his personnel file.
- MTS’s EEOP/AA Plan states, “All applicants who are extended an offer of employment ... some may be subject to a post-offer, pre-employment physical to demonstrate they can meet the physical demands of non-sedentary jobs.” Eighteen hires did not have an optional pre-employment physical. HR stated that some may be subject to a post-offer, pre-employment physical based on individual job descriptions and the work being performed, like physical activities, such as lifting, bending or ongoing mobility. No statement was located in the file indicating the reason there was no physical exam.
- MTS’s EEOP/AA Plan states “All applicants who are being considered for positions are subject to an employment reference check, while others may be subject to other background checks such as credit, criminal, and driving record. These additional background checks are job position specific and consistent with the essential duties and/or tasks of said job position.” Our review of personnel files indicates that,
 - Seven files did not have an employment reference check.
 - Fourteen files did not have a credit check. MTS stated, “If the position duties involve cash handling or making finance-related decisions, a credit check may be listed as a qualifier in the job description...”
 - Twenty-three files did not have a criminal background check. MTS stated, “If the position duties are safety-sensitive, a criminal background check may be listed as a qualifier in the job description and will be performed prior to a hiring decision.
 - Six files did not have a driving record check. MTS stated, “If the position duties are safety-sensitive, a driving record check may be listed as a qualifier in the job description and will be performed prior to a hiring decision.” We found no

MTS’s EEOP/AA Plan states all employees being considered for positions are subject to an employment reference check, yet seven of the files we reviewed did not contain them.

documentation of the reason that the checks were not conducted.

- MTS application has language stating that incorrect, false, or misleading information and misrepresentations or omissions of any kind, may result in denial of employment or termination of employment regardless of the time elapsed before discovery. However, a White male was hired to a management position after he had submitted false information in his application packet.
- MTS's EEOP/AA Plan states "all applicants who are extended an offer of employment are required to undergo a drug screen," however, twenty-six employees that were extended an offer of employment did not undergo the required drug screening. We questioned HR management and were told that they are regulated by the DOT-FTA and conducts drug and alcohol testing in accordance with applicable regulations. If the position duties are safety-sensitive, a drug screen may be listed as a qualifier in the job description and will be performed prior to a hiring decision..." 49 CFR Part 655, Section 41(a)(1) for Pre-employment drug testing states, "Before allowing a covered employee or applicant to perform a safety-sensitive function for the first time, the employer must ensure that the employee takes a pre-employment drug test administered under this part with a verified negative result." However, the practice by MTS is clear and any deviations from this requirement should be noted.

According to HR staff, job descriptions are an important aspect of the hiring screening process. For example, job descriptions determine when HR staff should conduct credit checks, criminal background checks, drug screenings, driving record checks, pre-employment physicals, and when to obtain high school or college transcripts. However, twenty-two personnel files did not have job descriptions and eight out of eleven that required a transcript did not have one.

Twenty-two of the twenty-nine files we reviewed did not have job descriptions, and eight out of eleven that required transcripts did not have them on file.

We requested and reviewed a total of 42 job descriptions provided by MTS, to verify if they included the following checks and/or screenings:

- Credit Checks
- Criminal Background Checks
- Drug Screenings

- Driving Record Checks
- Pre-Employment Physicals
- High School and/or College Transcripts

According to our review, only two job descriptions required applicants to have checks and/or screenings completed prior to being awarded the job. Bus operators in the Transportation Department are required to have criminal background checks, drug screenings, driving records checks, and pre-employment physicals “A” Body and Paint Mechanics in the Maintenance Department are required to have a pre-employment physical. MTS job descriptions appeared vague and did not assist the HR staff on when to require most checks and/or screenings which could result in subjective and inconsistent hiring practices.

The Job Descriptions reviewed were from various MTS Departments as listed in Table 17 below.

Table 17		
<u>MTS Departments</u>	<u>Number of Job Descriptions Reviewed</u>	<u>Depts. With Checks or Screenings</u>
Executive Department	6	0
Claims Department	1	0
Finance – Treasury Department	2	0
Human Resources Department	13	0
Information Technology Department	1	0
Maintenance Department	6	1
Marketing Department	3	0
Materials Management Department	2	0
Schedule & Planning Department	1	0
Transportation Department	<u>7</u>	<u>1</u>
Total Number Reviewed	42	2
Source: MTS Job Descriptions.		

The U.S. EEOC best practices include:

Creating written policies and procedures for the Human Resources Department to document employment practices as

it relates to recruitment efforts, new employee hires, promotions, demotions, and termination/separations using guidelines that “Establish neutral and objective criteria to avoid subjective employment decisions based on personal stereotypes or hidden biases.”

Creating job announcements/descriptions that “Analyze the duties, functions, and competencies relevant to the jobs. Then create objective, job-related qualification standards related to those duties, functions, and competencies. Make sure they’re consistently applied when choosing among candidates. Ensure selection criteria do not disproportionately exclude certain racial groups unless the criteria are valid predictors of successful job performance and meet the employer’s business needs. For example, if educational requirements disproportionately exclude certain minority or racial groups, they may be illegal if not important for job performance or business needs.”

12. *We recommend that MTS follow the U.S. Equal Employment Opportunity Commission’s (EEOC’s) recruitment best practices related to job descriptions.*

Promotional Practices

MTS Equal Employment Opportunity Program / Affirmative Action Plan (EEO/AA Plan) states,

“Promotional and transfer job opportunities in non-represented job positions may be posted internally and externally simultaneously to increase the applicant pool of minorities, women and other members of protected classes. Selection is based on professional and educational experience that are most closely matched with the requirements of the job position.”

“Promotional and transfer job opportunities within the bargaining unit are subject to the seniority provisions of the labor contracts.”

Aside from a short description in MTS's EEOP/AA Plan, MTS does not have any written policies and procedures on promotional practices for non-represented employees.

We interviewed employees with concerns related to MTS's promotional practices, including promoting based solely on recommendation without competition.

Other than the statement above, MTS has no policies and procedures on promotional practices for non-represented positions. Our review of MTS personnel files identified concerns. Some MTS non-represented employees were promoted based solely on written recommendations from department heads (all white males and white females); while others were promoted by appointment (all black males and black females), without allowing all qualified employees an equal opportunity to apply via job postings. We also interviewed current and former employees who expressed concerns regarding unfair promotional practices and a lack of advancement opportunities at MTS, their allegations included: 1) MTS does not provide additional growth and development training to promote minorities, even when they obtain college degrees they are not considered for promotional opportunities; and 2) Recruitment is not done for promotional positions, they are just given to employees based on who they know, not what they know. Below are the types of promotional practices we noticed in the files reviewed:

Promotions based on recommendation, not competition

- In 2011, a White female was recommended by management and promoted to the position of Market Associate.
- In 2013, three White males were recommended and promoted to the positions of Estimator, Route Supervisor, and Supply Crew Supervisor. One White male was recommended but not considered for the position of Supervisor of Mechanical Repair. Two White females were recommended and promoted to the positions of Manager of Training and Safety and HR Coordinator of Employment. One Black male was recommended but not considered for the position of Supervisor of Body and Paint.
- In 2014, two White males were recommended by management and promoted, one to a combined position of Estimator and Shop Supervisor and the other to Route Supervisor. A White female was promoted to a Communication Executive Performance Analyst position.

- In 2015, a White male was recommended by management and promoted to the position of Training Supervisor and a White female was recommended and promoted to HR Coordinator of Employee Benefits.

Appointed promotions

- In 2010, a Black female was appointed to the position of Station Supervisor.
- In 2011, a Black female was appointed to the position of Chief Labor EEO Officer.
- In 2013, a Black male was appointed to the position of Division Manager; and a 2+ race (multiple race) male was appointed to Manager of Planning.
- In 2014, a Black male was appointed to the Director of Transportation; and a Black female to the position of Human Resources Analyst.
- In 2015, a Black female stated she was appointed to the HR Coordinator of Employment position, which was supported by the company's organizational charts. However, when she retired, her title was listed as a Human Resources Analyst.

Review of Promotional Practices

To determine the frequency of the practice of promoting individuals by recommendation or appointment, we obtained a list of 118 non-represented positions that identified 55 vacated (eliminated) positions and 63 created positions in 2010 through September 1, 2016. A breakdown of the 63 created positions shows the following:

- Twenty-two positions were newly created and posted as new positions.
- Forty-one positions created were listed as job title created. We noted that:
 - Twenty-five positions were title changes.
 - Fourteen positions were promotions with pay increases.
 - One position not identified as new was listed on the new hire list but was not posted.

Sixty-three non-represented positions were created during the period we reviewed (2010-September 2016).

- One position was identified as a special transfer with a 15 percent wage increase.

MTS administrators stated that title changes are specific to an individual skill level and not considered promotional opportunities, and some positions were created with an individual in mind. When an employee vacates a position, a reassessment of the department is completed. Below are examples of department reassessments or restructurings that resulted in position changes:

- When departments are eliminated, new positions are created based on employee skill sets. For example, an Information Center Supervisor's job and the department were eliminated by the former county executive, and a new position was created for the employee as a mobility coordinator funded by a grant from the state.
- Some departments were headed by managers instead of directors which was the case in the Risk Management department. The Risk Manager position was created in 2010 and vacated in 2011 to create the Director of Risk Management position, which was vacated in 2013.
- Some positions are eliminated because they are outdated positions. For example, the Director of MIS in the Information System department was retiring and her position was changed to Director of IT and filled by a new employee.
- Some positions are changed after a reassessment of the position. For example, a Project Coordinator/Supervisor position was changed to Project Coordinator because he did not supervise anyone.
- Some positions are changed when leadership changes. For example, a former managing partner changed all Directors over departments to Chief Officers.
- When grants expired, some employees were reassigned to other positions. For example, the grant funding for a Transit Security Planning Coordinator position expired so the title was changed to Manager of Security and Street Operations, which was vacated in 2015 and became the Manager of Safety, Security, and Risk.
- Some employees take on additional responsibilities that result in title changes. For example, a Supervisor of Building and Grounds became Manager of Building and Grounds.

In some cases we reviewed, positions were created to retain employees.

Positions are created to retain employees. For example, a Marketing Intern was leaving the company and in order to retain the individual, MTS created three jobs in seven years, all resulting in promotions.

- Positions are created for employees that want to develop their knowledge and skills. For example, an Executive Assistant wanted to develop additional knowledge and skills so the Transportation Analyst position was created.

Job Movement

We reviewed the created positions to show the number of times the same employees moved or changed positions into newly created positions, title changes, and/or promotions. To show the movement of those individuals, we listed the number of total positions affecting the racial group, and the number of times those individuals moved within a certain time frame.

- White males represented 30 positions:
 - Four (4) individuals changed twice within a two-year period.
 - One (1) individual changed three times within a two-year period.
 - Three (3) individuals changed twice in less than a year.
 - One (1) individual changed three (3) times within thirteen months.
- White females represented 22 positions:
 - Five (5) individuals changed twice within a two year period.
 - Three (3) individuals changed twice in less than a year.
- Black male represented one (1) position.
 - No movement.
- Black females represented eight (8) positions:
 - One (1) individual changed twice within a three-year period.
- American Indian male represented one (1) position.

- No movement.
- Asian male represented one (1) position.
 - No movement.

MTS administrators stated that during 2010-2012, the company did not issue postings for promotional opportunities because their focus was to right-size positions to skills needed.

MTS administrators stated that during 2010 through 2012, the company did not issue postings for promotional opportunities because their focus was to right-size the positions to skills needed. MTS identified rightsizing as title changes due to technology upgrades and changes geared towards keeping everyone employed. MTS indicated that they used an employee selection plan (title changes) that was not well documented.

Figure 19 illustrates the promotional trends for 2010 through 2015 for White males, females, and minorities.

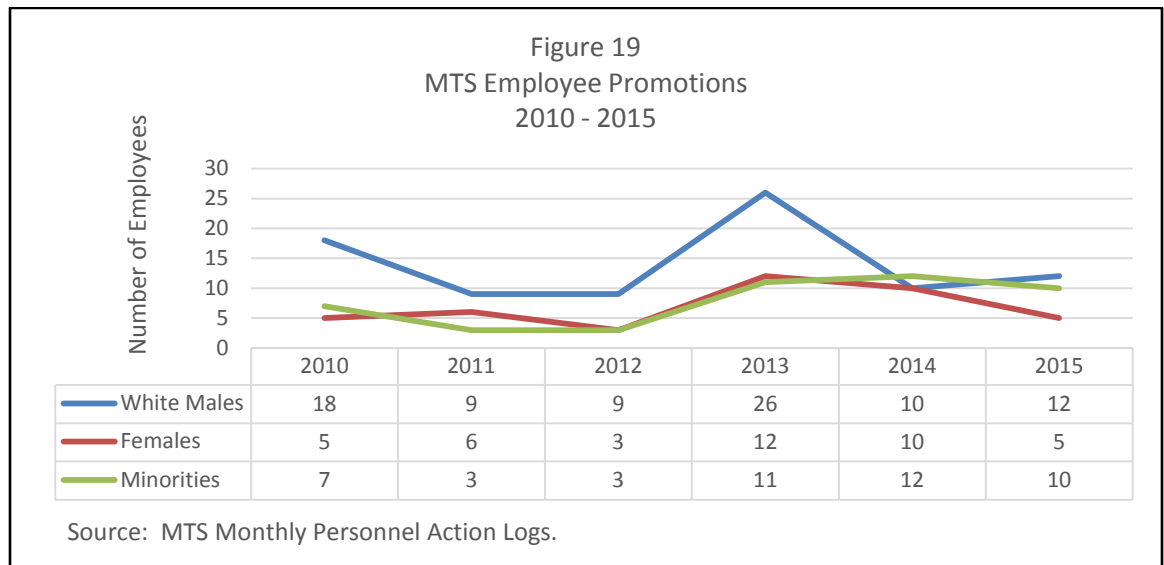


Figure 19 shows that over the six-year period, a total of 84 White males were promoted, accounting for 53.2 percent of MTS promotions. The figures 20 through 23 show the promotions by job categories during the same period.

