

**Compensating Government Officials in Vermont:
A Report to the Legislature**

*Fulfilling the Requirements of
32 VSA Section 316*

January 15, 2004

Table of Contents

PREFACE	53
EXECUTIVE SUMMARY	55
I. Introduction	57
II. The Compensation of Vermont’s Legislators	59
A. The Recent History of Legislative Salaries and Covered Expenses	60
B. Current Legislative Salaries and Covered Expenses	60
C. Changing How Legislative Compensation is Determined	61
D. Recommendations for Compensation for Legislative Branch Service	64
III. Secretary, Commissioner and Director Compensation in the Executive Branch	65
A. Background and Overview of Compensation in Executive Branch Service	65
B. The Current State of Secretary and Commissioner Pay	66
C. Recommendations for Compensation in Executive Branch Service	72
IV. The Compensation for Selected Judicial Positions	74
A. Background and Overview of Compensation for Selected Judicial Positions	74
B. The Current State of Judicial Compensation Relative to Other States	74
C. The Current State of Judicial Compensation Relative to the Private Sector	74
D. Recommendations for compensation in Judicial Branch Service	76
V. SUMMARY	77
VI. APPENDICES	79
Appendix A VSA 32 Section 316. Commission on Compensation and Benefit for Governmental Service	
Appendix B Letter to define the scope of the study	
Appendix C Length of Legislative Session 1967 - 2003	
Appendix D Occupation of Legislators 1981-2002	
Appendix E Legislative Compensation: Comparison to Other States	
Appendix F Financial Impact of Legislative Recommendations	
Appendix G Agency and Department Comparison	
Appendix H Executive Compensation: Comparison to Other States	
Appendix I Financial Impact of Executive and Judicial Recommendations	
Appendix J Judicial Compensation: Comparison to Other States	

List of Tables

[Table #1– Vermont General Assembly Salary History Compared to the Private Sector Annual Average Wage](#)..... 63

[Table #2 – Comparison of Salary for Selected Appointed and Classified Positions](#) 69

PREFACE

In the spring of 2003, a series of discussions during the legislative session, on appropriate compensation for future legislatures, led to a request for a comprehensive study of compensation in the legislative, judicial and executive branch services to provide a baseline of data and related analysis for future action by the legislature.

Under the requirements of 32 VSA Section 316, The Snelling Center for Government was charged to:

Evaluate and recommend appropriate levels and methods of compensation and benefits for legislative branch service, executive branch service at the agency and department head level, and judicial branch service; evaluate and recommend methods and amounts of reimbursement for the reasonable costs of service, including costs of lodging, meals, and travel, and other costs relating to constituent service and communication; and evaluate and recommend any appropriate supplementary employment benefits such as coverage in medical and dental care plans and retirement programs.

The scope of this study was further defined in correspondence (dated September 5, 2003) with Senator Susan Bartlett, Chair, Senate Appropriations Committee, and Representative Richard Westman, Chair, House Appropriations Committee. As a result, the review was specifically directed at:

- Legislators,
- Executive branch positions identified in 32 VSA sec 1003 (b), and
- Judicial positions identified in 32 VSA sec 1003 (c).

The Snelling Center assigned responsibilities for conducting the study to Glenn McRae (Director of Public Policy Programs), Josh Henkin (a doctoral candidate at UVM who is employed as a Fellow at the Snelling Center), and Jan Eastman, the President of The Snelling Center. Richard Mallery, the Chairperson of the Snelling Center Board assisted in selecting and coordinating the activities of an Advisory Group that provided guidance for the study and its recommendations. This group included: Fred Allen, Tim O'Connor, J. Alvin Wakefield, William Schubart, Con Hogan, Ray Keyser, Jr. and Kathy Hoyt. Both William Russell and Steve Klein from Legislative Council and the Joint Fiscal Office were also invited to review materials and participate in meetings of the group.

As questions emerged during the study, the Center sent a brief questionnaire to all the members of the Vermont Legislature. The purpose of the inquiry was to help identify key legislative activities, both during and beyond the session, to frame the range and extent of current legislator responsibility, and to attempt to quantify the expenses related to legislative service. Just over 60 legislators responded to the survey.

