

**2000 DETERMINATIONS OF THE STATE  
OFFICERS COMPENSATION COMMISSION  
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### **Introduction**

Pursuant to the Michigan Constitution and State law, on December 7, 2000, the State Officers Compensation Commission (SOCC) made determinations for 2001 and 2002 regarding salaries and expense allowances of the Governor, Lieutenant Governor, Justices of the Supreme Court, and Legislators. Public comment regarding SOCC hearings increased after the news media reported on the level of proposed increases that the SOCC was considering. In 1998 the SOCC received a total of 13 telephone calls and items of correspondence. During the SOCC deliberations for 2000, 171 telephone calls, 116 e-mail communications, and three letters were received. This article provides an overview of the 2000 determinations by the SOCC and an analysis of the impact that the SOCC has had on elected officials' salaries since its inception in 1968.

### **Background**

Article 4, Section 12 of the Michigan Constitution created the SOCC to determine the salaries and expense allowances of members of the Legislature, the Governor, the Lieutenant Governor, and Justices of the Michigan Supreme Court. The provision was adopted by the voters in 1968 as an amendment to the Michigan Constitution of 1963. The amendment received 417,393 "yes" votes (54.6%) and 346,839 "no" votes (45.4%). The SOCC is composed of seven members appointed by the Governor. Senate confirmation is not required. The determinations of the SOCC become effective unless the Legislature, by concurrent resolution adopted by two-thirds of the members elected to and serving in each house of the Legislature, rejects them. The Constitution also requires the SOCC to meet every two years for no more than 15 session days.

Pursuant to Article 4, Section 12 of the Michigan Constitution, the Legislature enacted Public Act 357 of 1968. The Act assigned the SOCC to the Department of Civil Service for the purpose of administration, budgeting, procurement, and management functions. The Act also provides the following:

1. Members of the SOCC must be appointed to four-year terms and may not be reappointed.
2. The SOCC must meet for not more than 15 session days beginning after July 1 of every even-numbered year.
3. Members of the SOCC receive no compensation but are entitled to actual and necessary expenses.
4. Determinations of salaries and expense allowances must be made and filed after December 1 and before December 31 of each even-numbered year.
5. Determinations are effective January 1 of the year following their filing unless the Legislature, by a two-thirds vote of each house, rejects the entire determination or specific determinations for specific positions. The rejection must occur prior to February 1 of the year following the filing of the determinations. Existing salary and expense allowances prevail retroactive to January 1 if rejection occurs.

### **2000 SOCC Determinations**

Table 1 lists SOCC determinations by position. The SOCC tied its 2000 determinations to percentages of the Governor's salary as follows: Lieutenant Governor, 70%; Supreme Court Justices, 93%; and Legislators, 45%. While future Commissions are not bound by these percentages, they could establish a precedent for future SOCC determinations.

<b>Table 1</b>			
<b>2000 Determinations of the State Officers Compensation Commission</b>			
	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Salary</b>			
Governor .....	\$151,245	\$172,000	\$177,000
Percent Change .....		13.7%	2.9%
Lieutenant Governor .....	100,671	120,400	123,900
Percent Change .....		19.6	2.9
Supreme Court Justices .....	140,816	159,960	164,610
Percent Change .....		13.6	2.9
Legislators .....	56,981	77,400	79,650
Percent Change .....		35.8	2.9
<b>Expense Allowances</b>			
Governor .....	50,000	60,000	60,000
Percent Change .....		20.0	0.0
Lieutenant Governor .....	15,000	20,000	20,000
Percent Change .....		33.3	0.0
Legislators .....	10,000	12,000	12,000
Percent Change .....		20.0	0.0
<b>Legislative Supplemental Salaries</b>			
Speaker of the House .....	25,358	27,000	27,000
Percent Change .....		6.5	0.0
Senate Majority Leader .....	23,153	26,000	26,000
Percent Change .....		12.3	0.0
Minority Leaders .....	18,743	22,000	22,000
Percent Change .....		17.4	0.0
Majority Floor Leaders .....	11,025	12,000	12,000
Percent Change .....		8.8	0.0
Minority Floor Leaders .....	8,820	10,000	10,000
Percent Change .....		13.4	0.0
Appropriations Committee Chairs .....	5,513	7,000	7,000
Percent Change .....		27.0	0.0
Speaker Pro Tempore of the House .....	5,513	5,513	5,513
Percent Change .....		0.0	0.0
President Pro Tempore of the Senate .....	5,513	5,513	5,513
Percent Change .....		0.0	0.0