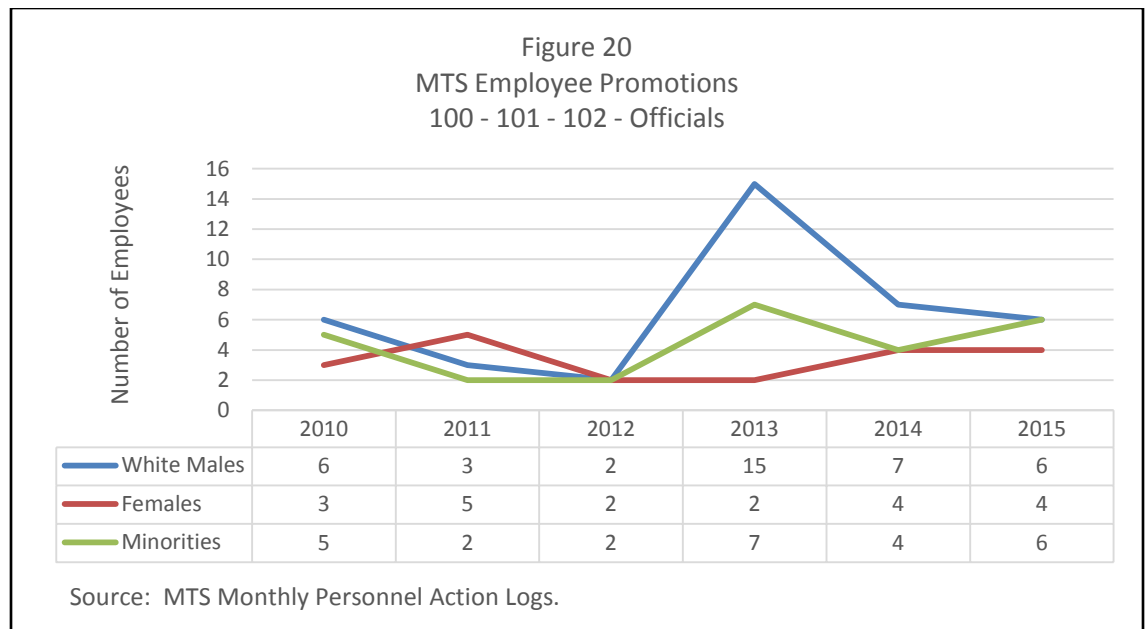


Figure 20 illustrates a spike in promotions for White males in 2013 as director, managers and/or supervisors, which more than doubled the promotions for minorities in the same year.

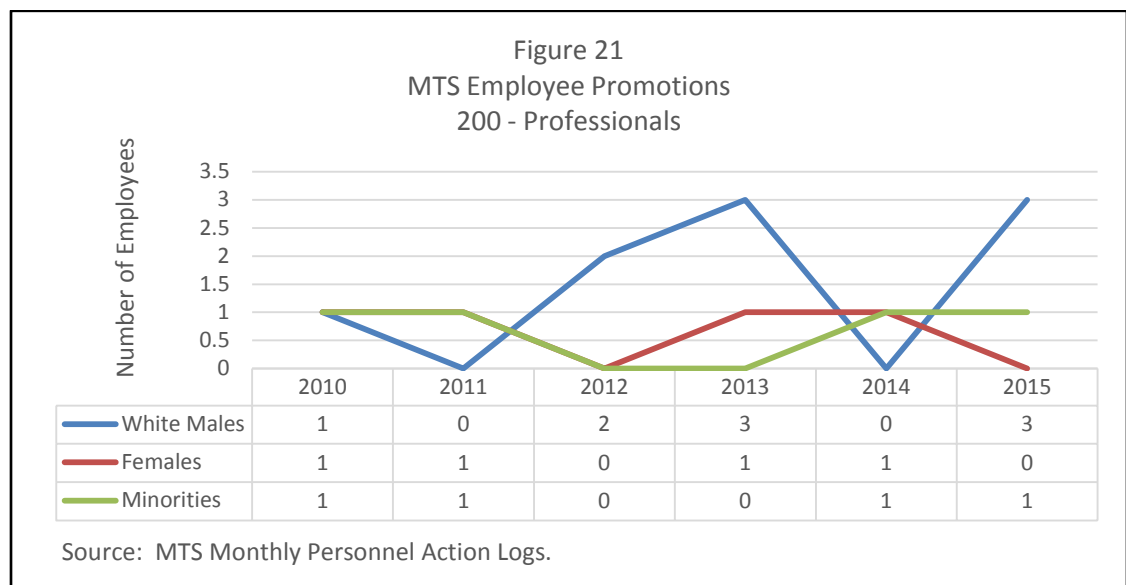


Figure 21 illustrates increases in promotions for White males as professionals from 2012 through 2013, and again in 2015. Females and minorities had no or one promotion each year.

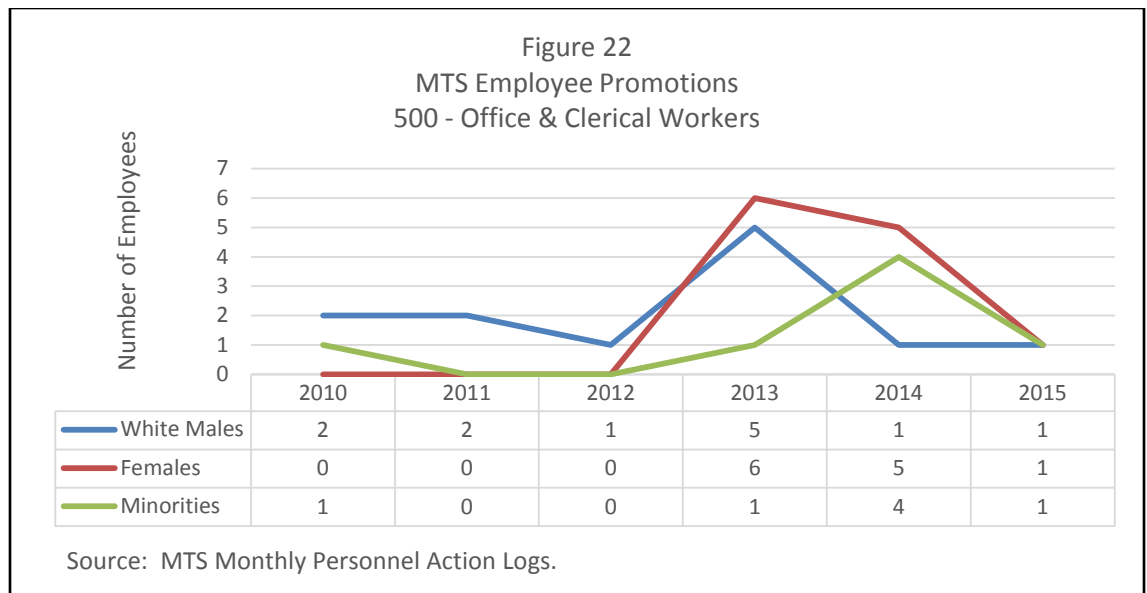


Figure 22 illustrates that promotions for females slightly exceeded White males in 2013 as office and clerical workers, while minorities had an increase in 2014 that dropped in 2015.

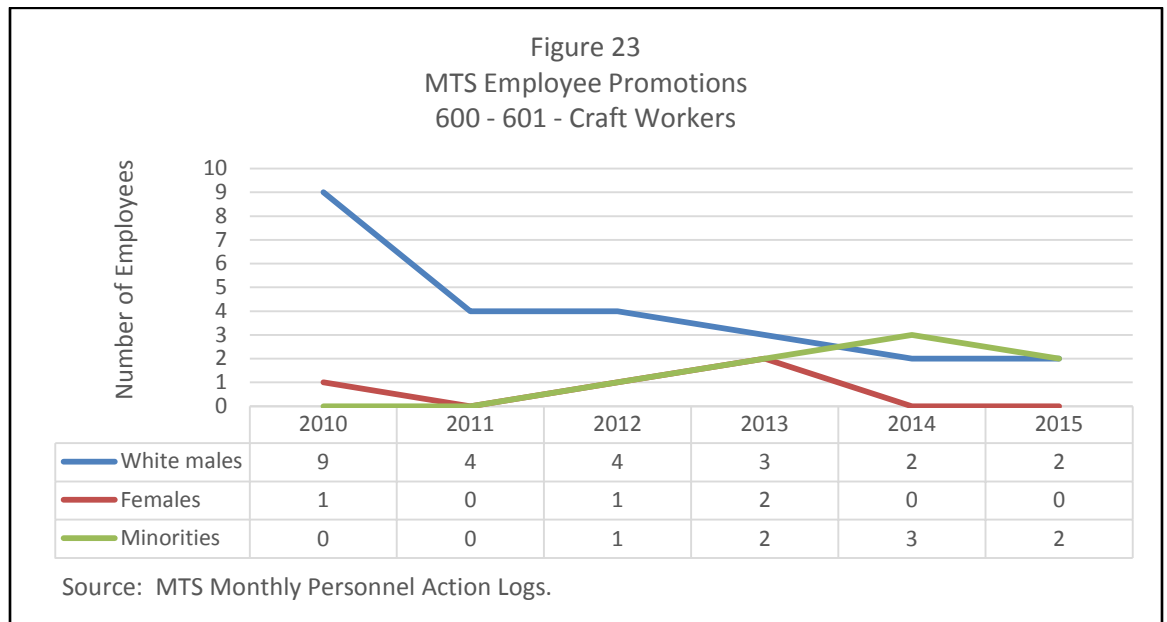


Figure 23 illustrates an increase in promotions for White males as craft workers in 2010 with a steady decrease in 2011 through 2014. Minorities gradually increased in 2012 through 2014, and females increased in 2012 through 2013.

MTS has developed a pattern that raises questions about fair promotional practices and advancement opportunities for women and minorities. Therefore, we recommend that MTS adhere to U.S. Equal Employment Opportunity Commission's best practice by taking steps to:

13. *Eliminate promotional practices that reduce the applicant pool of qualified minorities, women and other members of protected classes from applying for advancement opportunities and to "Make sure promotion criteria are made known, and that job openings are communicated to all eligible employees."*

We further recommend that MTS:

14. *Develop clear policies and procedures for promotional practices, as identified with new hires, including specific guidelines on when the positions are a title change no salary increase, title change with a salary increase, and/or promotions, etc. to eliminate confusion, misinformation, and allegations of unfair or inconsistent promotional opportunities for all qualified individuals.*

MTS's Demotions

MTS does not have a policy in place for demoting employees.

MTS does not have a policy in place for demoting employees. According to an article in the Society for Human Resource Management (SHRM), "Demotions may be proposed for a number of different reasons, including poor employee performance, disciplinary actions, position elimination or organizational restructuring, and at times an employee desired reduction in responsibility."

Clear demotion policies and procedures may reduce the allegations of unfair treatment, harassment, or discrimination.

15. *We recommend that MTS develop policies and procedures to address demotions.*

Turnover

MTS Equal Employment Opportunity Program / Affirmative Action Plan (EEOP/AA Plan) states,

“Employees who fail to follow the MTS’ policies or adhere to departmental work and conduct standards are subject to progressive discipline up to and including termination of their employment.”

A total of 680 employees separated/terminated employment with MTS in 2010-2015.

MTS does not have written policies and procedures for terminating or separating employment with non-represented employees. During our review of termination data, a total of 680 employees separated/terminated employment with MTS in 2010 through 2015. The separation of employment/termination is either voluntary, meaning the employee decided to leave the company through resignation, job abandonment or retirement; or involuntary, meaning the termination was out of the control of the employee like a discharge, layoff, disability or death.

MTS Turnover Rates

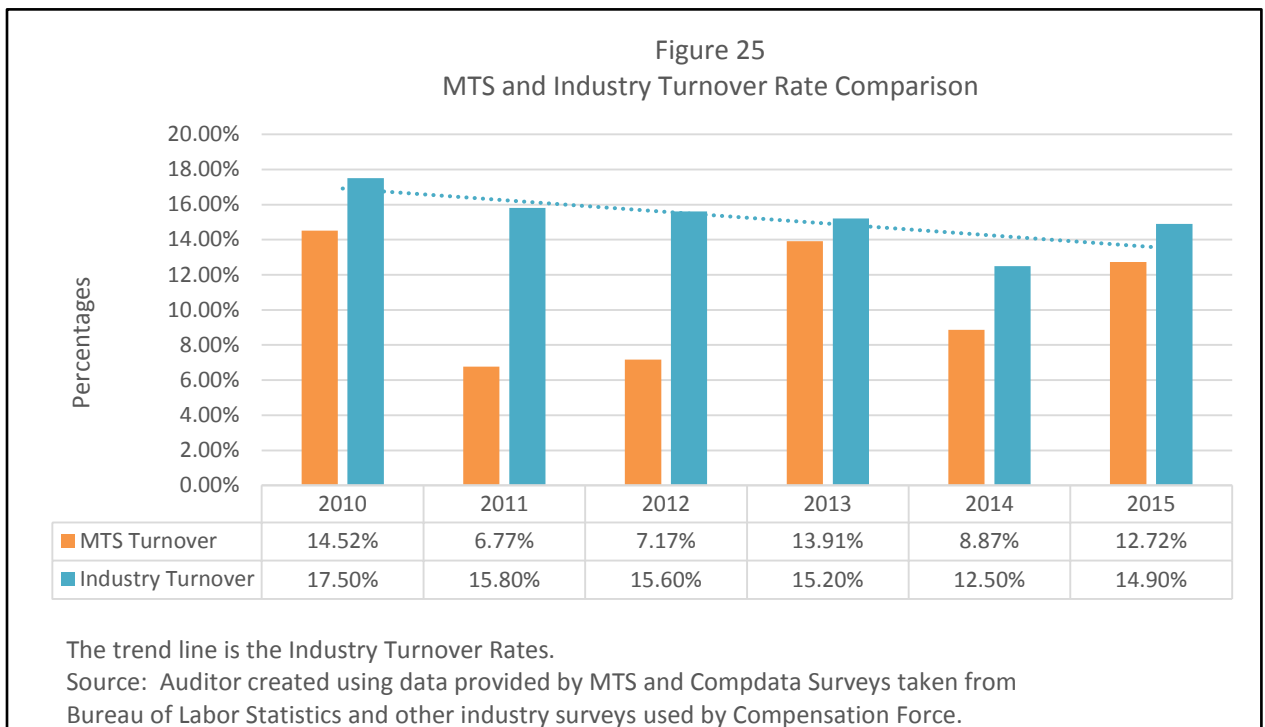
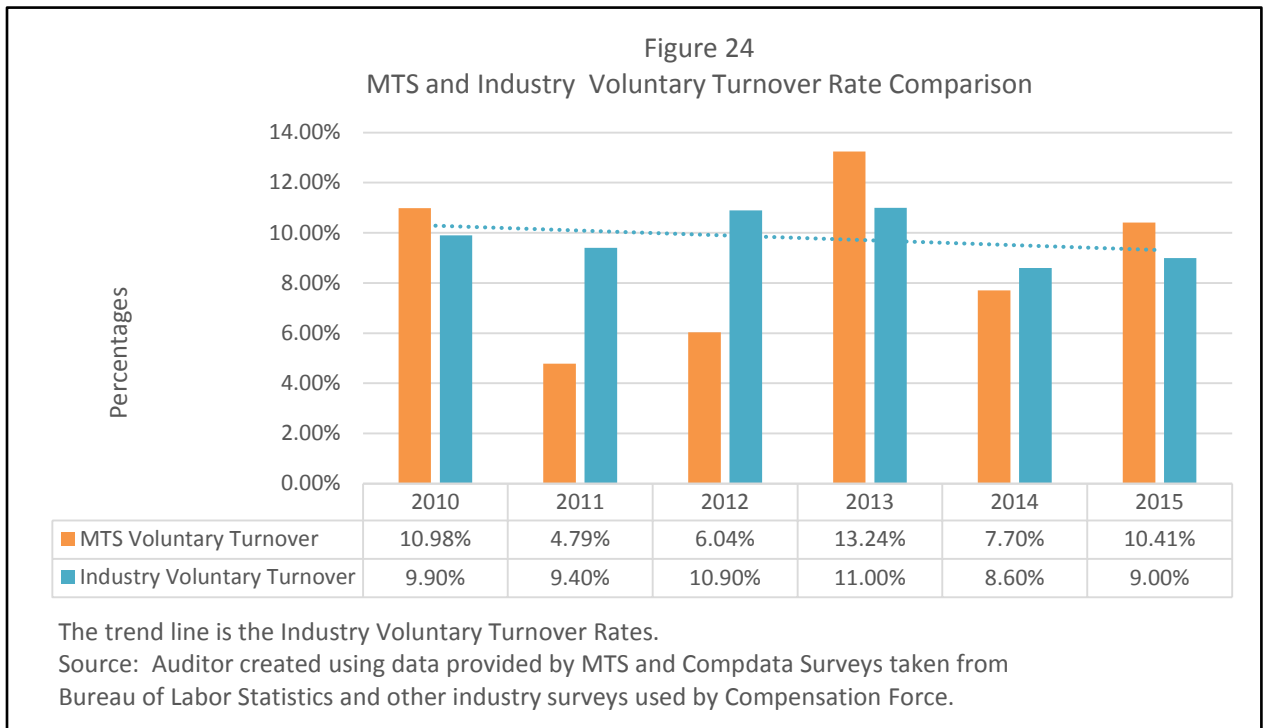
During our review period, MTS experienced management and organizational changes, which included leadership under four President and Managing Directors, and a competitive request for proposal process for the transit management services MTS has provided since 1975. Termination of employment is an inevitable part of personnel activity within every company. However, understanding whether the termination was voluntary or involuntary is important in assessing human resource patterns. As previously stated, examples of the most common circumstances under which employment is terminated are listed below. The numbers used to calculate MTS Employee Turnover rates for the periods 2010-2015 include all of the following categories with the exception of reinstated and rehired.