In providing data for comparisons between Vermont and other states, the services of the Staffs at the Office of Personnel, State Archives and Vermont Department of Libraries were also extremely helpful in identifying information for the study. Finally, The Snelling Center retained the services of Frank Sadowski of Gallagher, Flynn & Co., LLP to provide further expertise on compensation comparisons and analysis.

The report that follows presents a full range of comparative information that was made available through the offices and resources at the Council of State Governments (their publication, *The Book of States*, was especially helpful), the National Conference of State Legislatures and

various state offices in the states we chose for comparison, New Hampshire, Maine, Massachusetts, Rhode Island, Connecticut, New York, Montana, North Dakota, and South Dakota.

Finally, recognizing that a number of studies, commissions and work had been conducted prior to this report, there has been an effort to review, and where appropriate to incorporate, the good work of previous efforts in the framing of questions, the background, the data, and the recommendations that are contained herein. This work includes the study report of the Legislative Council *Study of the Judicial Branch of State Government* (December 1966), the report of the Personnel Board on *Classification and Salary Adjustments for Vermont State Employees* (February 1967), the *Recommendations of the Legislative Improvements Study Committee* (January 1971), the interim report of the *Legislative Pay Board* (April 1973), the *Report of the Leadership Commission on Legislative Compensation and Benefits* (January 1988); *The Citizens' Commission on Legislative Compensation for Expenses* (March 1995); and the Business Roundtable report, *The Growing Crisis with Executive Pay in the Vermont State Government* (December 1999).

While many people assisted with the compilation of this report and its recommendations, the Snelling Center takes full responsibility for the data and assumptions used and the recommendations made.

Questions about this report can be addressed to:

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A full electronic copy of the report and supporting documentation can be found at the Center's web site: www.snellingcenter.org.

EXECUTIVE SUMMARY

In 2003, under the requirements of 32 VSA Section 316, The Snelling Center for Government was charged to: *Evaluate and recommend appropriate levels and methods of compensation and benefits for legislative branch service, executive branch service at the agency and department head level, and judicial branch service; evaluate and recommend methods and amounts of reimbursement for the reasonable costs of service, including costs of lodging, meals, and travel, and other costs relating to constituent service and communication; and evaluate and recommend any appropriate supplementary employment benefits such as coverage in medical and dental care plans and retirement programs.*

This study assumes that legislators, executive branch officials and judges are all engaged in public service and entitled to reasonable compensation. In Vermont, a number of commissions have considered legislative compensation, each one basing its assumptions on maintaining a citizen legislature that allows Vermonters from all walks of life to serve and maintain a level of compensation so that people are not unreasonably deterred from legislative service. Fewer actual studies of Vermont executive and judicial salaries have been reported. This current work assumes that compensation, both monetary and non-monetary, should be adequate to attract and retain capable people in government service and to remunerate them justly for their service. The level of compensation should not be so high as to attract people solely for the compensation, nor should it be so low that it would make public service too much of a sacrifice for worthy individuals.

To put this philosophy into practice, this report provides a series of recommendations targeted at each sector to make adjustments and set up a process for future adjustments that maintains compensation at levels to support this approach.

For legislative compensation, the report recommends tying compensation to the average wage of Vermonters in the private sector, a figure that is independently derived. It recommends that the compensation be adjusted regularly, consistent with this standard to maintain a fair level of compensation. In acknowledging that the business of the legislature requires longer legislative sessions, an increasing amount of work outside the session, and legislators incur costs outside of the session that are not otherwise reimbursed, it is recommended that this set salary be paid over the first 20 weeks of the year, and that an additional 6 weeks salary be paid out in equal installments over the rest of the year. Similarly, it is recommended that rates of reimbursement be set and adjusted yearly to the federal per diem rates determined by the U.S. General Services Administration. Finally, the report acknowledges that being able to maintain health insurance during the session is part of "fair and reasonable compensation."

