



CITY OF MANITOWOC

WISCONSIN, USA

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DATE: November 6, 2023
TO: Personnel Committee
FROM: Jessie Lillibridge, HR Director
RE: 2024 Compensation Increases - Request to deviate from Policy

As reported in the October 2023 HR Update, the Annual Wage Survey data was recently received from Carlson Dettmann. The City of Manitowoc uses data from this survey each year for two things related to employee compensation:

1. Annual increase to the 5-Year Rate (midpoint) of the City of Manitowoc Compensation Structure (attached). This ensures that the compensation plan and hire rates remain competitive; and
2. Annual pay increases for employees who are at, or above, the midpoint and new hires, as long as employees receive a successful performance evaluation rating.

This year, those rates were reported as follows:

	Comp Structure Increase	Employee Annual Pay Increase*
Exempt	2.78%	2.78%
Non-Exempt	2.98%	2.98%

*Pay increases for employees who are at, or above, the 5-Year Rate and employees hired in the last 6 months of the year.

For reference, employees that are below the midpoint and have successful performance receive a fixed 2.5% pay increase. The goal of the annual fixed increase is to get employees to the midpoint quicker. In the event that the rates from Carlson Dettmann are more than 2.5% (as is the case this year), the Employee Policy Manual (EPM) allows for Council to adjust the increase for those below midpoint, so these employees do not fall farther behind the midpoint or other employees.

Due to the volatile financial and labor market, the rate received from Carlson Dettmann was higher than 2.5% this year. Since 2019, the increase has ranged anywhere from 1.75%-2.35%.

Typically, the compensation plan would be adjusted and pay increases would be recommended based on the report results. However, this year, the process needs further evaluation and discussion before moving forward.

HUMAN RESOURCES

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With the City budget challenges this year, the Mayor has recommended a 2.5% increase in pay for all employees, and a 2.5% increase to the compensation structure. As a reminder, based on the data received this year, policy dictates that the compensation structure and pay increases for employees at, or above, midpoint be increased 2.78%/2.98%.

Since the Mayor's recommendation is a deviation from the policy, Council approval is needed.

In summary, there are two options:

1. Increase the 5-Year Rate (midpoint) by 2.78/2.98% and authorize 2.78/2.98% pay increases as dictated by current policy. Note: if this is the agreed-upon option, the recommendation would be to also increase the 2.5% for employees below midpoint to 2.78% (exempt) and 2.98% (non-exempt).
2. Approve a deviation from the policy and increase the 5-Year Rate (midpoint) by 2.5% and authorize across-the-board 2.5% increases for all non-represented employees.

The cost of option #1 approximately \$47,034 more than option #2.

Thank you.

Attachment