Voluntary turnover occurs when the employee decides to leave the company; involuntary turnover occurs when an employee does not control their termination.

Voluntary
Resignation
Retirement

Involuntary
Discharges
Layoff
Death

The Employee Turnover rates for periods 2010-2015 are illustrated in the following Figures 24 through 25:



MTS voluntary turnover rates exceeded the industry rates in three of the six years, but fell below the total industry rates every year.

Termination Trends

Figures 26 through 31 illustrate the trends associated with specific terminations. Over a six-year period, resignations for minority and female employees more than doubled in 2013 from 2012, with a dip in 2014, and doubling again in 2015 as shown in Figure 26. Minority females were the reason for the increases in resignations and retirements for 2013, as illustrated in Figures 26 and 27. White males had lower instances of resignations, discharges, and no layoffs but higher instances of retirements as illustrated in Figure 29. Minorities and females had lower instances of retirements but higher instances of resignations, discharges, and layoffs as illustrated in Figures 30 and 31.

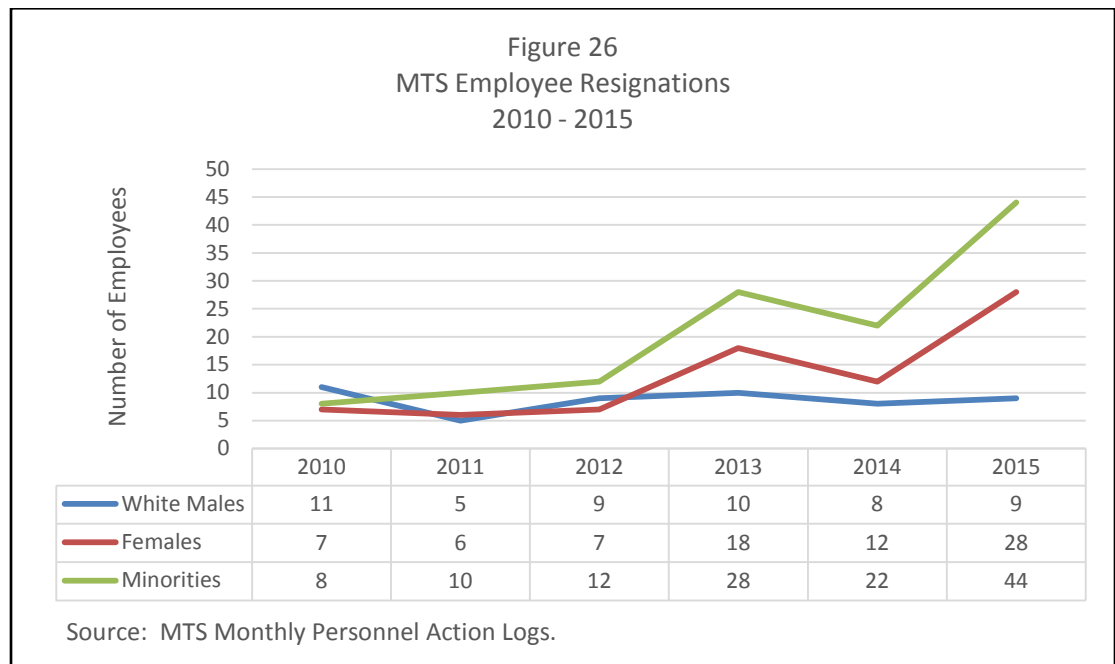
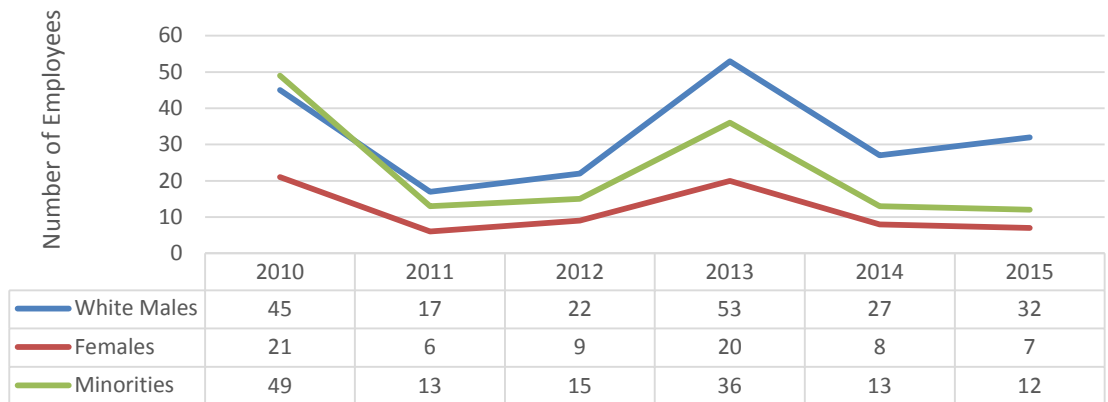
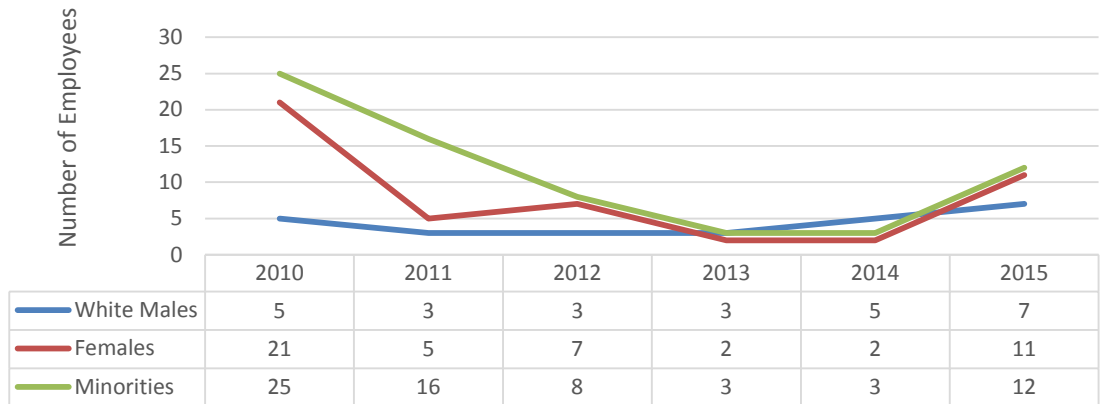


Figure 27
MTS Employee Retirements
2010 - 2015



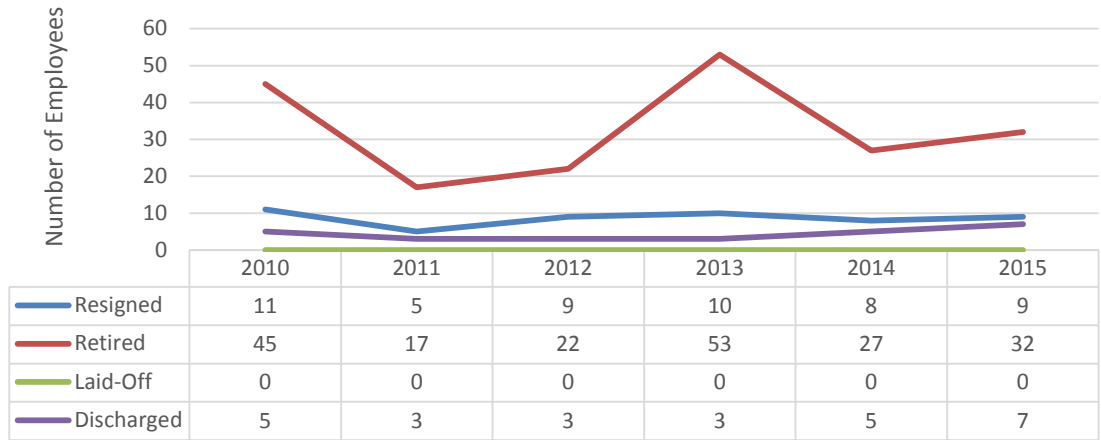
Source: MTS Monthly Personnel Action Logs.

Figure 28
MTS Employee Laid-off & Discharged
2010 - 2015



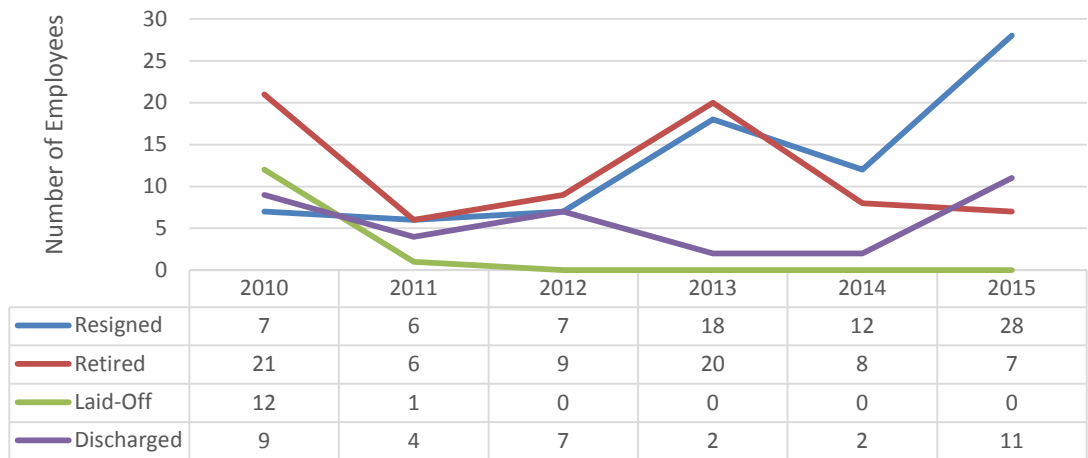
Source: MTS Monthly Personnel Action Logs.

Figure 29
MTS Terminations of White Males
2010 - 2015



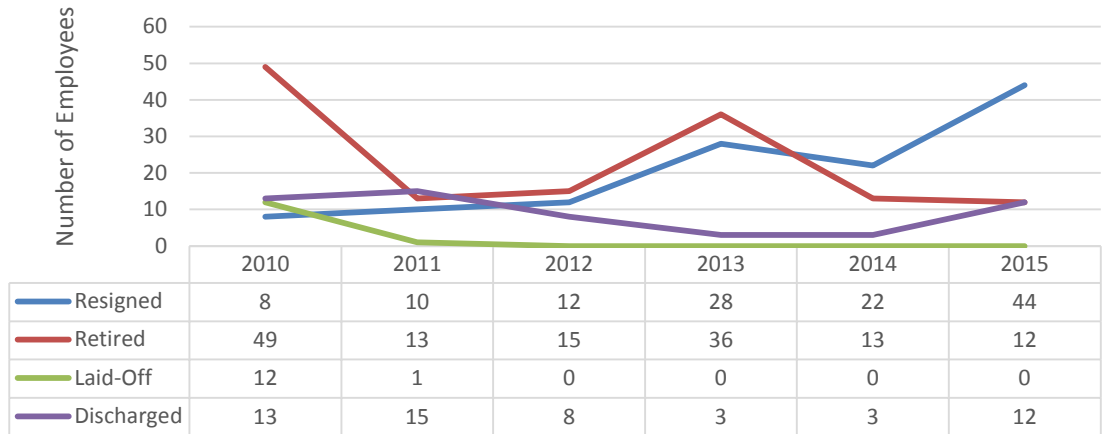
Source: MTS Monthly Personnel Action Logs.

Figure 30
MTS Terminations of Females
2010 - 2015



Source: MTS Monthly Personnel Action Logs.

Figure 31
MTS Terminations of Minorities
2010 - 2015



Source: MTS Monthly Personnel Action Logs.

Termination Process

Although Milwaukee Transport Services, Inc. does not have a clear termination practice, the language in the Milwaukee County Transit System Non-represented and Salaried Employees – Employee Handbook dated August 2012 identified the following rules and regulations, attendance policies, and employment policies that, if not followed, could result in involuntary termination.

Rules and Regulations

- Business Casual Dress Code
- Smoking
- Safety Rules
- Work Rules/Code of Conduct
- Property Inspections
- Use of Electronic Devices and Cellular Phones
- Electronic Communication and Information Systems Access and Use

Attendance Policies

- Attendance and Tardiness

Employment Policies

- Equal Employment Opportunity Policy Statement
- Anti-harassment/Non-discrimination Policy Statement
- Company Confidentiality Policy

- Workplace Violence Policy
- Substance Abuse Policy
- Outside Employment
- Notice of Termination of Employment
- Exit Interview

MTS stated that all employees who voluntarily terminate will be subject to an exit interview, but we found examples where this did not occur.

MTS stated that all employees who voluntarily terminate their employment with the company will be subject to an exit interview by a representative of the Human Resources Department. However, during our review of personnel files, we noted that twelve employees voluntarily terminated their employment but no exit interviews were held. Also, during our discussions with two former employees, one indicated that she was not given nor did she ask for an exit interview and the other indicated “no” she was not given one. Even though there are multiple reasons for an employee to leave a company, an exit interview will allow workers the opportunity to freely express their views about working at the company, which in turn will provide invaluable information to the company that could be used to assess current employment practices, policies, and procedures.

We recommend that MTS adhere to their employment policy by:

16. *Subjecting all employees who voluntarily terminate their employment to the opportunity of participating in an exit interview.*

Section 4: Accountability for review of complaints could be enhanced

MTS has an Anti-Harassment/Non-Discrimination Policy statement that reads,

Milwaukee Transport Services, Inc. seeks to provide a work environment that is free from harassment and discrimination. To ensure that all employees enjoy a harassment and discrimination free workplace, the company prohibits all forms of harassment or discrimination including any physical, verbal, non-verbal, or written behavior of an offensive or sexual nature.

