

Fiscal Year 2003 Employee Compensation Package

The Personnel Department staffed a cross-departmental committee, which recently completed a citywide Clerical Classification Study. The study resulted in a number of updated classifications and salary ranges. This study was the first since 1988 to review the entire ladder of administrative support positions. The committee's recommendations were ultimately reviewed and negotiated with the Modesto City Employees Association. Final recommendations went to the City Council in May 2002, for approval of seven new job classifications with their corresponding salary ranges. Salary adjustments were made and the 2003 fiscal year budget has been revised to reflect these changes.

On an annual basis, the City Council authorizes salary and benefit changes for approximately 245 unrepresented Management and Confidential employees. Changes for FY03 included a 4% across-the-board salary increase, coupled with slightly greater increases for sworn Police and Fire managers. This benefits package also included introduction of a 401(a) Deferred Compensation plan, effective in January 2003, for Executives and sworn Managers.

In September 2002, the City formally recognized a new employee group, the Modesto Confidential and Management Association, as the exclusive representative of a new bargaining unit. This unit includes approximately 200 employees who were previously unrepresented. The City entered into labor negotiations with this Association in October 2002.

The FY03 budget also reflects additional salary increases and increases in the City's contribution to employees' health premiums, which were previously negotiated or authorized as part of multi-year packages.

In the area of retirement funding, the City's implementation of the 3% @ 50 retirement benefit for sworn Police and Fire employees coupled with poor investment earnings in the retirement system, will shortly begin impacting the City's contribution rate. PERS (Public Employees' Retirement System) indicates that we can expect a 2% - 4% rate increase in the City's Safety Plan for FY04 and significantly greater rate increases for FY05. The PERS Miscellaneous Plan (covering all non-sworn employees) currently has sufficient excess funds to forestall a rate increase in FY04 and possibly in FY05, assuming no change in the benefit formula.