



106 Washington Avenue, Oshkosh, Wisconsin 54901-4985

MEMORANDUM

DATE: December 10, 2020
TO: Oshkosh Public Library Board of Trustees
FROM: Jeff Gilderson-Duwe, Library Director
RE: 2021 OPL Pay Plan Options

Approval of the Library's employee pay plan for the coming year is a feature of each December meeting of the Oshkosh Public Library Board. This allows Library Administration to set each employee's salary rate and submit it to the City's Payroll Coordinator in time for implementation in the first pay period of the new year.

I am submitting two optional 2021 pay plans for the Board's consideration at its December 17, 2020 meeting.

Pay plan option #1 contains salary rates that are the same as those for 2020. In effect, this is the pay plan that was assumed in the 2021 budget approved by the Library Board earlier this year.

Pay plan option #2 contains salary rates that are increased by 2.5 percent across the board over 2020 rates. I submit this option because the Oshkosh Common Council, in its December 8, 2020 meeting, approved a 2.5 percent across the board salary rate increase for City employees not represented by unions. This Council decision does not extend to Library employees, because Wisconsin statutes give the Library Board administrative authority over their duties and compensation [Wis. Stat. 43.58(4)]. Approval of pay plan option #2 by the Library Board would maintain parity in salary rates between Library employees and City employees.

Since the 2021 budget process coincided with the City's contract negotiations with union-represented employees, it planned to propose parity between its represented and non-represented employees once contract terms had been settled. In the City's 2021 budget, it provided for a funding reserve to enable a salary rate increase for its non-represented employees. When the Council approved the 2021 property tax levy for the City, this budget reserve was included. Library Administration was not apprised of this plan – in fact, we did not learn of the City's intention until December 1, 2020. Thus, neither Library Administration nor the Library Board were able to plan to make a similar provision for its employees' 2021 salary rates.

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If the Library Board decides to approve option #2 for the 2021 pay plan, the effect will be to authorize an estimated additional \$68,000 in expenditures on salary and fringe benefits (i.e., federal Social Security and state retirement contributions by the Library that are calculated as a percentage of gross earnings). The previously approved 2021 budget authorized use of up to \$61,900 from the Library's undesignated fund balance for the purpose of funding retirement payout obligations to Library retirees for accrued but unused sick leave and vacation leave. Approval of pay plan option #2 would authorize a decrease of the Library's undesignated fund balance by as much as \$129,900.

As background, I remind the board that the undesignated fund balance is the accumulated amount of past years' budget surpluses. At the beginning of 2020, the undesignated fund balance stood at \$620,500. I also ask the board to remember that the amount estimated for retirement payouts in the approved 2021 budget (\$61,900) is an estimate based upon the assumption that every Library employee eligible to retire and receive payouts for accrued leave will do so. That is unlikely to happen.

I have informed the Oshkosh City Manager that pay plan option #2 is being submitted to the Library Board and that, if approved, will create a structural deficit that is likely to affect the Library Board's levy request for 2022. He has indicated his awareness of the situation.