MTS believes harassment and discrimination can arise from behaviors, including: physical acts, verbal behaviors, non-verbal actions, and differential treatment.

MTS believes that harassment and discrimination can arise from a broad range of inappropriate behaviors including but not limited to:

- Physical acts: Touching, grabbing, brushing up against a person or standing too close, holding, patting or stroking and pinching.
- Verbal behaviors: Threats and intimidation, name calling, ridicule or mockery, insults or put-downs, offensive or dirty jokes and language, racial insults, ethnic or religious slurs, suggestions of a sexual nature, unwelcome comments about a person's body or clothing, unwelcome request or demands for sexual favors, and repeatedly asking out a person who is not interested.
- Non-verbal actions: Staring at a person's body, unwelcome letters of a sexual nature, blocking a person's path, displaying sexually explicit posters or calendars, and making pranks of a racial, religious or sexual nature.
- Differential treatment: Exclusion from participation in employment or denial of the benefits of employment because of race, color, creed, religion, sex, age, disability, marital status, sexual orientation, genetic information, national origin, military status or veteran status including disabled veterans and veterans of the Vietnam era.

Internal Complaint Process

MTS's internal complaint process is for all employees that feel they have been subjected to discrimination and/or harassment. The

MTS's EEO/AA Plan outlines its internal complaint process for employees who believe they've been subjected to discrimination/harassment.

complaint process is outlined in their EEO/AA Plan, which includes the following reporting processes initiated by the employees:

- Document the incident (time, date, place, situation, and witnesses' names).
- Report the incident in writing using a company complaint form within 60 days of the incident.
- Report the incident to any of the following:
 - Immediate supervisor.
 - Manager or department head.
 - Chief Labor and EEO Officer.
 - Director of Human Resources.
 - Manager of Labor Relations.

If the discrimination or harassment is by someone with supervisory authority, bypass that individual when reporting the incident.

- Investigations are conducted by:
 - MTS's managers and supervisors who are responsible for implementing the policy for all internal complaints by 1) ensuring that all employees are aware of and understand the policy; and 2) to conduct a confidential, prompt and thorough investigation with appropriate actions to resolve the complaints.
 - Once the complaint is filed, absent unusual circumstances, the investigation should be completed within 30 calendar days.

Review of Internal Complaint Process

During our fieldwork, we pulled complaints from several files and locations, some were provided by a MTS administrator who has them filed in her office, and a majority of the documents were in a locked three drawer file cabinet located in an unoccupied office in the Executive Department. The files were not arranged in any type of order and internal and external complaints were mixed together. We had to search all the files to review the complaints initiated in 2010 through 2015. A MTS administrator was not able to verify that the complaints received were all that were initiated because

MTS did not have an organized and complete central file for employee internal complaints.

MTS did not have an organized process of recording, maintaining, tracking and storing internal and external complaints. She indicated that Maintenance and Transportation departments had complaints as well. Also, we were previously told by a former MTS administrator that each complaint was stored electronically on spreadsheets, however, the administrator and the IT department could not find any electronic files. MTS's current process of filing complaints in multiple locations is ripe for the possibility of documents getting lost or misplaced, or viewed by unauthorized employees.

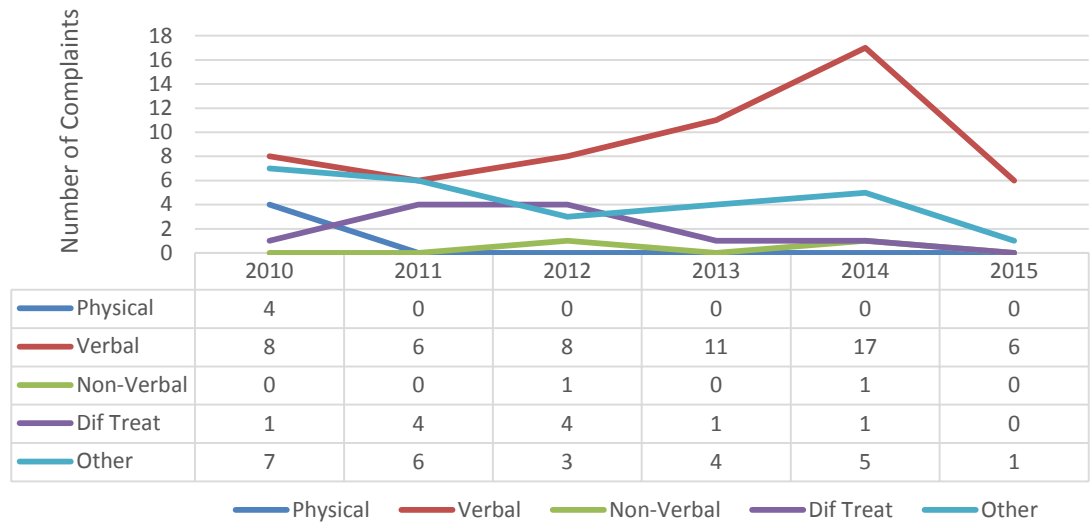
Therefore, we recommend that:

17. *MTS establish a safe and secure location to file and store confidential internal and external complaints, to protect the privacy of the workers involved, and to create a system that will track and identify lost or misplaced documents.*

According to our review, MTS investigated approximately 99 internal complaint cases in 2010-2015.

According to our review, MTS investigated approximately 99 internal cases in 2010 through 2015. Forty-five of these cases involved 7 people. To get an idea of the types of complaints made, we grouped them according to the prohibited behaviors previously identified. The following Charts shows the types of internal complaints broken out by race and gender of complainants, behaviors, departments, and outcomes.

Figure 32
MTS Types of Internal Complaints
2010 through 2015



Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.

Internal Complaint Trends

Figure 32 illustrates that verbal behaviors spiked in 2014. Although some allegations violated multiple prohibited behaviors, we only identified the most prevalent one to track. The “other” behavior category represents grievances, meetings to remove information from files, disciplinary actions, reports of employee (fraud) wrongdoings, and/or incident reports, etc.

Prohibited Behaviors

The following Table 18 shows the prohibited behaviors broken out by race and gender of the person who filed the complaint.

Table 18
Total Behaviors by Race and Gender of
Individual Filing the Internal Complaint
2010–2015

	<u>WM</u>	<u>BM</u>	<u>WF</u>	<u>BF</u>	<u>2+M</u>	<u>AIAN</u> <u>M</u>	<u>MTS</u>	<u>UnkM</u>	<u>UnkF</u>	<u>Unk</u>
Physical	3	0	0	0	0	0	0	0	1	0
Verbal	8	4	3	13	1	1	0	4	8	14
Non-Verbal	0	0	1	0	0	0	0	1	0	0
Differential										
Treatment	0	1	1	4	0	0	0	0	4	1
Other	4	1	0	11	0	0	7	0	2	1
Totals	15	6	5	28	1	1	7	5	15	16

Note: The race and gender are: WM = white male, BM = black male, WF = white female, BF = black female, 2+M = two plus races male, AIANM = American Indian or native Alaskan male, MTS = Milwaukee Transport Services, UnkM = race unknown male, UnkF = race unknown female, Unk = unknown (race and gender).

Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.

- White males represented (15) or 15 percent of the total complaints filed, minorities (36) or 36 percent, and females (48) or 48 percent. A majority of the minority and female complaints were by Black females.

Complainants' Department

The following Table 19 shows the number of cases by the complainants' department per year.

Table 19 Number of Internal Complaints Filed by Complainants' Department 2010–2015											
	<u>EXE</u>	<u>ACC</u>	<u>HR</u>	<u>TRE</u>	<u>MAIN</u>	<u>MAT</u>	<u>SCH</u>	<u>TRA</u>	<u>UNI</u>	<u>UNK</u>	<u>PUB</u>
2010	0	0	0	3	0	0	13	3	0	1	0
2011	0	0	0	2	7	0	0	5	0	2	0
2012	0	0	0	3	2	0	2	5	0	3	1
2013	0	0	0	3	5	0	0	5	0	3	0
2014	0	0	0	1	12	5	0	6	0	0	0
2015	0	1	1	1	2	0	0	2	0	0	0
Totals	0	1	1	13	28	5	15	26	0	9	1
Note: The departments and total number of employees are Executive (EXE), Accounting (ACC), Human Resources (HR), Treasury (TRE), Maintenance (MAIN), Materials Management (MAT), Schedule (SCH), Transportation (TRA), Union (UNI), Unknown (UNK), and the Public (PUB).											
Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.											

MTS should target improvement efforts to the areas of greatest need.

- For example the Maintenance Department had a majority of the total complaints at 28 percent as compared to approximately 16 percent of MTS workforce.
- The Transportation Department had the second greatest number of complaints, but represents approximately 75 percent of the MTS workforce.
- The department with the highest number of complaints in one year occurred in 2010 in the Schedule Department at 13 percent, and a majority of the complaints involved the same individual.

Outcomes

The following Table 20 illustrates the outcomes of the complaints by year, and Table 21 shows the outcomes by the race and gender of the complainants.

MTS used various outcomes to resolve internal complaints, as follows:

Table 20
Outcomes of Individual Internal Complaints by Year

<u>Outcomes</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
ADA Resolved	0	0	1	0	0	0	1
Denied	4	1	0	0	1	0	6
Declined	1	0	0	0	0	0	1
Discharged, Resigned	1	0	0	1	0	0	2
Disciplined	0	0	0	0	0	1	1
Given/Reminded of Policy	0	2	7	3	4	1	17
No Reasonable Basis, No Evidence	3	2	2	2	4	4	17
Referred to Dept., Resolved Internal	1	1	0	0	0	0	2
Reinstatement / Back Pay	0	0	1	0	1	0	2
Removed from File	1	0	0	0	0	0	1
Suspend Claim	0	0	0	1	0	0	1
Suspended 1, 2, 3, 4 or more days	1	3	2	3	4	1	14
Verbal Warning	1	1	1	2	4	0	9
Withdrawn	1	0	0	0	0	0	1
Written Response to Concerns	1	0	0	0	0	0	1
Written Warning, Final Warning	5	4	1	3	3	0	16
Other, Unknown	0	2	1	1	3	0	7
Totals	20	16	16	16	24	7	99

Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.

The four (4) highest outcomes included:

- 17 percent of respondents were given or reminded of the company's Anti-Harassment / Non-Discrimination policy.
- 17 percent of the time, investigators found no reasonable basis or evidence to support claims.
- 16 percent of respondents received written warnings.
- 14 percent of respondents received suspensions.

Some claims had multiple outcomes, however, for simplicity purposes, we identified one outcome for each complaint.

Table 21
Outcomes by Race and Gender of Individual Internal Complaint Filings

<u>Outcomes</u>	<u>WM</u>	<u>BM</u>	<u>WF</u>	<u>BF</u>	<u>2+M</u>	<u>AIAN</u> <u>M</u>	<u>MTS</u>	<u>UnkM</u>	<u>UnkF</u>	<u>Unk</u>	<u>Totals</u>
ADA Resolved	0	0	0	1	0	0	0	0	0	0	1
Denied	1	0	0	4	0	0	0	0	1	0	6
Declined	0	0	0	1	0	0	0	0	0	0	1
Discharge, Resigned	1	0	0	0	0	0	0	0	1	0	2
Disciplined	0	0	0	1	0	0	0	0	0	0	1
Given/Remind Policy	1	4	0	2	1	1	0	1	3	4	17
No Reasonable Basis	2	0	1	6	0	0	0	2	2	4	17
Referred to Dept.	0	0	1	1	0	0	0	0	0	0	2
Reinstatement	0	1	0	1	0	0	0	0	0	0	2
Removed from File	0	0	0	1	0	0	0	0	0	0	1
Suspend Claim	0	0	0	0	0	0	0	0	1	0	1
Suspended	5	1	0	1	0	0	2	2	2	1	14
Verbal Warning	3	0	0	0	0	0	1	0	0	5	9
Withdrawn	0	0	0	1	0	0	0	0	0	0	1
Written Response	0	0	0	1	0	0	0	0	0	0	1
Written Warning	2	0	2	4	0	0	3	0	4	1	16
Other, Unknown	0	0	1	3	0	0	1	0	1	1	7
Total Race/Gender	15	6	5	28	1	1	7	5	15	16	99

Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.

- As previously stated, this table illustrates that Black females represented 28 percent of the complainants and outcomes.

Internal Complaint Appeal Process

As previously discussed, MTS's management staff are responsible for implementing the Anti-Harassment/Non-Discrimination policy by making sure employees are aware of and understand it, and by investigating all internal complaints. However, in 2010, an employee requested an appeal to contest an outcome that was handed down and was told that MTS had no appeal process, but that the Manager of Labor Relations could hear concerns and review the investigation results.

During our review, we noticed that the employee mentioned above, along with several other employees, filed multiple cases, back and forth, against the same individuals in attempts to reach agreeable

outcomes. To alleviate this practice, we believe a separate appeal hearing process could benefit MTS and employees by reducing the number of cases filed.

Therefore, we recommend that MTS:

18a. Consider the FTA's optional good practice to implement an Alternative Dispute Resolution (ADR) program, such as mediation to help both parties reach an agreeable solution and outcome.

(or)

18b. Establish a separate impartial appeals board to hear appeals from employees dissatisfied with the outcome of the internal complaint investigation process.

We also noticed that on occasion employees would use the internal discrimination complaint process to report other issues dealing with theft, violation of work rules, and fraudulent use of MTS company resources by other employees.

Therefore, we recommend that MTS:

19. Create a confidential hotline to empower employees by allowing them an opportunity to report wrongdoing (fraud, waste, and abuse) in the organization without using the internal complaint process.

Federal and State Laws Prohibiting Discrimination

MTS encourages employees to resolve problems by filing internal complaints, but also provides information on options for filing complaints with external agencies.

Although MTS encourages employees to resolve problems by filing internal complaints, they also make them aware of the option of filing external complaints with outside agencies like the U.S. Equal Employment Opportunity Commission (EEOC) and/or Wisconsin Department of Workforce Development, Equal Rights Division (ERD).

The Equal Employment Opportunity Commission (EEOC) is a government agency established to interpret and enforce federal laws, created by the Civil Rights Act of 1964 (Title VII), prohibiting

discrimination. EEOC investigates charges of discrimination against employers who are covered by the law, by fairly and accurately assessing the allegations and making a finding including possessing the authority to file a lawsuit.

The Wisconsin Department of Workforce Development (DWD) is a state agency charged with building and strengthening Wisconsin's workforce. The Equal Rights Division (ERD) administers laws prohibiting discrimination in employment, housing, and public accommodations; and they protect and enforce worker's rights laws pertaining to minimum wage, overtime pay, timely payment of wages, employment of minors, and notification of business closings or mass layoffs.

Federal and State laws prohibit discrimination in the workplace.

Federal and State laws prohibit discrimination in the workplace as established in Title VII of the Civil Rights Act of 1964 that states, "This law makes it illegal to discriminate against someone on the basis of race, color, religion, national origin, or sex. The law also makes it illegal to retaliate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. The law also requires that employers reasonably accommodate applicants' and employees' sincerely held religious practices, unless doing so would impose an undue hardship on the operation of the employer's business." Title VII has been amended to include the Pregnancy Discrimination Act, the Equal Pay Act of 1963 (EPA), the Age Discrimination in Employment Act of 1967 (ADEA), and Title I of the Americans with Disabilities Act of 1990 (ADA).

