



Finance Department

David P. Schmiedicke, Finance Director

City-County Building, Room 406
210 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53703
Phone (608) 266-4671
Fax (608) 267-8705
finance@cityofmadison.com
www.cityofmadison.com/finance

MEMORANDUM

TO: Mayor Soglin and Finance Committee Members

FROM: David Schmiedicke, City Finance Director

DATE: January 29, 2018

RE: Ordinance 3.54(6)(c)4 – Compensation of Managerial Employees

Ordinance 3.54(6)(c)4 requires the City Finance Director to calculate the maximum amount for salary adjustments for managerial employees. The amount is based upon the estimated percent increase associated with longevity and step increases for all employees combined with the percent increase granted to non-represented employees. The combined percentage is multiplied by the total annual salaries of managerial employees to generate a maximum amount for salary adjustments that can be provided to those employees. For 2018, the percentage increase is 2.31% and the maximum adjustment is \$74,755.

Calculations

Of the 2,796 eligible City employees, 718 will receive step increases in 2018. Each step increase averages approximately 4% of base pay.

Of the 2,796 eligible City employees, 706 will receive longevity increases in 2018. Those increases average approximately 1.44% of base pay.

The 2018 total wage base for those 2,796 employees is \$179,843,240. Therefore:

The 2018 step increases are valued at	\$1,744,789
The 2018 longevity increases are valued at:	<u>619,303</u>
Total value of steps and longevity increases is:	<u>\$2,364,091</u>

The value of these step and longevity increases (\$2,364,091) divided by \$179,843,240 equals 1.31%. The percentage salary increase granted to non-represented employees in Compensation Group 18 for 2018 is 1.00%.

The total percentage available for 2018 salary adjustments for managerial employees, then, is 2.31%, retroactive to the effective date of the Compensation Group 18 pay increases. The total current salary of managerial employees eligible for an increase is \$3,236,154. The maximum amount for salary adjustments pursuant to the referenced ordinances, therefore, is \$74,755.

CC: Common Council