In terms of executive compensation, this study confined its work to evaluating the positions of Secretary, Commissioner and certain Directors. The study concludes that a great deal of progress had been made in bringing up the rates of compensation for these positions to be competitive with similar positions in the private and nonprofit sectors. This report offers a series of recommendations to continue to adjust the system so that people willing to perform this public service should not be deterred by low rates of compensation. These recommendations include making small increases to the current bases for these positions and maintaining the Governor's authority to set actual salaries up to 50% above the base.

The study of compensation of the selected judicial positions covered in this report concludes that the existing system that sets compensation is generally working well. The goal of judicial compensation is to set the rates so that it will help ensure the independence of the judiciary, and will attract a sufficient and consistent pool of talented candidates, as positions become available.

To ensure that this system continues, annual adjustments should be made as a matter of regular fiscal policy and tied to the annual adjustments provided to other state employees. In addition, the compensation for comparable positions in Maine and New Hampshire should be monitored and used as a benchmark.

I. Introduction

How a government pays its employees and its legislators matters a great deal. In extreme situations around the world today, inadequate payment of government employees leads directly to bribery as a standard operating procedure. At the other extreme, the governments that have been called ‘kleptocracies’ have expanded their constitutionally- derived powers to amass great wealth and power for members of the ruling party.

Vermont does not have problems of this nature. However, there are on-going concerns about compensation that relate to the quality of our democracy and the effectiveness of government operations and programs. Questions that are commonly heard include:

Does our current level of legislative pay limit the type of people who can afford to serve to the wealthy, to those who have generous employers, to the retired, and to those willing to make great financial sacrifice? If so, can that be good for our democracy?

Creating public policy and managing public programs require significant expertise. Do our executive pay levels ensure that the government will be able to attract people with the ability required to do the work well?

We need good legal competence and experience in our judiciary to ensure that our court system works well. Are we able to attract and retain that level of ability from our legal community to the bench?

These questions reach to the heart of our system of government. Compensation is far from the only variable affecting leadership in every branch of government, but it is intimately tied to questions of effectiveness, openness, fairness and representation. Recognizing these relationships, in the FY 2004 budget the Snelling Center was asked to “evaluate and recommend appropriate levels and methods of compensation and benefits for legislative branch service, executive branch service at the agency and department head level, and judicial branch service...” This report responds to that request.

Section 33 of the Vermont Constitution provides that “... if any man is called to public service to the prejudice of his private affairs, he has a right to a reasonable compensation; and whenever an office through increase of fees or otherwise, becomes so profitable as to occasion many to apply for it, the profit ought to be lessened by the Legislature.”

We come to this study assuming that legislators, executive branch officials and judges are all engaged in public service and entitled to reasonable compensation. Many have studied this issue before us. In Vermont, a number of commissions have considered legislative compensation each one basing its assumptions on maintaining a citizen legislature that allows Vermonters from all walks of life to serve and maintain a level of compensation so that people are not deterred from legislative service. Fewer actual studies of Vermont executive and judicial salaries have been reported.

We began our work by agreeing in principle that compensation, both monetary and non-monetary, should be adequate to attract and retain capable people in government service and to remunerate them justly for their service. The level of compensation should not be so high as to attract people solely for the compensation, nor should it be so low that it would make public

service too much of a sacrifice for worthy individuals. We believe this principle satisfies the constitutional requirements of Section 33 and the principles outlined in earlier studies.

While all three branches of government face similar questions pertaining to how compensation affects the ability to attract and retain people with the expertise and interest needed to serve Vermont well, each branch has unique concerns. For this reason, the compensation issues of each branch are discussed separately in this report, and recommendations specific to each branch are offered.

II. The Compensation of Vermont's Legislators

We suspect that compensation for legislators has always been controversial. It is interesting to note that even the Vermont Constitution contains a basic policy statement on the matter. It does not elaborate on what “reasonable compensation” is, and this, of course, is the issue.