Wisconsin Statutes, Subchapter 11 – Fair Employment, 111.31 states, "The legislature finds that the practice of unfair discrimination in employment against properly qualified individuals by reason of their age, race, creed, color, disability, marital status, sex, national origin, ancestry, sexual orientation, arrest record,

conviction record, military service, use or nonuse of lawful products off the employer's premises during nonworking hours, or declining to attend a meeting or to participate in any communication about religious matters or political matters, substantially and adversely affects the general welfare of the state."

Review of External Complaint Documents

According to our review of the external complaint documents, MTS employees filed 68 external cases with the Equal Employment Opportunity Commission (EEOC), Equal Rights Division (ERD), two lawsuits, and a court case with the U.S. District Court, from 2010 through 2015. Tables 24 and 25 show the types of external complaints by department, race and gender. Table 25 illustrates the outcomes by race and gender.

Table 22 External Complaints Filed by Year, Race and Gender									
	<u>WM</u>	<u>BM</u>	<u>WF</u>	<u>BF</u>	<u>2+M</u>	<u>UnkM</u>	<u>UnkF</u>	<u>Unk</u>	<u>Totals</u>
2010	1	0	0	3	0	2	2	0	8
2011	1	3	1	1	0	3	5	0	14
2012	0	0	0	0	0	4	0	0	4
2013	1	2	0	4	0	4	1	0	12
2014	5	2	0	10	0	1	0	1	19
2015	0	3	0	7	1	0	0	0	11
Totals	8	10	1	25	1	14	8	1	68
Note: The race and gender are: WM = white male, BM = black male, WF = white female, BF = black female, 2+M = two plus races male, UnkM = race unknown male, UnkF = race unknown female, Unk = unknown (race and gender). Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.									

- The highest number of external complaints occurred in 2014 with 19 cases.
- Black females were the largest group to file claims with Federal, State and/or other outside agencies for a total of 25 cases.

Table 23
Number of External Cases Filed by Complainants' Department

	<u>EXE</u>	<u>HR</u>	<u>TRE</u>	<u>MAIN</u>	<u>SCH</u>	<u>TRA</u>	<u>UNK</u>	<u>PUB</u>	<u>Totals</u>
2010	0	0	1	0	2	2	2	1	8
2011	0	0	1	0	0	6	7	0	14
2012	0	0	0	3	0	0	1	0	4
2013	0	0	0	2	2	4	1	3	12
2014	0	3	2	4	1	7	1	1	19
2015	0	2	0	6	1	2	0	0	11
Totals	0	5	4	15	6	21	12	5	68

Note: The departments are Executive, Human Resources, Treasury, Maintenance, Schedule, Transportation, Unknown, and the Public.

Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.

- The Transportation Department had a majority of the complaints at 21 cases or 31 percent followed by the Maintenance Department at 15 cases or 22 percent.

The list below shows the outcomes/conclusions by race, gender, and type of outcome, as follows:

Table 24
Outcomes of External Cases by Race/Gender

	<u>WM</u>	<u>BM</u>	<u>WF</u>	<u>BF</u>	<u>2+M</u>	<u>UnkM</u>	<u>UnkF</u>	<u>Unk</u>	<u>Totals</u>
Agreement Violation	0	0	0	0	0	0	1	0	1
Discharged Upheld	0	0	0	0	0	1	0	0	1
No Evidence	0	1	0	0	0	0	0	0	1
No Further Info./Action	0	0	0	0	0	1	0	1	2
No Probable Cause	0	2	0	0	0	2	0	0	4
No Violations of Statute	0	1	0	2	1	0	0	0	4
Pending Disposition	0	1	0	3	0	0	0	0	4
Probable Cause	0	0	0	1	0	1	0	0	2
Requested Meeting	0	1	0	2	0	0	0	0	3
Settlement Agreement	3	0	1	8	0	3	4	0	19
Unknown	0	0	0	1	0	2	0	0	3
Withdrawn/Dismissed	5	4	0	8	0	4	3	0	24
Totals	8	10	1	25	1	14	8	1	68

Source: MTS HR records analyzed by Milwaukee County's Comptroller's Audit Services Division.

- The outcomes varied based on what stage of the process the cases were in, such as pending disposition, and requests for meetings.
- Of the 68 cases shown in Table 24, 37 of the cases (54%) had results that did not constitute a negative outcome for MTS.
- The settlement agreements are outcomes that occur when MTS reach a confidential/private agreement with the employees.

MTS Reporting of Disciplinary Action for 2014

MTS management administers disciplinary actions to employees that fail to adhere to company work rules and conduct standards, which are unrelated to the internal and external processes, previously discussed unless discrimination and harassment occur. According to MTS's EEOP/AA Plan for 2011 – 2014 it states, "Employees who fail to follow the MTS's policies or adhere to departmental work and conduct standards are subject to progressive discipline up to and including termination of their employment." As illustrated in the table below, MTS reported a total of 1,388 disciplinary actions taken against employees in 2014 as follows:

Table 25 MTS Breakdown of Disciplinary Actions for 2014					
Disciplinary Action	Termination	Average 5-Day Suspension	Written Warning	Verbal Warning	Totals by Race
Males					
White	4	36	106	175	321
Black/AA	10	78	151	299	538
Hispanic	0	9	12	19	40
A/AN	0	0	0	2	2
NH/PI	0	0	0	1	1
Multi-Race	0	3	7	14	24
Totals by Disciplinary Actions	14	126	276	510	926
Females					
White	1	7	13	25	46
Black/AA	2	74	126	201	403
Hispanic	0	1	3	1	5
AI/AN	0	0	1	3	4
NH/PI	0	0	0	0	0
Multi-Race	1	1	1	1	4
Totals by Disciplinary Actions	4	83	144	231	462
Source: MTS EEOP/AA Plan (2011 – 2014)					

Table 26 shows the extent of disciplinary actions towards Minorities and Females.

Table 26 2014 Disciplinary Actions			
	<u>White</u> <u>Males</u>	<u>Minorities</u> <u>Males and Females</u>	<u>Females</u>
Number of Workers	321	1,021	462
Percent of Discipline	23%	74%	33%
Percent of Workforce	37%	75%	30%
Source: MTS EEOP/AA Plan (2011-2014) and MTS records of disciplinary actions.			

This audit did not investigate any individual complaints of discrimination and/or harassment nor did we render any independent positions on any of the cases.

Each case has its own unique circumstances. Overall, the disciplinary actions related to minority males and females are proportionate to their representation in the workforce while discipline of White males is less frequent than would be expected for their proportion of the workforce.

20. *We recommend that MTS monitor disciplinary actions by gender and race to identify any potential future disparate treatment.*

Section 5: Efforts are needed to ensure that MTS pay equal salaries to minorities and females in similar positions

Pay Equity

MTS Equal Employment Opportunity Program/Affirmative Action Plan states:

"We are committed to assuring that all recruiting, hiring, training, promotions, transfers, layoffs, recall from layoffs, compensation, benefits, company-sponsored educational, social and recreational programs, and other employment related programs and personnel actions be free from discrimination."

and

"We recognize that good faith effort for equal employment opportunity requires that MTS's employment practices i.e. recruitment, selection, compensation, standards, and discipline are fair and consistent to ensure that all qualified applicants and employees are receiving equal opportunity in every term and privilege of employment."

Multiple Federal laws seek to protect employees from discrimination in their compensation.

According to the Equal Pay Act of 1963:

- "The right of employees to be free from discrimination in their compensation is protected under several federal laws, including...the Equal Pay Act (EPA) of 1963, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act (ADEA) of 1967, and Title I of the Americans with Disabilities Act (ADA) of 1990."

In regards to compensation, the EPA:

- "...prohibits sex-based wage discrimination between men and women in the same establishment who perform jobs that require substantially equal skill, effort and responsibility under similar working conditions."
- "...requires that men and women be given equal pay for equal work in the same establishment. The jobs need not be identical, but they must be substantially equal. It is job content, not job titles, that determines whether jobs are substantially equal."
- "...provides that employers may not pay unequal wages to men and women who perform jobs that require substantially equal

skill, effort and responsibility, and that are performed under similar working conditions within the same establishment.”

- Permits pay differentials “...when they are based on seniority, merit, quantity or quality of production, or a factor other than sex. These are known as “affirmative defenses” and it is the employer’s burden to prove that they apply...In correcting a pay differential, no employee’s pay may be reduced. Instead, the pay of the lower paid employee(s) must be increased.”

In addition, Title VII, the ADEA, the ADA prohibit compensation discrimination on the basis of race, color, religion, sex, national origin, age, or disability. Listed below are examples of prohibited compensation discrimination:

- “An employer pays an employee with a disability less than similarly situated employees without disabilities and the employer’s explanation (if any) does not satisfactorily account for the differential.”
- “An employer sets the compensation for jobs predominately held by, for example, women or African-Americans below that suggested by the employer’s job evaluation study, while the pay for jobs predominately held by men or whites is consistent with the level suggested by the job evaluation study.”
- “An employer maintains a neutral compensation policy or practice that has an adverse impact on employees in a protected class and cannot be justified as job-related and consistent with business necessity. For example, if an employer provides extra compensation to employees who are the “head of household.”
- “It is also unlawful to retaliate against an individual for opposing employment practices that discriminate based on compensation or for filing a discrimination charge, testifying, or participating in any way in an investigation, proceeding, or litigation under Title VII, ADEA, ADA or the Equal Pay Act.”

MTS Compensation and Benefits Practices

MTS does not have written policies and procedures on compensation for its non-represented employees.

As previously stated in this report, MTS does not have written policies and procedures on compensation for non-represented employees. They do have practices outlined in their MTS EEOP/AA Plan that states:

MTS practice indicates that non-represented new employees and existing employees that enter a new job group “generally” will be compensated at the lower end of the pay range.

- Represented workers’ wages and benefits are negotiated under labor contracts with bargaining units, ATU and OPEIU.
- Non-represented employee wages are based on MTS’s established wage ranges that “takes into consideration the type of job, market compensation for similar or same job, and the value that the job adds to the organization.” The practice also states that new employees and existing employees that enter a new job group, “generally” will be compensated at the lower end of the pay range.

Allegations of Unfair Wages from Former and Current Employees

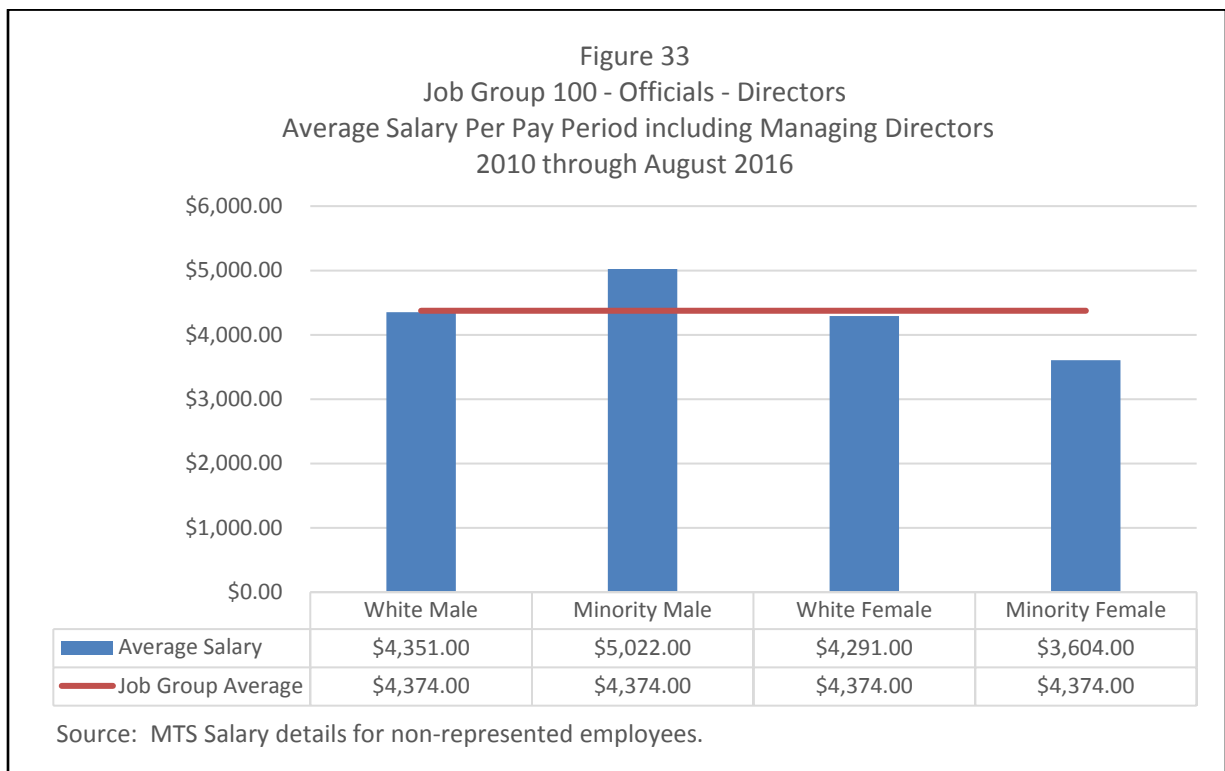
We had discussions with MTS former and current employees concerning what they perceive as unequal pay for minorities and women essentially doing the same jobs as White males, and they alleged that:

- Minority workers, especially minority females, are paid lower wages than co-workers in similar positions.
- Positions previously occupied by minorities are posted at a higher salary for new employees.
- MTS administrators cite company budget constraints to deny comparable wages to minorities.
- MTS administrators pay some employees the market rate of pay, while minorities in comparable positions are paid less.
- Some employees that operate in a higher job classification on an interim basis are paid higher salaries, which continues after they return to their original positions.
- MTS frequently change position titles and/or create new positions to offer higher wages to newly hired employees or current employees that they want to promote over staff with more seniority.

