

Compensation Plan Media Briefing

This morning OSER submitted a proposed Compensation Plan to the Joint Committee on Employment Relations (JCOER). Since taking office the Governor's intent has been clear. As part of an effort to balance the state's budget he believed government employees should contribute more toward their own health care and retirement benefits. However, the Governor does not support additional compensation or benefit cuts and, in the middle of a slower than expected economic recovery, Governor Walker does not support furloughs or layoffs. The proposed Compensation Plan combined with the steps the Governor has already taken in the areas of employee contributions to health insurance and retirement make great strides towards meeting the Governor's declared goals of reforming state employee pay and benefits.

1. Implement reforms that require state employees to pay a little more for their pension and health care benefits.

Clearly, 2011 Wisconsin Act 10 addressed the first component of this direction. By requiring State employees to pay a little more for their health insurance and a little more towards their pension, we will achieve over \$600 million in savings (all funds) over the biennium.

2. Avoid layoffs and eliminate furloughs.

Furloughs have been eliminated and have not been reinstated to address the current lapse requirements nor do we anticipate using them to address future state agency budget reductions. The passage of 2011 Wisconsin Act 10 allowed the State to avoid having to lay off thousands of state employees, unlike many states across the nation. In addressing the current lapse challenge, the Governor has specifically directed agencies to avoid layoffs.

3. Create a Compensation Plan that maintains state employees' base pay and earned benefits.

Items like base pay, vacation, holidays, sick leave, and sick leave conversion credits remain largely unchanged. The vast majority of add-ons and differentials that were in the prior Compensation Plan for nonrepresented employees, as well as those that were included in the various union contracts, for the most part remain the same.

What might be most newsworthy is not what has changed but what has not – a solid, competitive pay and benefit package for hardworking employees of the State of Wisconsin. There should be no surprises here. The Governor values the hard work of state employees and believes they should be paid fairly and competitively. This proposed Plan ensures that they are.

4. The State will implement Discretionary Merit Compensation (DMC)

Until its suspension in 2008, the State of Wisconsin had in place a provision for providing pay adjustments for employees. However, in many cases employers were prohibited by contract from considering performance or merit in these awards. A DMC system will allow managers to recognize and reward state employees for meritorious performance.

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5. Provide management with the tools and ability to manage the workforce in meeting our obligations to the citizens of Wisconsin.

As pointed out in the Waste, Fraud and Abuse Commission report, overtime practices and contract provisions unnecessarily cost Wisconsin taxpayers millions. Reforms that allow managers to schedule overtime in a rational manner and compensating employees for those additional hours pursuant to the US Department of Labor's Fair Labor Standards Act (FLSA) will allow the State to achieve nearly \$5 million a year in savings at the Department of Corrections alone. Further, it will spread the opportunity, or burden, of overtime over the workforce in a more equitable fashion. The ability to call in sick for a regular shift then work the very next shift at overtime rates will end. This is just one example of how providing managers with the tools they need to manage will benefit Wisconsin taxpayers while treating state employees in a professional manner.

6. Address legitimate compensation issues but eliminate those that simply made no sense.

Certain add-ons and differentials are included as part of the compensation package to ensure the State's ability to compete in the market for qualified employees. Individuals who work the night shift or the weekend typically are paid more for working those hours – few would question that practice and the proposed Compensation Plan retains these provisions. Being competitive in the labor market makes sense. There may be better ways to accomplish the same goal than the methods used in this Compensation Plan – and we will explore them – but the goal of providing a logical, competitive pay and benefit package will remain.

However, not all such provisions in the prior Plan or contracts meet that “logical” standard. Let me point out a few:

- Paying an extra \$4/day to reimburse for a bag lunch when an employee is not relieved for a meal period is not what most employees would expect in today's work environment.
- In this age of cell phones, paying someone extra to carry a beeper doesn't make sense.
- Paying an extra per-hour add-on for employees who obtain a certificate for something that may be totally unrelated to their work does not provide value to taxpayers.
- The vast majority of private and public sector workers understand that helping train new employees is simply part of the job. For that reason, we believe that paying a select group an extra \$1/hour for mentoring another employee is completely inappropriate.

I would also like to address a few myths I anticipate might crop up. Some might say the new Plan prevents employees from being involved in any charitable efforts or receive

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training since such activities are no longer covered by collective bargaining agreements. That's simply not the case. As with most other organizations, we will encourage our employees to participate but provide management discretion in when and where that occurs so as to effectively manage the workforce. Like any employer, an involved, motivated, skilled workforce is the key to meeting our customers' needs – the needs of the citizens of this State. What *will* change is management will have the ability to direct scheduling to ensure these activities provides value to the employee and the taxpayers.

Let me be clear. The people who serve in state government are hardworking, dedicated, highly skilled individuals that deserve to be paid fairly and provided the respect they deserve for the great value they add to this State. They are family members, friends, and neighbors. Just as many in the private sector have faced challenges in recent times, public sector employees are facing them as well. While we face shared pain, we all look forward to participating in the shared gain of a robust Wisconsin economy.

In making these needed reforms, we have crafted a plan that will allow the State to attract and retain the skilled and dedicated workforce our citizens require, reward excellence, and provide management the tools necessary to meet the State's objectives in the most effective and efficient manner possible.

This is a process. First, JCOER's approval of the Plan OSER submitted must be secured. We requested that any vote on the Plan take place no sooner than ten days from today so members of that Committee have ample time to gather public input. It is our desire that OSER implement this Plan effective at the start of calendar year 2012. This will provide ample time for state agencies to communicate the provisions of the Plan to their employees and to educate them on how the management tools will be utilized, as well as discuss the impact of new policies on employees' day to day activities. Once implemented, this Plan will provide the cost-savings, equity, and efficiencies required to operate state government going forward.

More information is available at <http://oser.state.wi.us/>

Direct all media inquiries to Tim Lundquist at the Department of Administration via the media line at 608-266-7362 or by email at DOACommunications@wisconsin.gov.