Source: 2000 Report of the State Officers Compensation Commission

Discussions on the Governor's salary centered on the position's responsibilities, and on the belief that this position should be the most highly compensated in comparison to other elected officials in Michigan. Comparisons to other salaries considered by the SOCC included: the Mayor of Detroit, \$176,176; Wayne County Executive, \$146,708; Oakland County Executive, \$140,000; State Superintendent of Public Instruction, \$145,000; six presidents of publicly funded universities in Michigan with salaries ranging from \$200,000 to \$310,000; and salaries for CEOs of the top 50 private companies in Michigan (the lowest salary being \$450,000). The SOCC also noted that the Governor's salary needed to be increased to enable the administration to offer appropriate compensation to other top level appointed positions in State government.

While the 1998 SOCC viewed the position of Lieutenant Governor as comparable to that of a Legislator, the 2000 SOCC viewed the position as one with more executive responsibilities. Along with being President of the Michigan Senate, it was noted that the Lieutenant Governor is the acting Governor when the Governor is out of the State, and also has various other responsibilities as assigned by the Governor.

The salary determinations for Legislators focused on the impact of term limits and the ability to attract candidates to run for legislative offices. The SOCC emphasized that these individuals are now required to leave their careers temporarily for public service. It was noted that Michigan Legislators' pay was 15.3% below the average pay for full-time legislators in six states included in the 2000 Salary and Benefits Survey Report prepared by the Department of Civil Service. Salaries of the Detroit City Council (\$81,312) and Wayne County Commissioners (\$60,498), as well as the change from defined benefit to defined contribution retirement for Legislators elected after March 30, 1997, also were mentioned as justifications for the size of the salary increase. Supplemental salaries for leadership positions were increased based on the additional responsibilities of those positions. The SOCC noted that adjustments for leadership positions have been infrequent. Prior to 1999, the last time supplemental salaries were increased was 1987.

For Supreme Court Justices' salaries, the SOCC took into consideration the 2000 Survey of Law Firm Economics. The SOCC stated that the average salary for partners in Michigan law firms was \$226,000. The Commissioners also noted that other judicial salaries are statutorily linked to the following percentages of a Supreme Court Justice's salary: Court of Appeals judge, 92%; Circuit Court judge, 85%; Probate Court judge, 85%; and District Court judge, 84%. The SOCC stated that candidates for judgeships must be experienced attorneys and that the proposed salaries would maintain the current salary differential between Justices and the Governor.

### **Historical Impact of SOCC Determinations**

The level of pay increases set by the SOCC for 34 years has varied over the years. While pay increases have exceeded inflation in certain years, those increases have not offset the years in which the SOCC determinations were below the level of inflation. Determinations by the SOCC in 1968 and 1972 provided for no salary increases and the Legislature rejected 1990 SOCC determinations for 1991 and 1992. The Detroit Consumer Price Index (CPI) for those years was as follows:

1969	6.0%	1974	10.8%
1970	6.2%	1991	3.5%
1973	6.4%	1992	2.1%

Figure 1 compares the growth in salaries set by the SOCC since its inception with the growth in the Detroit CPI. As shown in Figure 1, using 1969 as the base year, SOCC determinations have in general not kept pace with inflation. Even after increases recommended by the 2000 SOCC, salaries for the Governor and Supreme Court Justices are below the projected Detroit CPI growth from 1969 through 2002.