MTS Salary Trends and Observations by Job Categories

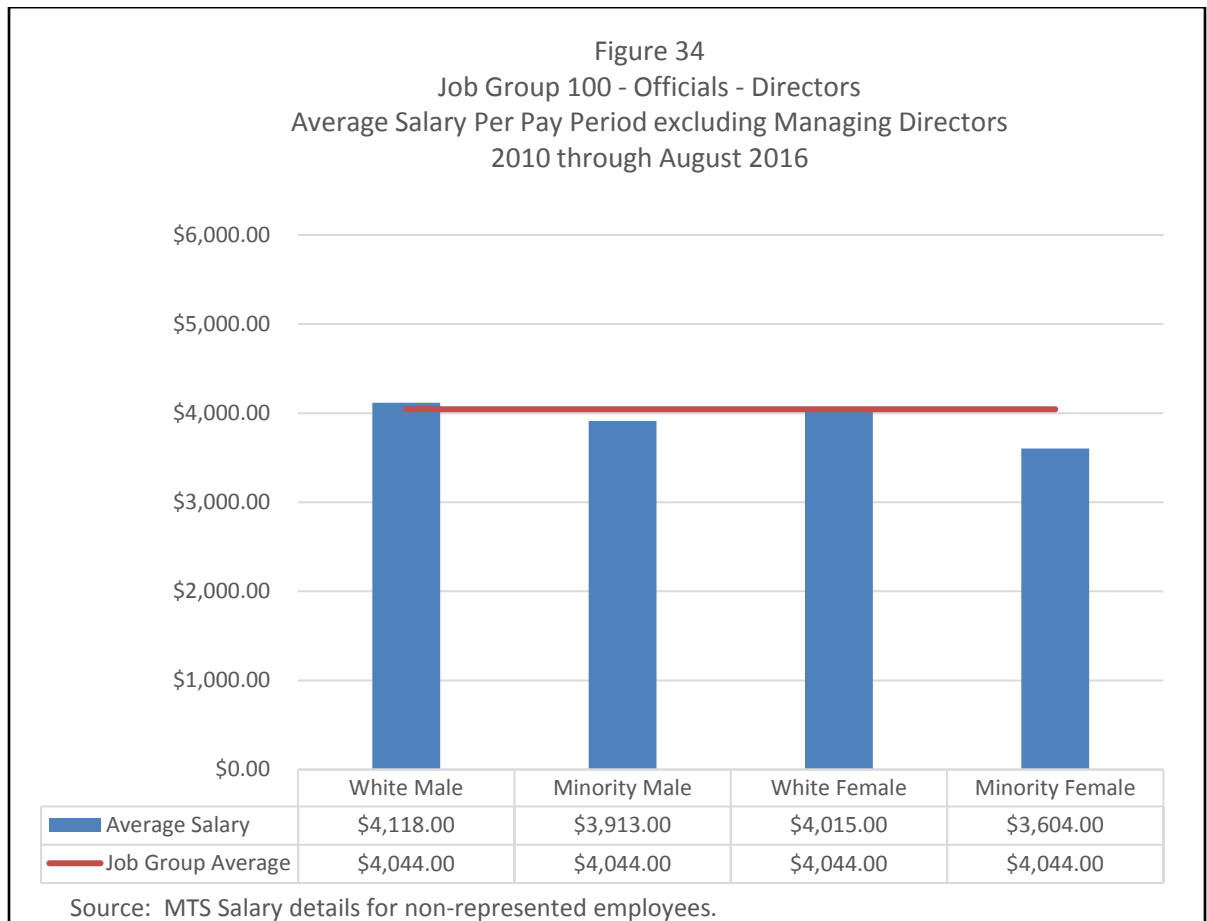
The MTS EEOP/AA Plan states that “The general criteria that we used to place incumbents or job titles in job groups include jobs that have (1) similarity in level of responsibility; (2) similarity in level of compensation; (3) similarity in opportunity for advancement; (4) similarity in recruitment patterns for open positions; and (5)

similarity in job content.” With this in mind, we analyzed MTS salaries and wages earned by employees from 2010 through August 2016 for four job categories, 100 – Officials-Directors, 101 – Officials-Managers, 102 – Officials-Supervisors, and 200 – Professionals; for the purpose of identifying compensation trends and situations that may adversely impact minorities and females. We examined the earnings for officials – directors two ways, including the President and Managing Directors as illustrated in Figure 33, and excluding the President and Managing Directors as shown in Figure 34.



In 2010 through August 2016, MTS employed a total of 29 officials and directors under job category 100, including the President and Managing Directors. The average job group salaries totaled \$4,374 per pay period. The chart shows the average salaries for each racial group listed compared to the average salaries in the total job group, as follows:

- Fifteen White male employees were slightly below the job group average,
- Three Minority male employees exceeded,
- Ten White female employees were slightly below, and
- One Minority female employee was far below.
- MTS employed four president and managing partners: two White males, one Minority male, and one White female. The two highest salaries were paid to a Minority male and a White female, respectively.
- Currently, the president and managing director is a White male.



We also evaluated the data excluding the president and managing directors to show the salary averages of the remaining 25 chiefs

and directors. The average job group salaries totaled \$4,044. The chart shows the following:

- Thirteen White male employees were above the job group average,
- Two Minority male employees were below,
- Nine White female employees were slightly below, and
- One Minority female employee was far below.

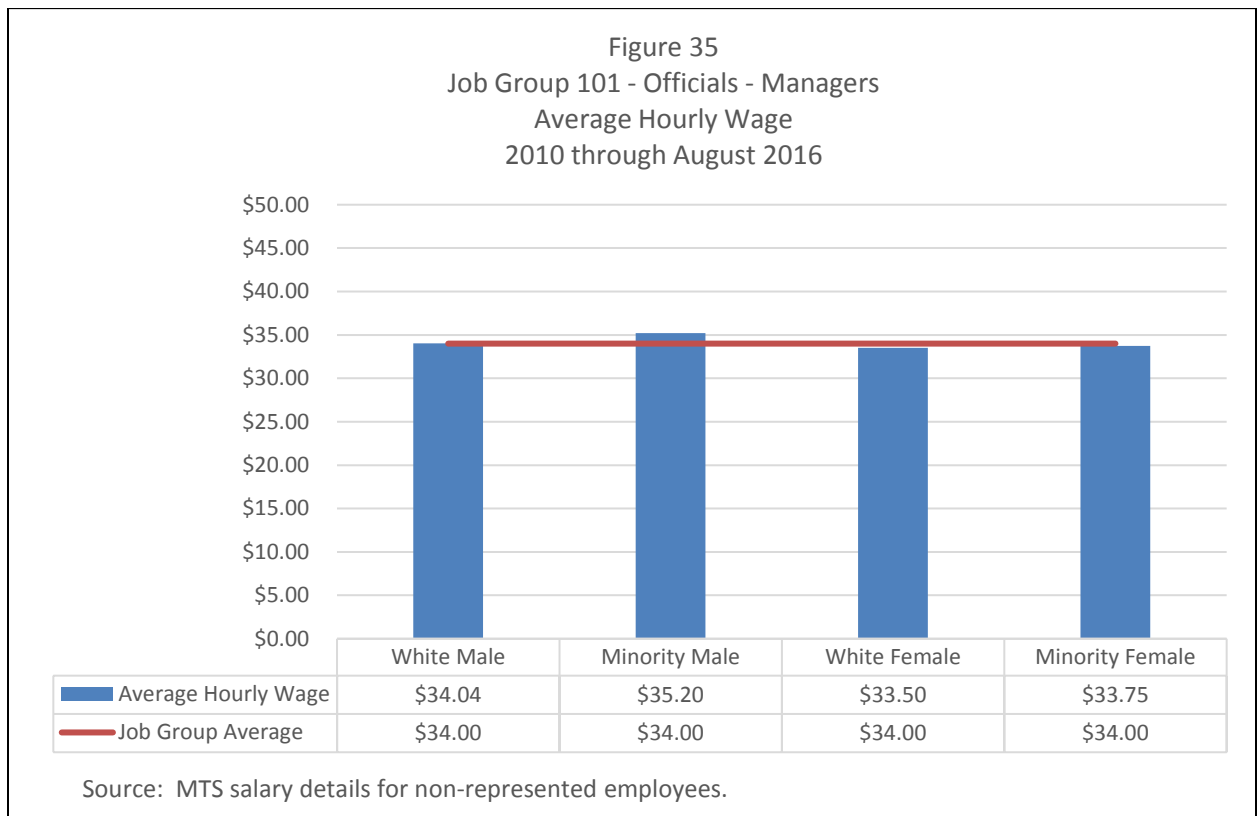
MTS employed eight individuals in five **Chief** positions: five White males, no Minority males, two White females, and one Minority female.

- The two highest paid Directors to newly created positions were a White male newly hired that received a 10 percent salary increase after one year of employment, and a White female with multiple years of seniority that makes about 3.3 percent less, respectively.
- The lowest paid Chief was a Minority Female with multiple years of seniority. We compared her salary to directors that serve under chiefs and she made less than seven out of ten directors.
- Since the 1980's, the Chief Financial Officer position has only been held by White males.
- We have identified one Chief position where the newly hired White male employee was paid at a lower salary than his White female predecessor.
- As of August 2016, MTS has four Chiefs, three White males, and one White female. There are no Minority Chiefs employed at MTS.

MTS employed 17 individuals in 10 **Director** Positions including eight White males, two Minority males, seven White females, and no Minority females.

- The two highest salaries paid to individuals employed as directors were to a newly hired White male, who earned nine percent more than his White female predecessor with multiple years of seniority.

- We have identified one Director position where the newly hired White female was paid a lower salary than her White male predecessor.
- The lowest paid director was a White female with multiple years of seniority.
- Since the 1980's, the Director of Maintenance positions have only been held by White males.
- As of August 2016, there are eight director positions: three White males, one Minority male, four White females. There are no Minority female directors.



In 2010 through August 2016, the data shows that there were 47 officials – managers in 25 manager positions that worked in job category 101, with an average hourly wage of \$34.00. Our comparison of the average hourly wage for each racial group represented above to the average hourly wages of the total job group shows:

- Twenty-eight White male employees were slightly above the job group average,

- Five Minority male employees exceeded,
- Ten White female employees were far below, and
- Four Minority female employees were slightly below.
- The three highest paid employees were White males,
- The three lowest paid employees were two White females and one Minority female. However, the Minority female is the lowest paid manager.
- A White female manager with multiple years of seniority at MTS earned 11.4 percent more than a newly hired Minority manager in a comparable position.
- A White male was hired to a manager position where he made 11.3 percent more than his White male predecessor that was hired and terminated several months prior to him.
- MTS managers with multiple years seniority working in the same positions are making different wages (Division Manager and Garage Managers).
- As of August 2016, MTS had two assistant director positions, both White males; and 23 managers, 12 White males, five White females, three Minority males, and three Minority females.

Figure 36
Job Group 102 - Officials - Supervisors
Average Hourly Wage
2010 through August 2016

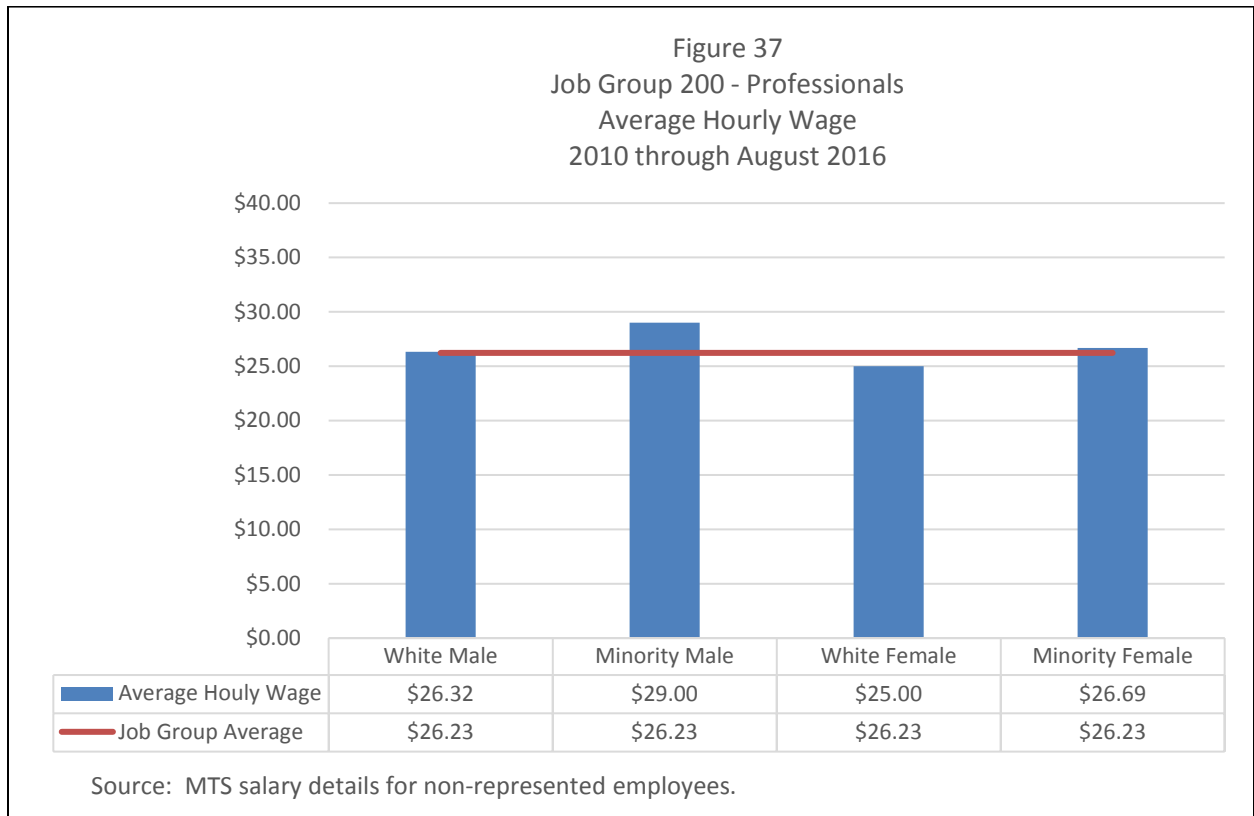


Source: MTS salary details for non-represented employees.

In 2010 through August 2016, the data shows that there were 73 Officials – Supervisors that worked in job category 102, with an average hourly wage of \$31.66. Our comparison of the average hourly wage for each racial group represented above to the average hourly wages of the total job group shows:

- Forty-one White male employees were slightly below the job group average,
- Twenty-two Minority male employees were far below,
- Five White female employees far exceeded, and
- Five Minority female employees were slightly below.
- The highest paid employees were a diverse group, three White males, a White female, and a Minority Male.
- The two lowest-paid employees were two White males.

- Several job titles have never employed females (Dispatchers, Garage Shift Supervisors, Route Supervisors/Relief Dispatchers).
- Several job titles pay employees doing the same job different hourly amounts (Garage Shift Supervisors, Station Supervisors, Training Supervisors).
- As of August 2016, MTS had 47 supervisors, 20 White males, 18 Minority males, four White females, and five Minority females.



In 2010 through August 2016, the data shows that there were 48 Professionals that worked in job category 200, with an average hourly wage of \$26.23. Our comparison of the average hourly wage for each racial group represented above to the average hourly wages of the total job group, shows the following:

- Twenty-two White male employees were slightly above the job group average.
- Two Minority male employees far exceeded.

- Eleven White female employees were below.
- Thirteen Minority female employees were above.
- The three highest paid professionals were two White males and one Minority female.
- The lowest paid professionals were two White males and one Minority female.
- A Black female's wages appeared to be higher by \$0.37 per hour, from \$24.55 listed on her Employee Pension Calculation form to the \$24.92 stated on a List of Salaries supplied by MTS Human Resources Department.
- A White female earned 34 percent less than her predecessor, a newly hired White male. His wages were more comparable to a manager or a supervisor salary.
- As of August 2016, MTS had 27 professionals, eleven White males, two Minority males, eight White females, and six Minority females. The lowest paid professional was a White male.

MTS compensation trends show disparity for minorities and females in the Chiefs and Directors, Managers, and Supervisors job groups.