In 1987, the General Assembly created the Leadership Commission on Legislative Compensation and Benefits. The Commission was created, according to its report, in “response to a concern ...that the character of the General Assembly as a ‘citizen legislature’ may be threatened if the level of compensation and benefits is not adequate to allow working Vermonters to continue to serve...” Clearly the concerns expressed in 1987 continue today.

The Leadership Commission reported a clear policy on both legislative salaries and benefits as follows:

“The commission recommends that legislative salaries be fixed and adjusted periodically to remain at a level comparable to the average salary of Vermonters working in the private sector in the state.”

“The commission also recommends that benefits provided to legislators be increased and expanded so that the lack of a benefit package doesn’t discourage qualified people from serving in the General Assembly.”

Specifically, the commission recommended that members receive health insurance, partially subsidized by the state, a dental insurance plan, and a life insurance benefit. It also recommended that the Legislature explore ways to provide childcare to legislators in the future.

In 1994, the General Assembly appointed a Citizen’s Commission on Legislative Compensation for Expenses. In its 1995 report, the commission members described three principles that guided their recommendations:

“It is important for Vermont to maintain a legislature comprised of citizens representing many different income levels, occupations, and interests. To do this, the state must fairly reimburse people for the costs of legislative service so that no one is excluded from the legislature for this reason.”

“It is also important to provide reimbursement for all of the legitimate costs of legislative service, not just some of them. There are costs of legislative service in addition to living expenses that have heretofore not been reimbursed.”

“Finally, the public must be reassured that all reimbursement paid by state funds relate reasonably to the costs of legislative service. To provide this assurance, legitimate items of expense should be more clearly identified, the actual costs of these items must be more accurately determined, and that better public accounts be maintained.”

The commission then recommended changes to the levels of meals, lodging and mileage reimbursement. It also recommended an allowance to reimburse legislators for the direct costs of constituent services. And perhaps most important for the purposes of this report, the commission explicitly echoed the previous commission’s recommendation that legislative salaries should be at or very comparable to the average salary of Vermonters working in the private sector.

A. The Recent History of Legislative Salaries and Covered Expenses

Vermont continues to pride itself on our citizen legislature. Members take time away from their primary jobs/careers and serve out of a sense civic responsibility. We want to continue the tradition that Vermonters from all walks of life are able to participate in this aspect of our democratic process. Reasonable pay and benefits are necessary to maintain diverse representation among our legislators.

Two significant factors appear to strongly influence the ability of a wide range of citizens to participate as legislators. The first is the length of the legislative session. Today's legislators spend approximately 50% more time in Montpelier than their counterparts did in the 1970's. The increased amount of time, both in and out of session, makes it more difficult to undertake legislative service as a secondary job (Appendix C).

The impact is further seen in the types of occupations held by legislators in the past two decades. Only two occupational categories demonstrated an increase in numbers since 1981 (Appendix D). Those legislators categorized as "Business/Professional/Trade" now represent 66.67% vs. 38% just 10 years ago. This trend reinforces what legislators have said anecdotally, that the time demands of the legislature requires an occupation with flexible time requirements allowing it to be pursued on weekends, nights and Mondays during the session. Both of these factors (length of session and decline in diversity among the "walks of life" of legislators) bring us back to the point that it is important to minimize the financial sacrifice required through serving if we are to maintain a citizen legislature.

Service in the Vermont legislature should not be considered a fulltime job; however, efforts should be made to adequately compensate members for the time and expenses necessary to carry out their duties. For most members, legislative work continues beyond any specific session time. Members meet with constituents, meet with local officials, community and advocacy groups and work to research, understand and prepare for upcoming sessions. Our current system of compensation does not acknowledge the full service provided by these citizens.

Our brief survey of current members indicates that on average, the legislators who responded spend 15 to 20 hours per week on legislative work outside of the session. Survey results also indicate that out of pocket expenses vary widely. Finally, while most members report that they currently have full health benefits covered during the legislative session, there are approximately 25% that either have no health benefits, whose employers discontinue coverage during the session, or who are self-employed and carry their own health benefits at full cost during the session.