Salaries for other occupations also have grown at a higher rate compared with those of elected officials whose salaries are set by the SOCC. Table 2 lists percentage increases for certain jobs comparing 1969 with 2000. The

table includes salaries set by the SOCC, other statewide elected officials, State Civil Service pay for certain positions, national data on selected positions, and inflation.

Figure 1

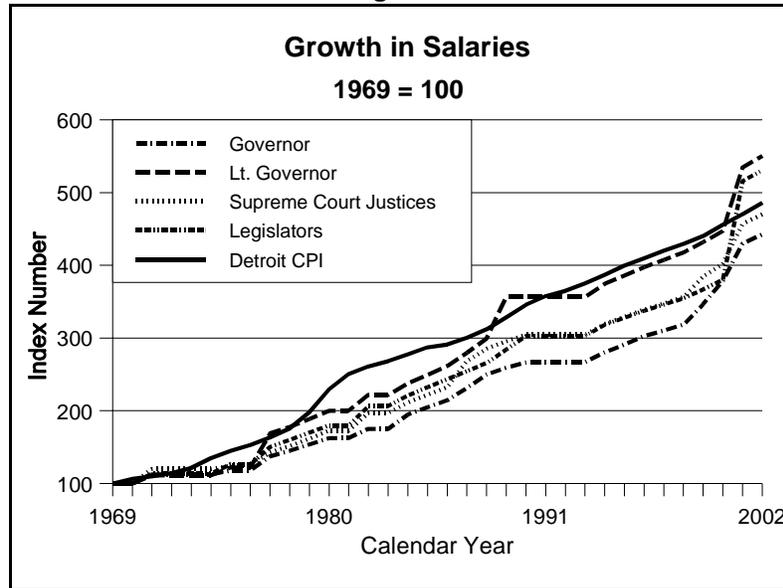


Table 2  
Percentage Change in Salaries  
1969 Compared with 2000

SOCC	Percent Change
Governor . . . . .	278.1%
Lt. Governor . . . . .	347.4
Supreme Court Justices . . . . .	302.3
Legislators . . . . .	279.9
<b>Other Elected Officials</b>	
Attorney General <sup>1)</sup> . . . . .	316.3
Secretary of State <sup>1)</sup> . . . . .	316.3
Mayor of Detroit . . . . .	402.8
<b>Civil Service Positions</b>	
Entry Level Attorney . . . . .	375.4
Entry Level Electrician . . . . .	380.0
<b>National Average Hourly Earnings<sup>2)</sup></b>	
Motor Vehicles/Equipment Manufacturing	376.1
Department Stores . . . . .	300.8
<b>Consumer Price Indexes<sup>3)</sup></b>	
Detroit CPI . . . . .	356.2
U.S. CPI . . . . .	369.2

<sup>1)</sup> Salary set by the Legislature once every four years pursuant to Article V, Section 23 of the Michigan Constitution.

<sup>2)</sup> Source: U.S. Department of Labor, Bureau of Labor Statistics.

<sup>3)</sup> CPI is based on SFA estimate for 2000.

## **Conclusion**

The 2000 SOCC provided increases based on the lack of inflationary adjustments in previous years, private sector growth in salaries, position responsibilities, and the impact of term limits. While the SOCC process has been criticized, SOCC determinations, measured since the inception of the SOCC through the 2000 determinations, generally have not resulted in salaries' growing at a rate that exceeded inflation or growth in other salaries.

## **Sources**

1. 2000 Report of the State Officers Compensation Commission.
2. 2000 Salary and Benefits Survey of the Offices of Governor, Lieutenant Governor, Supreme Court Justice, and Legislator, conducted for the State Officers Compensation Commission.
3. Compensation of Michigan Legislators, Legislative Service Bureau, October 1992.
4. U.S. Department of Labor, Bureau of Labor Statistics.
5. 2000 Survey of Law Firm Economics, Altman Weil Publications, Inc.
6. Michigan Municipal League Salary Survey.