MTS compensation trends show that on average, minority males employed under job groups 100-Chiefs and Directors, and 102-Supervisors have been compensated below the average wages in those job groups. White females have been compensated below in job groups 100-Chiefs and Directors, 101-Managers, and 200-Professionals. Minority females were compensated below under job groups 100-Chiefs and Directors, 101-Managers, and 102-Supervisors. We have also identified instances when minorities and females are paid lower wages than co-workers in similar positions, and newly hired White males have earned higher salaries than minorities and females with more seniority.

We recommend that MCTS follow guidelines in the Equal Pay Act related to:

21. *Their requirement that "...men and women be given equal pay for equal work in the same establishment."*

We also recommend that MCTS follow Employment Compensation and Benefits required by the Federal Transportation Administration in Circular 4704.1A to:

22. *“Express the agency’s commitment that all employment actions, including but not limited to...rates of pay or other forms of compensation...treatment of employees will be administered without regard to race, color, religion, national origin, sex (including gender identity, sexual orientation, and pregnancy), age, genetic information, disability, veteran status, or other protected class.”*
23. *“FTA requires agencies to provide a description of wages, salary levels, and other forms of compensation and benefits policies and procedures.”*
24. *FTA requires agencies to review their wage and salary structure to make sure discrimination is not occurring with respect to compensation.”*

Section 6: MTS should address compliance with previous and amended EEO Program Requirements

FTA Circulars provide guidance on program-specific issues and requirements for grantees of Federal FTA finding.

FTA Circulars

The FTA issues guidance, often in the form of circulars, to provide grantees of Federal funding with direction on program-specific issues and statutory requirements. FTA Circular 4704.1A establishes instructions and guidelines for Milwaukee County Transit System, and other transit agencies, regarding Equal Employment Opportunities. It represents the best practices for following regulations and statutes that are aligned with the Equal Employment Opportunity Commission, legislation, court cases, and judicial interpretations.

According to the FTA Circular 4704.1A effective October 31, 2016, with revision 1 (Rev. 1) on April 20, 2017, the purpose of the Circular is to:

“...set out requirements and provide guidance to recipients and subrecipients of Federal Transit Administration (FTA) financial assistance necessary to carry out the Equal Employment Opportunity (EEO) provisions of Federal law.”

MTS’s EEOP/AA Plan identified the Chief Civil Rights and Labor Officer position as key to MTS’s EEOP/AA Plan implementation.

MTS’s EEOP/AA Plan

According to the EEOP/AA Plan, governed under the old FTA Circular, the Chief Civil Rights and Labor Officer position is key to the oversight and implementation of MTS’s Equal Employment Opportunity Program and Affirmative Action Plan. This position reports directly to the President and Managing Director and performs the following duties and responsibilities:

- Closely monitor Equal Employment Opportunity Program.
- Develop and implement the Equal Employment and Opportunity Program/Affirmative Action Plan.
- Communicate management’s responsibility to implement the plan.

- Meet with the Managing Director/President on a quarterly and as needed basis to report on progress and deficiencies of each department in relation to Equal Employment and Affirmative Action goals.
- Assist management in identifying and correcting employment practices that may have an adverse impact on employment opportunities for women, minorities, and the disabled.
- Consult with Human Resources and other appropriate departments on selection and promotion decisions, and ADA accommodation requests.
- Assist front line supervisors in the investigation and resolution of internal discrimination and harassment complaints.
- Serve as a liaison between MTS and external agencies investigating and resolving complaints of alleged discrimination.
- Serve as a liaison between MTS and governmental and community agencies, and is actively involved with local organizations representing people with disabilities, people of minority status, and women.
- Designs and conducts training for subject areas including but not limited to: sexual harassment, discrimination, and workplace diversity.
- Keep abreast of current best practice policy and procedures regarding Equal Employment Opportunity and Affirmative Action issues.

Audit's Observances of MTS's Commitment to EEO and AA Guidelines

During this audit, changes have occurred at MTS that call into question the company's continued commitment and compliance with FTA requirements and guidelines, especially as it relates to the EEO Officer. MTS changes consisted of the following:

During our audit, the Chief Civil Rights and Labor Officer resigned.

- On June 30, 2015 the Chief Civil Rights and Labor Officer, responsible for the EEO Officer duties, resigned. She indicated that her primary reason for leaving was due to recent changes in Management over the past three years. She worked with three Managing Directors in three years. In 2014, after the recent change in Management, she felt the working environment became worse. She stated there was a lack of communication between her and Management, which affected

her ability to do her job, including implementation of the EEO/AA Plan and participating in job creation. MTS management stated they were unaware of this employee's specific concerns until they received the audit report.

While the EEOC Officer position remained vacant, certain duties of the position were performed by other executive staff, and ultimately by the Director of Human Resources/Labor Relations. This is a potential conflict.

- Throughout the audit process, MTS did not hire a Chief Civil Rights and Labor Officer, and certain duties were done by other executive staff. For example, in 2010 through 2014, the Chief Civil Rights and Labor Officer that resigned completed MTS's annual EEO Employer Information Reports; in 2015, a newly hired Administrator completed the report as the Chief Civil Rights Officer; and in 2016, a newly hired Administrator completed the report as the Director of Human Resources.
- During a meeting with MTS management on October 7, 2016, Auditors were told that the Director of Human Resources/Labor Relations was now the EEO Officer. In other words, one individual functions in three separate positions that have distinct duties and responsibilities, which does not comply with FTA guidelines. According to MTS organizational charts, the Director of Human Resources does not report directly to the President/Managing Director.

The Importance of the Chief Civil Rights and Labor Officer

The Chief Civil Rights and Labor Officer position is responsible for direct oversight authority for assuring compliance with EEO/AA policies, the day-to-day administration and program oversight to track progress and identify deficiencies, receiving and investigating internal complaints, and keeping MTS management and staff abreast of current best practices policies and procedures as it relates to Equal Employment Opportunity and Affirmative Action issues. Since MTS management has allowed this position to remain vacant for almost two years, MTS has impeded the company's effectiveness in monitoring, overseeing and implementing the EEO Program and AA Plan.

Therefore, we recommend that:

25. *MTS adheres to FTA requirements as it relates to the EEO Officer's roles, responsibilities and functions including designating an executive as EEO Officer, assigning sufficient staff, appropriate compensation, concurrence in hiring and promotional practices, reporting directly to the Managing Director, and that the EEO Officer is free from any conflicts of positions or conflicts of interest.*

Audit Scope

This audit was initiated in response to a request contained in a County Board Resolution (File No. 15-227). The overall objective of this audit was to conduct an operational and procedural audit of the administration of Milwaukee Transport Services, Inc., that operates and manages Milwaukee County's transit and paratransit services, as it related to hiring, promotions, demotions, and turnover practices including qualifications, gender, age, county/non-county experiences, tenure, and diversity. Included in the overall audit objective was to identify minority and gender hiring practices, and to include historical diversity data on promotions, termination practices, and turnover.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review to the areas specified in this Scope Section. During the course of the audit we:

- Reviewed relevant regulations, policies, administrative procedures, budgets and resolutions including federal, state and county statutes, laws, and ordinances relating to affirmative action and workforce diversity concepts.
- Interviewed management staff from MCTS to obtain relevant information on the implementation of various policies and procedures, race/ethnicity and gender data collection and implementation, and employee recruitment efforts and hiring practices at MTS.
- Analyzed workforce data using U.S. Census Bureau Relevant Labor Market/Equal Employment Opportunity (EEO) reports, and MTS Internal Monitoring & Reporting System used to report, track, assess, and measure the progress of minority and female hires, promotions, and terminations.
- Reviewed data on formal Equal Employment Opportunity claims filed against MTS, in addition to Discrimination/Harassment complaint procedures as it relates to internal investigative processes and complaints filed with external agencies.
- Calculated underutilization of minorities and females using several tools designed to measure four analytical methods (Rules of Measure) approved by the U.S. Department of Labor.
- Gathered data and interviewed a key individual at the Federal Transit Administration Office of Civil Rights.
- Reviewed historical information from Milwaukee County Transit System on processes and procedures used to report workforce diversity and affirmative action goals.

- Performed comparisons of the previous Circular 4704.1 Equal Employment Opportunity (EEO) Program Guidelines for Grant Recipients dated July 26, 1988, to the recently adopted U.S. Department of Transportation Circular 4704.1A dated October 31, 2016 and Rev. 1 dated April 20, 2017.
- Reviewed a sample of the personnel files for MTS employees to note deviations in the policies and procedures for hiring, demotions, promotions, and terminations.
- Examined MTS data to establish trends for total workforce, new hires, promotions, and turnover.
- Evaluated MTS average salaries for officials, directors, managers, supervisors, and professionals.
- Interviewed some former and current MTS employees regarding employment practices and reviewed their allegations.

2014 - MTS JOB TITLES BY EEO JOB CATEGORIES

Exhibit 2

100 - OFFICIALS - DIRECTORS

CHIEF CIVIL RIGHTS/LABOR OFFICER	DIRECTOR OF MAINTENANCE
CHIEF FINANCIAL OFFICER	DIRECTOR OF TRANSPORTATION
CHIEF MKTG & COMM OFFICER	DIRECTOR PARATRANSIT SERVICES
CHIEF OPERATING OFFICER	DIRECTOR SCHEDULE & PLANNING
DIRECTOR OF HUMAN RESOURCES	INTERIM PRES/MANAGING DIRECTOR
DIRECTOR OF INFO TECHNOLOGY	

101 - OFFICIALS - MANAGERS

ASST DIRECTOR OF MAINTENANCE	MANAGER OF PURCHASING
BUDGET MANAGER	MANAGER OF SCHEDULES
COMMUNICATIONS MANAGER	MANAGER OF SHOP OPERATIONS
DIVISION MANAGER	MANAGER OF STORES
FARE REVENUE SYSTEM MANAGER	MANAGER OF SYSTEMS DEVELOPMENT
GARAGE MANAGER	MANAGER OF TRAINING & SAFETY
MANAGER BUILDING AND GROUNDS	MGR OF ADMINISTRATIVE SERVICES
MANAGER OF EMPLOYEE BENEFITS	MGR OF BUSINESS & INST. SALES
MANAGER OF PLANNING	MGR OF SECURITY & STREET OPER.
MANAGER OF PRINTING	MGR OF WORKERS COMPENSATION

102 - OFFICIALS - SUPERVISORS

ASSISTANT CASHIER	ROUTE SUPERVISOR/RELIEF DISPAT
CASHIER	SHOP SUPERVISOR
COORD OF STATION OPERATIONS	STATION SUPERVISOR
COORD OF STREET OPERATIONS	SUPERVISOR OF ACCOUNTING
DISPATCHER	SUPERVISOR OF PAYROLL
ESTIMATOR/SHOP SUPERVISOR	SUPERVISOR OF STORES
GARAGE SHIFT SUPERVISOR	SUPPLY CREW SUPERVISOR
LEAD DISPATCHER	TRAINING SUPERVISOR
ROUTE SUPERVISOR	

200 - PROFESSIONALS

ADMINISTRATIVE ASSISTANT	MOBILITY COORDINATOR
BUYER	NETWORK ADMINISTRATOR
COMMUNICATIONS EXEC/PERF ANLST	PROJECT COORDINATOR
COMMUNITY RELATIONS LIAISON	PURCHASING AGENT
COMPLIANCE AUDITOR/ASSESSOR	SAFETY & TRAINING INSTRUCTOR
COORD OF EMPLOYEE BENEFITS	SENIOR INVESTIGATOR/ADJUSTOR
COORDINATOR OF EMPLOYMENT	TRANSIT PLANNER I
ELIGIBILITY ASSESSOR	TRANSIT PLANNER II
HUMAN RESOURCES ANALYST	TRANSPORTATION ANALYST
LABOR RELATIONS COORDINATOR	TREASURY SPECIALIST
MARKETING ASSOCIATE	

300 - TECHNICIANS

ENGINEERING TECHNICIAN
IT SPECIALIST

PROGRAMMER/ANALYST
SYSTEMS ANALYST

500 - ADMINISTRATIVE SUPPORT WORKERS

A BUS MECHANIC
ACCOUNTANT I
CLERK II
CLERK III
CLERK IV
CUSTOMER SERVICE AGENT
EXECUTIVE OFFICE MANAGER
GARAGE CLERK
GARAGE CLERK (TEMPORARY)
OFFICE MANAGER

P/T CLERK II
PAYROLL CLERK II
RECEPTIONIST/CONSOLE OPERATOR
SCHEDULE & PLANNING INTERN
SCHEDULE MAKER
SECRETARY
SENIOR ACCOUNTING CLERK
SHIPPER & RECEIVER
STATION ADMINISTRATIVE ASST.
STATION CLERK

600 - CRAFT WORKERS

2 COLOR OFFSET PRESS OPERATOR
A BODY & PAINT MECHANIC
A BUS MECHANIC
A BUS MECHANIC/INSPECTOR
A ELECTRONIC TECHNICIAN
A MAINTENANCE REPAIRER

A UNIT REPAIRER
ELECTRICIAN
EQUIPMENT FABRICATOR
PRE/PRESS OPERATOR
SMALL OFFSET PRESS OPERATOR

601 - CRAFT WORKERS (SEMI SKILLED)

B BODY & PAINT MECHANIC
B MAINTENANCE REPAIRER
C BUS MECHANIC
C BUS MECHANIC/INSPECTOR

DISBURSER
SUPPLY TRUCK OPERATOR
TRUCK DRIVER

700 - OPERATIVES

OPERATOR
OPERATOR/RELIEF DISBURSER

OPERATOR/RELIEF INFO AGENT
OPERATOR/RELIEF SUPPLY TRUCK

800 - LABORERS AND HELPERS

CLEANER/TANKER
INSIDE CLEANER/TANKER

MAINTENANCE HELPER
P/T MECHANIC HELPER

Source: EEOP/AA Plan (2011-2014)



U.S. Equal Employment Opportunity Commission



BEST PRACTICES FOR EMPLOYERS AND HUMAN RESOURCES/EEO PROFESSIONALS

How to Prevent Race and Color Discrimination

General

- **Train** Human Resources managers and all employees on **EEO laws**. Implement a **strong EEO policy** that is **embraced at the top levels** of the organization. Train managers, supervisors and employees on its contents, enforce it, and hold them accountable.
- Promote an **inclusive culture** in the workplace by fostering an environment of professionalism and respect for personal differences.
- **Foster open communication** and early dispute resolution. This may minimize the chance of misunderstandings escalating into legally actionable EEO problems. An **alternative dispute-resolution (ADR) program** can help resolve EEO problems without the acrimony associated with an adversarial process.
- Establish neutral and objective criteria to **avoid subjective employment decisions** based on **personal stereotypes** or **hidden biases**.

Recruitment, Hiring, and Promotion

- Recruit, hire, and promote with EEO principles in mind, by implementing practices designed to widen and **diversify the pool of candidates** considered for employment openings, including openings in upper level management.
- Monitor for EEO compliance by **conducting self-analyses** to determine whether current employment practices disadvantage people of color, treat them differently, or leave uncorrected the effects of historical discrimination in the company.
- Analyze the duties, functions, and competencies relevant to jobs. Then create **objective, job-related qualification standards** related to those duties, functions, and competencies. Make sure they are consistently applied when choosing among candidates.
- Ensure **selection criteria** do not disproportionately exclude certain racial groups unless the criteria are valid predictors of successful job performance and meet the employer's business needs. For example, if educational requirements disproportionately exclude certain minority or racial groups, they may be illegal if not important for job performance or business needs.
- Make sure **promotion criteria** are made **known**, and that **job openings** are **communicated** to all eligible employees.
- When using an outside agency for recruitment, make sure the agency does not **search for candidates** of a particular race or color. Both the employer that made the request and the employment agency that honored it would be liable.