In order to maintain diverse representation among our legislators, it is only reasonable to consider a system to reimburse members for at least some of their time out side of the session and to insure that all members are reasonably able to maintain their health insurance coverage while they serve in Montpelier.

B. Current Legislative Salaries and Covered Expenses

The current salary and benefits received by the legislature are set as part of the budget process and include:

- Salary of \$536 per week for every week the General Assembly is in session
- Mileage reimbursement of \$.365 per mile of travel to and from Montpelier

- Per diem living expenses of \$50 for lodging expenses for non-commuters; \$37 for non-commuters' meals; and \$32 for commuters' meals
- Prorated salary and per diem expense reimbursement is provided for committee or official business when the legislature is not in session

Under current law, members are paid a weekly salary of \$536 for each week of the legislative session and are reimbursed an allowance for meals in the amount of \$37 per day if they rent lodging in Montpelier and \$32 per day if they commute. Lodging expenses are also reimbursed through an allowance of \$50 per night for non-commuters. Commuters are reimbursed for their mileage. It is our understanding that legislators also have the right to participate in the state's deferred compensation program. Currently, legislators are only reimbursed for work outside the actual session, if that work is done as part of officially designated summer studies or committees.

For the most recent session of 20 weeks, the cost for legislative members including salaries, allowances and expenses totaled \$3,302,815, while the cost for the entire legislative process totaled \$ 8,867,582. The FY2003 appropriations of state funds for governmental operations for the state of Vermont totaled \$2,313,540,157. As a percentage of the total state funds, Vermonters are currently spending less than two tenths of one percent on legislator compensation. Clearly, the cost of legislative service by our elected representatives to our citizens is nominal.

Vermont does not compare badly with other states in the cost of operating its legislature, though there are numerous variables that make direct comparisons difficult. The modest increase as proposed below will not change Vermont's comparative status significantly.

Appendix E contains a comparison of compensation for legislators in New England and New York, as well as other rural states with citizen legislators that are often used for comparative purposes by the Vermont Joint Fiscal Office and Legislative Council.

C. Changing How Legislative Compensation is Determined

The 1988 Commission recommended tying General Assembly salaries to the average annual wage in the private sector. The 1995 Commission continued that benchmark and recommended that salary adjustments be made accordingly. No such adjustments have been made since 1997. Legislative discussions of salary or expense adjustments are always the subject of much debate. We recommend that once a benchmark has been agreed to, that annual adjustments be made automatically and that as many reimbursements as possible be tied to indicators not determined by the legislators themselves.

We would also note that both the 1988 and 1995 Commissions recommended an enhanced benefits package and the 1995 report suggested additional reimbursement for constituent service costs beyond the actual weeks of any session. To date, few of these recommendations have been authorized.

We agree with the earlier commissions that the Department of Employment and Training's Annual Average Wage figures are an appropriate benchmark for establishing and making annual adjustments for legislative salary compensation. This figure, revised annually, places our citizen legislators on par with Vermont wage earners in the private sector. Even at this salary level, many legislators serve at a financial sacrifice. We also note that the average wage does not take into account any employment benefits that Vermont workers may receive. Legislators provide an invaluable service to all of us and deserve reasonable compensation for their service.

We also believe that compensation for legislators engaged in official business beyond the actual session should continue to be provided. The per diem rates currently associated with official summer study and committee functions should be tied to the U.S. General Services Administration's federal compensation reimbursement rates, and similarly, adjusted automatically.

As noted above and acknowledged by the 1995 Commission, constituent service continues beyond the session and outside official summer studies. We believe that legislators should receive reasonable compensation for all of their service, including time and expense. We also, however, recommend that any compensation system be simple to administer. Consequently, we suggest increasing the salary for members to that of the average Vermont worker, but paying that salary for twenty-six weeks; no matter the number of weeks actually in session. Since this is in excess of the recent average length of legislative sessions, it will help to compensate for work outside of the actual session as well as acknowledge that members are not provided full benefits.

