

STATE OF MICHIGAN



Gretchen Whitmer, Governor

STATE OFFICERS COMPENSATION COMMISSION

CAPITOL COMMONS CENTER, P.O. BOX 30002, LANSING, MICHIGAN 48909

www.mi.gov/socc

May 30, 2019

Ms. Margaret O'Brien
Secretary of the Senate
State Capitol
110 S. Capitol Ave.
Lansing, MI 48933

Mr. Gary Randall
Clerk of the House
State Capitol
110 S. Capitol Ave.
Lansing, MI 48933

Ms. Tricia Foster, Director
Department of Technology,
Management & Budget
P.O. Box 30026 Lansing, MI
48909

As chair of the State Officers Compensation Commission, I hereby submit its 2019 report and determinations. Copies of the report are also being provided to the governor, lieutenant governor, justices, legislative leaders, attorney general, and secretary of state, in accordance with Public Act 357 of 1968.

The commission has unanimously asked that this transmittal emphasize its strong support of reform to the current constitutional system for setting elected officers' pay. The current system, combined with political realities, has resulted in two decades without a pay increase for these officials. This is untenable. The attached determination is for modest 5% increases in 2021 and 2022 for justices, who have not received a pay increase since 2002 and will soon earn less than judges on the Michigan Court of Appeals.

All commissioners strongly endorse the attached recommendation, urge its adoption by the legislature, and ask the legislature to consider constitutional reforms to this process.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Smalley".

Joseph Smalley
State Officers Compensation Commission

Attachment

cc: Governor Gretchen Whitmer; Lieutenant Governor Garlin Gilchrist II;
Chief Justice Bridget Mary McCormack;
Secretary of State Jocelyn Benson; Attorney General Dana Nessel;
Speaker of the House Lee Chatfield; House Minority Leader Christine Greig;
Senate Majority Leader Mike Shirkey; Senate Minority Leader Jim Ananich

State of Michigan



2019 Report of the State Officers Compensation Commission

Members: **Joseph Smalley, Chair**
(term expires 1/01/20)

Phyllis Browne
(term expires 1/01/22)

Dan DeGrow
(term expires 1/01/22)

James Hallan
(term expires 1/01/20)

Gerald Hildenbrand
(term expires 1/01/22)

Nancy Jenkins-Arno
(term expires 1/01/20)

Osama Siblani
(term expires 1/01/22)

Secretary: **Janine M. Winters, State Personnel Director**
(ex officio)

Executive Summary of 2019 SOCC Determinations

The following determinations of the 2019 State Officers Compensation Commission will become effective only if approved by a concurrent resolution adopted by a majority of both houses.

General Salary Adjustments: In recognition of the fact that justices have not had a pay increase since 2002 and to recognize the importance of these offices and the impact of attracting highly qualified individuals, the commission makes the following recommendations:

Effective 2021, justices' salaries would increase by 5%. Salaries for the offices of legislator, governor, lieutenant governor, attorney general, and secretary of state would be unchanged. The resulting salaries for 2021 would be:

Governor	\$159,300
Lt. Governor	\$111,510
Justice	\$172,841
Legislator	\$71,685
Attorney General	\$112,410
Secretary of State	\$112,410

Effective 2022, justices' salaries would increase by 5% and all other offices will continue unchanged:

Governor	\$159,300
Lt. Governor	\$111,510
Justice	\$181,483
Legislator	\$71,685
Attorney General	\$112,410
Secretary of State	\$112,410

Expense Allowances: The expense allowances for the governor, lieutenant governor, and legislators would remain at current levels:

	2021 Expense Allowance	2022 Expense Allowance
Governor	\$54,000	\$54,000
Lt. Governor	\$18,000	\$18,000
Legislator	\$10,800	\$10,800

Legislative Supplements: Supplemental salaries for legislative leadership would remain the same.

Leadership Position	2021 and 2022 Annual Supplement
Speaker of the House	\$24,300
Senate Majority Leader	\$23,400
Minority Leader	\$19,800
Majority Floor Leader	\$10,800
Minority Floor Leader	\$9,000
Appropriations Committee Chair	\$6,300
House Speaker Pro Tempore	\$4,962
Senate President Pro Tempore	\$4,962

Introduction

Meetings of the State Officers Compensation Commission (SOCC) were conducted to fulfill its constitutional mandate to make determinations for salaries and expense allowances of the legislature, governor, lieutenant governor, attorney general, secretary of state, and justices.