Terms, Conditions, and Privileges of Employment

- **Monitor** compensation practices and performance appraisal systems for **patterns of potential discrimination**. Make sure performance appraisals are based on employees' actual job performance. Ensure consistency, i.e., that comparable job performances receive comparable ratings regardless of the evaluator, and that appraisals are neither artificially low nor artificially high.

- Develop the potential of employees, supervisors, and managers with EEO in mind, by providing **training and mentoring** that provides workers of all backgrounds the opportunity, skill, experience, and information necessary to perform well, and to ascend to upper-level jobs. In addition, employees of all backgrounds should have equal **access to workplace networks**.
- Protect against retaliation. Provide clear and credible assurances that if employees make complaints or provide information related to complaints, the employer will **protect employees from retaliation**, and consistently follow through on this guarantee.

Harassment

Adopt a strong anti-harassment **policy**, periodically **train** each employee on its contents, and vigorously **follow and enforce** it. The policy should include:

- A clear **explanation** of prohibited conduct, including examples;
- Clear assurance that employees who make complaints or provide information related to complaints will be **protected against retaliation**;
- A clearly described **complaint process** that provides multiple, accessible avenues of complaint;
- Assurance that the employer will protect the **confidentiality** of harassment complaints to the extent possible;
- A complaint process that provides a prompt, thorough, and impartial investigation; and
- Assurance that the employer will take **immediate and appropriate corrective action** when it determines that harassment has occurred.

General Information: www.eeoc.gov

Additional Information on Race and Color Discrimination: www.eeoc.gov/types/race.html

Technical Assistance: www.eeotraining.eeoc.gov

Milwaukee County Transit System

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vital then. vital now.



Date: June 28, 2017

To: Jerome J. Heer, Director of Audits

From: Dan Boehm, President & Managing Director, Milwaukee County Transit System
Brian Dranzik, Director of Transportation, Milwaukee County Department of Transportation

Subject: Milwaukee County Transit System Diversity Audit

The Milwaukee County Transit System (MCTS) appreciates the Comptroller's Audit Services Division's report titled: *"Improvements Needed to Strengthen Milwaukee County Transit System's (MCTS) Commitment to Workforce Diversity"* and is confident that their review and recommendations will assist our organization in improving diversity.

The Audit covers more than seven years, a period of time in which there were four different Transit Directors and three different individuals responsible for Equal Employment Opportunity (EEO) administration. The Audit also covers a period of time in which there were three new labor agreements executed, a work stoppage (transit strike), a competitive request for proposal process for transit management services, and continual funding challenges, all of which can have an impact on workforce numbers, employee morale, and employee resilience. Change and uncertainty about the future can hasten retirements and resignations. Change can also result in an opportunity for improvement. In the past couple of years, MCTS has sought to streamline systems, revisit and update policies, and improve documentation and communication, especially in places where there was a lack of documentation or a loss of institutional knowledge when employees separated from the organization.

MCTS: Ready for Change & the Challenge of Improving Diversity

Improving diversity is something that MCTS is eager to tackle. Transit leaders understand that the need for improvement is nearly continuous in any organization that wants to be successful and sustainable. After three years as Transit Director, I can reflect upon the challenges that have been faced and the successes achieved. There has been a strong commitment to moving the organization forward, despite uncertainty, and of course many challenges remain. The following examples are presented to reinforce the notion that in the past couple of years MCTS has a strong record of identifying gaps and shortcomings for purposes of overcoming them:

- MCTS engaged with MRA – The Management Association to perform a detailed review of Human Resources activities at MCTS to identify gaps. In addition, a new Human Resources Director with municipal government experience was recruited to help realize improvements and close performance gaps.
- MCTS engaged with an Information Technology (IT) consultant to review IT activities, systems and resources, and identify risks and gaps. After a career spanning 38 years, the IT Director retired and we are working eagerly with staff, new and existing, to strengthen IT resiliency.

- MCTS opened and improved the lines of communication between bus operators and their supervisors and support staff/administrators by developing an employee “Reconnect” program wherein employees can voice concerns about the challenges of their jobs in small group settings and trouble-shoot solutions together with management. This program has been very well received and helps to build organizational trust, support and morale.
- MCTS also refocused on hiring bus operators to reduce over-time and create an environment that improves the work-life balance for employees. These efforts resulted in the hiring of about 130 new bus operators each year in the past two years, with over 88% representing minority populations and 47% being female.
- MCTS is also focusing on supervisor training, increased communication with and support for both supervisors and employees. Supervisors are focusing on outcomes that can be arrived at by communication, training and trouble-shooting, rather than limiting interactions with direct reports to only those times in which an employee is disciplined.
- MCTS is also highlighting meaningful acts of kindness and heroics that our bus operators participate in and perform every day through our on-line and active social media campaign about MCTS Excellence – millions of people across the country and world have seen MCTS employees doing powerfully positive things in our community. It is a source of pride for many.

FTA Oversight & Record of Compliance

Milwaukee Transport Services, Inc. (MTS), is a quasi-governmental instrumentality responsible for management and operations of MCTS, with oversight by the Director’s Office of the Milwaukee County Department of Transportation (MCDOT). Oversight includes ensuring that MCTS is complying with all applicable local, state and Federal requirements. In the area of EEO adherence, MCTS is required to follow Federal Transit Administration (FTA) requirements identified in FTA EEO Circulars 4704.1 and 4704.1A. Every three years MCTS is reviewed by the FTA for compliance with applicable requirements. MCTS has routinely been recognized by FTA as not having any negative EEO findings. Assigning responsibility for EEO adherence to staff is important to maintaining compliance and achieving diversity. EEO responsibilities at MCTS have traditionally been collateral to other duties such as Labor Management. Hiring a new EEO Officer dedicated to EEO adherence as the primary responsibility was strongly recommended in the Audit. **Recruitment is underway for a new MCTS EEO Officer** that will work in the executive office. This new position will report directly to the President and Managing Director or have dotted line access, meaning they can bypass managers and go directly to the President/CEO. After this position is filled, the incumbent EEO Officer will play a critical role in making improvements.

MCTS: A Majority Minority Business

MCTS consists of 1,075 employees, broken down into three main groups:

- Transit Managers and Supervisors total 85, including 24 Females (28%) and 31 Minorities (36%)
- Office & Clerical Workers, Technicians and other Professionals total 82, including 43 Females (52%) and 27 Minorities (33%)
- Bus Operators and Maintenance Workers total 908, including 311 Females (34%) and 623 Minorities (69%)

We are proud of the fact that MCTS is one of the larger majority minority business in Milwaukee with over 60% of employees representing minority populations, and women representing over 35% of employees. Nearly 85% of employment opportunities at MCTS are in operations where 69% of the workforce is minority and 34% is female. In the past two years, nearly 9 out of 10 new bus operators is minority. Managers and Supervisors make up less than 8% of the workforce, and the category for Office and Clerical Workers also makes up less than 8% of all employees. Many of the Audit recommendations are applicable to these smaller categories of employment.

Audit Topics

The Executive Summary covers several Audit topics. General comments about those topics follow:

- According to the Audit, utilization data indicates that MTS could improve workforce diversity in some job categories. Agreed.
 - We can always improve but it is also important to take stock in our successes. There are seven workforce categories, MCTS is meeting goals for diversity in 7 of 7 categories, and meeting goals for female employment in 5 of 7 categories¹.
- According to the Audit, perceptions about workforce diversity could be addressed more effectively. Agreed.
 - Perceptions based on allegations, like rumors, can be hard to rebut but more consistent communication from Human Resources can help to further decrease the very small numbers of employees with complaints.
- According to the Audit, MTS' commitment to diversity needs to be clarified in hiring, promotion, and separation procedures. Agreed.
 - MCTS hires over a hundred employees each year, with the majority being minorities and females.² A barrier to hiring professionals, officials and administrators has been compensation; minority and non-minority candidates alike under consideration for leadership roles, have declared an ability to secure higher salaries elsewhere. Faced with this reality, MCTS has made progress in creating opportunities for future leaders amongst the ranks of minority middle-managers. Creating a mentoring program, as recommended by the Audit, will also improve the potential for promotional opportunities from within as an alternative to competing in the open market.
- According to the Audit, accountability for review of complaints could be enhanced. Agreed.
 - A lack of documentation about proper file organization and record storage resulted in the co-mingling of internal/external complaint files from about seven employees, who altogether were responsible for about half of all internal complaints.³ MCTS can do better with its recordkeeping, especially for those individuals that repeatedly file complaints. Creating a highly organized, and well documented, system for managing complaints will be a key responsibility of the incoming MCTS EEO Officer.

¹ MCTS Workforce Diversity Audit, June 2017, pages 2 and 3: Concentration based on 2-Standard Deviation Rule

² MCTS Workforce Diversity Audit, June 2017, page 4: Bus operators represent 78 percent of the employees hired, which are mostly minorities and female.

³ MCTS Workforce Diversity Audit, June 2017, page 5: Forty-five cases involved 7 people.

- According to the Audit, efforts are needed to ensure that MTS pay equal salaries to minorities and females in similar positions. Agreed. MCTS's performance in this category is strong.
 - There are 15 different pay range categories in which the high end of the range can be as much as 40% higher than the low end of the range.⁴ MCTS is sensitive to matters of equal pay and base employee salaries on compensation analyses. One of the many responsibilities of the new EEO Officer will be to monitor compensation to help ensure equity goals are met, and that any perception of inequity is closely reviewed.
- According to the Audit, MTS should address compliance with previous and amended EEO Program Requirements. Agreed.
 - In FY 2017, MCTS will continue to comply with the old FTA EEO Circular (4704.1). Beginning in FY 2018, the FTA wants transit systems to comply with the new EEO Circular (4704.1A), which MCTS will closely follow with the assistance of the new MCTS EEO Officer.

Audit Recommendations

A project planning and monitoring tool has been developed to ensure that an action plan is prepared for each recommendation so that responsible individuals can be identified along with time -frames for completion. Of the 25 audit recommendations, 15 mirror requirements of the FTA identified in its EEO Circulars that MCTS is in compliance with, they include: Recommendations #1, #2 and #3 can be found in FTA Circular 4704.1A, Section 2.2.7; Recommendations #4 and #5 can be found in FTA Circular 4704.1A, Section 1.6; Recommendations #7, #9, #11, #20, #23 and #24 can be found in FTA Circular 4704.1A, Section 2.2.6; Recommendations #18 and #25 can be found in FTA Circular 4704.1A, section 2.2.3; Recommendation #21 can be found in FTA Circular 4704.1A, Section 1.3; and Recommendation #22 can be found in FTA Circular 4704.1A, Appendix 6.

As indicated above, MCTS has a strong record of compliance with FTA requirements and will ensure that all audit recommendations are adhered to. Recommendations that are not specifically included in FTA requirements follow, along with our initial approach to making the desired improvements. MCTS is committed to working with the Audit Department to refine the approach to each recommendation collaboratively, if necessary, to successfully closeout the audit.

Recommendation #6

Recruit, hire, and promote with EEO principles in mind, by implementing practices designed to widen and diversify the pool of candidates.

Recruitment efforts will identify a diverse pool of candidates for all positions, but especially for those more difficult to recruit positions and job categories where EEO goals are unmet.

⁴ MCTS Workforce Diversity Audit, June 2017, page 82: MTS practice indicates that non-represented new employees and existing employees that enter a new job group "generally" will be compensated at the lower end of the pay range.

Recommendation #8

Ensure selection criteria do not disproportionately exclude certain racial groups unless the criteria are valid predictors of successful job performance and meet the employer's business needs.

MCTS will review its position description criteria to ensure that job duties are aligned with educational requirements necessary for outcomes so as to not unintentionally bias the recruitment, promotional or internal transfer opportunities for any minority or racial groups.

Recommendation #10

Make employment decisions in a transparent manner and document them.

MCTS will ensure that employment decisions are documented in employee files and that clear policies pertaining to employment practices are publicly available and readily accessible to all.

Recommendation #12

We recommend that MTS follow the U.S. Equal Employment Opportunity Commission's (EEOC's) recruitment best practices related to job descriptions.

MCTS Human Resources Department will review the best practices, and incorporate changes to job descriptions as needed to address gaps.

Recommendation #13

Eliminate promotional practices that reduce the applicant pool of qualified minorities, women and other members of protected classes from applying for advancement opportunities and to "Make sure promotion criteria are made known, and that job openings are communicated to all eligible employees."

Policies and procedures will be revised to require all promotional criteria and job openings are communicated to all eligible employees and that they do not reduce the applicant pool of women, minorities and other members of protected classes.

Recommendation #14

Develop clear policies and procedures for promotional practices, as identified with new hires, including specific guidelines on when the positions are a title change no salary increase, title change with a salary increase, and/or promotions, etc. to eliminate confusion, misinformation, and allegations of unfair or inconsistent promotional opportunities for all qualified individuals.

Policies will be revised to reflect employment status changes including title changes with or without salary changes as well as promotions and will be widely distributed to all staff and made available to new hires.

Recommendation #15

We recommend that MTS develop policies and procedures to address demotions.

In response to this recommendation, a policy and procedure for demotions has already been developed.

Recommendation #16

Provide all employees who voluntarily terminate their employment the opportunity of participating in an exit interview.

All voluntary terminations will be provided an opportunity to participate in an exit interview and the feedback will be shared with MCTS leadership on a regular basis.

Recommendation #17

Establish a safe and secure location to file and store confidential internal and external complaints, to protect the privacy of the workers involved, and to create a system that will track and identify lost or misplaced documents.

A safe a secure location will be identified to store confidential internal and external complaints and MCTS will explore use of electronic storage for these files that allows for secure access and tracking of the data for reporting purposes.

Recommendation #19

Create a confidential hotline to empower employees by allowing them an opportunity to report wrongdoing (fraud, waste, and abuse) in the organization without using the internal complaint process.

MCTS adopted the Milwaukee County Audit Services Division Fraud Hotline in 2015. An Audit Department Investigator addressed Management personnel at a monthly staff meeting two years ago, and an article was included in the Company's quarterly publication for all employees informing them of the Hotline phone number, email address, FAX number, and mailing address. This information will be reviewed, updated and posted on all employee bulletin boards to reinforce our commitment to identifying and eliminating fraud, waste and abuse.

Conclusion


The intent of this response was four-fold:

- a) Acknowledge Agreement with the Audit Recommendations
- b) Prove Transit has the ability and commitment necessary to make change and improve
- c) Assure the Audit Department that our established record of FTA Compliance will continue
- d) Demonstrate a proactive approach to addressing Audit Recommendations, the most critical of which is establishing a position specific to EEO activities unencumbered by the distractions of collateral responsibilities

In closing, MCTS appreciates the efforts of the County Audit Department and is confident that their recommendations will assist our organization in improving.



Daniel A. Boehm
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Brian Dranzik
Director of Transportation, Milwaukee County