



Scott Walker, Governor

Gregory L. Gracz, Director

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June 25, 2013

Co-Chairpersons and Members of the
Joint Committee on Employment Relations
Room 113 South, State Capitol
Madison, WI 53703

Dear Co-Chairpersons and Committee Members:

In accordance with s. 230.12, Wis. Stats., I am submitting for your approval the 2013-2015 Compensation Plan with an effective date of June 30, 2013. The Compensation Plan includes pay and benefit administration for all nonrepresented and represented classified positions, except those in the public safety bargaining unit, and the following unclassified positions: elective offices, appointive executive salary group (ESG) positions, and certain non-ESG positions in the executive branch. It also includes general wage adjustment provisions applying to all of the above, except for those bargaining units that are certified at the time of the adjustment and, therefore, eligible to negotiate base wages.

The following represents a brief overview of the most significant recommendations being submitted for your consideration, with Attachment A providing a brief summary of all the substantive changes proposed. The full text of the proposal is also provided, with changes noted by underscoring and strike-through as appropriate, in Attachment B.

1. **General Wage Adjustments:** There will be a General Wage Adjustment of 1.0% in each fiscal year for covered employees, except those attorneys who will receive progression adjustments according to s. 230.12 (10) to (12), Wis. Stats., or Section C of the Plan. There is also an additional increase of up to \$0.25 per hour in fiscal year 2013-2014 for those employees whose base pay rates are below \$15.00 per hour.
2. **Market/Parity Increases:** The Plan provides for market and parity increases funded by agencies related to classification surveys and unique labor market issues. Market and parity increases funded by the Compensation Reserve are also provided in fiscal year 2014-2015 for classifications with recruitment and retention issues.
3. **Other Agency Funded Changes:** Three new add-ons are provided in the Plan, one is deleted, and various changes are made to amounts and language for other supplemental pay. Three progressions are added, including an Attorney progression provided in the budget bill. The progressions for various "lettered" classifications have been removed because they are being replaced by reclassification or the classifications are being collapsed to a single level. We have also created a pilot add-on that allows OSER to approve a temporary add-on for very unusual and/or immediate problems until the issues have been resolved or the add-on can be made permanent by the Committee.
4. **New Unclassified Positions:** Included for your approval is the recommended ESG level of three division administrator positions in the Department of Administration, all at the ESG 3 level.

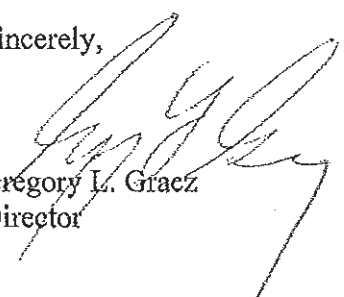
5. **Pay Administration Provisions:** Several classifications are moved to new broadband pay schedules and their pay administration will now be covered by Section I of the Compensation Plan. Those classifications remaining in non-broadband pay schedules will be covered by new pay administration provisions found in Sections C and E. The new language should be easier to administer, and provide more consistency and flexibility in setting pay upon appointment.
6. **Travel Reimbursement:** Meal reimbursements are increased slightly and minor language revisions are provided for consistency and clarity.
7. **Discretionary Merit Compensation:** Discretionary Merit Compensation (DMC) is expanded to allow classified employees in non-broadband classifications to receive base pay increases. Discretionary Equity or Retention Adjustments (DERA) are removed from DMC and moved to Section I of the Plan. Attorneys who will be eligible to receive progression adjustments according to s. 230.12 (10) to (12), Wis. Stats., or Section C of the Plan, will not be eligible for DMC or DERA.
8. **Pay Schedules:** As mentioned above, several classifications are being moved to new broadband pay schedules. In addition, most pay ranges were adjusted by the GWAs, and several non-broadband pay ranges have their maximums adjusted to provide consistency across counterpart ranges. Furthermore, new ranges are created in fiscal year 2014-2015 for Information System classifications.

It is estimated that the 2013-2015 biennial cost of wage increases will be \$95,550,222, all funds with fringe. The General Purpose Revenue portion is approximately \$45,698,324, with fringe. Of the totals, UW classified employees account for \$23,075,418 all funds with fringe, and \$9,460,921 General Purpose Revenue with fringe. Attachment C provides detailed non-UW and UW costing sheets.

In addition, I request that the Committee sponsor the attached draft bill as a companion bill to the Plan. Reasons for the statutory changes are provided in the Legislative Reference Bureau Analysis of the bill.

I recommend the Committee approve the attached 2013-2015 Compensation Plan and sponsor the companion bill as proposed. I look forward to responding to any questions the Committee or its staff may have about these recommendations.

Sincerely,



Gregory L. Gracz
Director

Attachments: Attachment A: Summary of Changes
Attachment B: 2013-2015 Compensation Plan
Attachment C: 2013-2015 Compensation Plan Cost Estimate
Draft 2013 Bill LRB-1662/1