Enabling legislation permits the commission to meet for up to 15 session days after January 31 each odd-numbered year. SOCC determinations must be filed with both houses of the legislature and the director of the Department of Technology, Management and Budget by June 15.

SOCC determinations become the salaries and expense allowances only if approved by a concurrent resolution adopted by a majority of each house. The resolution may amend SOCC determinations to reduce the salary and expense allowance by the same proportion for all offices, but it cannot be amended to reduce the determinations below the amounts in place when the determinations were made. If approved by the legislature, salaries and expense allowances become effective for the legislative session after the next general election.

The commission's authority has been addressed by the attorney general and court decisions clarifying that the SOCC is limited to determining salaries and expense allowances. It has no authority to determine other fringe benefits, but it may consider the value of such benefits in considering compensation adjustments. Expense allowances determinable by the commission have been defined to mean normal, reimbursable personal expenses such as food, lodging, and travel costs incurred by the officer in carrying out the responsibilities of state office.

Criteria historically used by the SOCC in its determinations include the jobs' responsibility levels, the compensation's effectiveness to attract individuals with the education and experience required, comparison with similar positions in other states and with positions of similar responsibility in the private and public sectors, the public sentiment, the financial condition of the state and outlook for the state's economy, and the cost of living.

2019 Process and Determinations

The 2019 State Officers Compensation Commission held its first meeting on April 16, 2019 in Lansing. Chair Joseph Smalley called the meeting to order.

The commission received testimony on Michigan's economic forecast from Eric Bussis from the Department of Treasury and Terese Walsh from the State Budget Office. The presentation highlighted positive economic trends, including modest continued economic growth. National real GDP showed a 2.2% growth rate in the fourth quarter of 2018, and unemployment in Michigan has dropped from 14.6% in 2009 to 4.0% in 2019. Additionally, per capita personal income has shown good annual growth rates of around 3.4% since 2014. Key areas of focus for next year's budget, including infrastructure and educational funding, were highlighted. The budget is structurally balanced with ongoing costs limited to ongoing revenue.

The commission was briefed by staff on the SOCC process and on a salary and benefits survey with comparative information on salary levels and benefits of the Michigan officials to counterparts in other states. The survey included data on the national ranking of salaries for Michigan's governor (12th), lieutenant governor (18th), justices (35th), legislators (4th), attorney general (36th), and secretary of state (18th).

No interested parties requested to address the commission, although correspondence from Chief Justice Bridget McCormack asked the commission to again address a 19-year pay freeze for justices. The chief justice noted the effect of inflation on salaries over this period, cost-of-living increases received by state employees and other judges over this period, and political problems that have prevented any response to several previous recommendations of the commission to increase judicial pay rates.

In 2011, the commission recommended a 3% increase for justices in 2013 and another 3% increase in 2014. In 2013, the commission recommended a 3% increase for justices in 2015. In 2015, the commission recommended a 3% increase for justices in 2017 and another 3% increase in 2018. In 2017, the commission recommended a 10% increase for justices, along with all other elected officials except legislators, in 2019. The legislature has not acted on any of these recommendations.

After a brief discussion of the political realities that have resulted in the legislature failing to consider the last several commission determinations, commissioners asked staff to clarify their ability to structure recommendations to increase opportunities for legislative adoption. Staff summarized constitutional and statutory language but indicated that legal advice would need to come from the attorney general. By unanimously adopted motion, the commission authorized staff to request clarification from the attorney general on its authority to make split determinations that the legislature could adopt in part or modify. The meeting was then adjourned.

The commission received division-level advice indicating that while the commission could structure its determinations between years and officers as it saw fit, any action by the legislature adopting or modifying the determinations would need to either adopt the entire proposal or implement any modification of recommended increases in a way that affected all offices equally and proportionally.

The second and final meeting of the 2019 SOCC was held in Lansing on May 30, 2019. After approval of the agenda and the April 16, 2019 meeting minutes, the commission resumed deliberations.

After discussion of political and legal constraints on the adoption of its determinations, the commission considered a motion to award a 5% increase for justices for both 2021 and 2022. No changes to compensation for the other officers were proposed.

Commissioners discussed a desire for the chair to highlight commissioners' unanimous concerns about the current process in the transmittal letter for the determination to the legislature.

The commission unanimously adopted this determination.