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Date: August 5, 2013
To: **Mayor and Council**
FROM: Robert W. Bruschi
SUBJECT: Salary Increases

One of the most difficult tasks that we have had to undertake this year was to develop a salary and wage plan that would integrate the two workforces together. Prior to consolidation the most contentious issue was that of the various personnel related matters. Whether it was the discussion on benefits, organizational structure, reduction in force or compensation in general it was stressful on all of the employees.

The single most difficult obstacle we have had to overcome was spelled out in a lone sentence in all of the many consolidation documents and that sentence referred to harmonization of salaries. The intent of that language was to point out that there were salary discrepancies and that for the purposes of planning and possible budget implications the illustration called for harmonizing all salaries up. In some cases this caused an expectation that has proven impossible to achieve.

That being said the administration attempted to be cognizant of three very specific guiding factors during this process:

- Work within a framework of available funding
- Choosing to harmonize up and not to reduce any salaries to achieve the ultimate goal of harmonization.
 - This clearly would have been the least expensive method
- Accept that obtaining financial parity in most positions could not be achieved in a one-year adjustment.

We also had to look outside the framework of just harmonization and had to look at those individuals whose jobs markedly changed as a result of additional responsibility. It should be noted that this

doesn't necessarily mean that an employee's workload doubled. It is our belief that everyone's workload has changed. Certainly everyone's working lives changed with consolidation.

That brings us to the list that is before the governing body. There are about 180 individuals that are included within the Salary Resolution. Of that 180, 19 individuals are being "harmonized" to a certain extent. The total for the harmonization funding required for this is approximately \$98,484. The majority of the harmonization amount is going to the DPW foremen, who are individually getting a \$10,000 adjustment to close the gap from what is between \$10,000-\$18,000 differences.

There are 9 other employees who are being adjusted because of changes within the jobs, a need for a market adjustment and or modifications of job responsibilities. These range from \$1,000 to \$13,125. The total for these adjustments is \$45,551. The rightly 85% remaining will therefore receive the 1.75% across the board increase.

Setting salaries is not a perfect science. Administration utilized the previously noted guiding principles and then tried to balance other factors such as length of service to the community, the market conditions for positions keeping in mind the overall goal of consolidation, which was to save money not reallocate the savings. This last consideration clearly is tied to the issue of an unintended consequence of consolidation. In other words if it were not for the consolidation it is likely that these same employees would be receiving the annual adjustment with no consideration for harmonizing salaries. As an example the case of the DPW foreman positions had a significant salary differential. In fact this was the largest discrepancy of any two similar positions. It is relatively easy to understand part of the reason for the discrepancy which was a policy difference between the two communities. That being whether or not the employees qualify for overtime. In the Borough the foreman did qualify for OT and therefore their salaries were less. But their annual earnings were significantly impacted by their ability to earn overtime. In the former Township the foreman did not get overtime but their salary was significantly higher. So in this case we did look at the overtime earned in the past and tried to assess the opportunities going forward.

All employees have already begun to pay more for their health benefits as well as an increased contribution towards the state pension system. This continues to shift the burden from the Town to the employees. An employee that earns \$50,000 will get an increase of \$875.00. This same employee with family benefits will contribute an additional \$259 in benefits and \$69 in additional pension costs. I point all of this out because there is this continued shift towards the employees paying more.

Lastly, we also have to consider that while this is the single biggest group of employees we remain with two bargaining units that have to complete their negotiations. The first is the dispatchers union who are represented by the Teamsters. This contract is nearly complete and has only one significant issue remaining. Administration is hopeful that this will be brought to closure by the end of the summer. The last contract is that of the Public Works employees. This is another instance where there will be a need to harmonize salaries. It too will be difficult to accomplish what will be perceived by some as adequately addressing the issue of harmonization in a single fiscal year. I point this out only because administration is trying to be both realistic and fair to employees. It is important to be as consistent as

possible in trying to address these issues. We believe the recommendation is both consistent and fair given the parameters available to administration in which to handle this sensitive matter.

C: Kathy Monzo, Sandy Webb, Linda McDermott