

From: [Higgins, Sara](#) on behalf of [City Administrator's Office](#)
To: [City Administrator's Office](#)
Subject: Non-Union Employee FY27 Compensation
Date: Tuesday, May 19, 2026 3:13:04 PM

Dear Non-Union Employees,

Thank you for all that you are doing to serve Ann Arbor. Due to your efforts, we continue making progress on many fronts important to City leadership and the community while positioning the organization for long-term success.

FY27 Budget and Cost-of-Living Adjustment

Our approved FY27 budget includes a recommended 3% cost-of-living adjustment (COLA) for non-union employees. This COLA is separate from the ongoing compensation study and will be applied to base salary for all eligible non-union employees effective July 1, 2026.

Compensation Study Update

The City continues Phase II of the compensation study in partnership with Gallagher, focused on two key objectives: conducting a comprehensive internal equity review and developing compensation guidelines that provide greater transparency and consistency in how non-union employees progress through salary ranges.

The guidelines that have been developed and are currently under review will create a clearer roadmap for pay progression based on factors such as experience, tenure, education, certifications, and other job-related considerations. Our goal is to establish a compensation structure that is transparent, equitable, and aligned with the City's values.

The City is overlaying the proposed guidelines onto our current employee population to identify where compensation may not align with the recommended framework. Based on that analysis, recommendations are being developed for City leadership and the City Administrator regarding potential compensation corrections.

This process will not result in salary reductions. However, the study may identify situations where adjustments are recommended to align compensation with the new guidelines. Any potential increases would likely be implemented in phases and will depend on budget considerations and final leadership decisions.

Pending completion of leadership review and budget planning, the City anticipates beginning initial implementation and communication related to the new guidelines in late summer 2026.

Once the study is finalized and leadership has reviewed implementation options, we will communicate next steps and timelines transparently.

We appreciate your patience and professionalism throughout this process and remain committed to keeping you informed as this work progresses. Thank you for your continued service to the City of Ann Arbor.

Please contact your manager or HRSP with any questions.

Kindly,
Milton Dohoney Jr., City Administrator

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