Once again, we must remember that members have not had a salary increase since 1998. To simply raise their pay to the previous established level of average worker salary in the private sector requires an increase from \$536 to \$589 per week or an increase of just under 10%. Last year's session ran 20 weeks. Our proposal for additional time would mean that members would receive another six weeks of pay or \$3,534. This additional compensation translates into a one-time 30 percent increase for members, assuming that the session only runs for 20 weeks (the added cost of this additional compensation would decrease if the session lasted longer than 20 weeks). We believe, however, that this number is fair and reasonable in that few other benefits are provided and the system would be quite simple to administer (Appendix F Section 1).

Based upon these salary adjustments, we estimate the total cost of legislative salary compensation to increase to \$4,129,735. Even with this salary increase, Vermonters will still only spend less than two tenths of one percent of the annual state budget on legislator compensation.

The specifics of how this would be paid can be flexible. We recommend that the full weekly compensation be paid for a fixed number of weeks, perhaps 20, with the balance of the compensation being paid evenly throughout the year to reflect the continuing activities of the legislator after the session. Such a payment system would obviate any public perception that the legislators were extending the session for the compensation and would equitably compensate them for services provided when the legislature is not in session.

We note that 15 VSA section 1051 provides for additional compensation for the speaker of the house and the president pro tempore of the senate. We suggest the same salary premium continue and that it be adjusted in a manner comparable to that used for members described above. The adjusted annual compensation for the speaker would be approximately \$ 10,080 and weekly session salaries for the speaker and president pro tempore of the senate would be \$652.

Reimbursements for meals, lodging and mileage should continue. As a more accurate measurement of such costs, we recommend that the meals, lodging and mileage reimbursement allowance be established at the Federal government's domestic per diem rate for Montpelier. These amounts are based on a determination of actual costs, are adjusted yearly (October 1st each year) by the Office of Government Wide Policy and published in the Federal Register. For 2004, the Federal government determined the daily rate for meals to be \$35, lodging to be \$62 and mileage to be at \$.375 per mile.

We also recommend that the meals and rooms reimbursement be continued as a daily allowance. Because these rates are based upon an annual determination of actual living costs, we do not suggest adding to the cost of administration by requiring individual vouchers. We recommend, however, that members provide expense reimbursement requests for the actual miles traveled on official business during the legislative session, including travel to and from home so that those actually incurring costs will be reimbursed.

The Vermont Department of Personnel has estimated the increased cost for lodging and meals at \$140,000 (Appendix F Section 3). Some of this increase may be offset by a reduction in mileage reimbursement.

Health insurance remains a key benefit issue for all workers in Vermont, including legislators. We recommend that the state provide those legislators needing health insurance a monthly allowance to be used to continue their own policies or to purchase insurance on the private market. This allowance should only be provided while the legislature is in session and should not exceed the state share of the most popular plan provided to state employees. The survey of current members indicates that about 25% of the members might need to take advantage of such a benefit. It is, of course, possible that the number of members will be higher and that some employers may discontinue paying their share of health insurance if the state is authorized to do so.

Estimates from the Department of Personnel for the expense to the Legislature for this recommendation are projected to be between \$150,000 and \$600,000 depending on participation (Appendix F Section 2).

Finally, we believe that legislative compensation and benefits should automatically adjust annually as the benchmark changes. The Department of Personnel will have the most recent figures available on an annual basis and can provide that information to the legislature as part of the budget process.

Table #1 shows the salary history compared to the private sector annual average wage:

Table #1– Vermont General Assembly Salary History Compared to the Private Sector Annual Average Wage

Year	Legislative Salary		Private Sector Average Wage		Change (%)
	Annualized (\$)	Weekly (\$)	Annual (\$)	Weekly (\$)	
1997	26,520	510	25,021	481	4.1
1998	27,872	536	26,209	504	4.7
1999	27,872	536	27,235	524	3.9
2000	27,872	536	28,704	558	5.4
2001	27,872	536	29,920	575	4.2
2002	27,872	536	30,613	589	2.3

Source: Private sector salaries: Department of Employment and Training Website, [Vermont Employment and Wages Covered by Unemployment Insurance](#)

D. Recommendations for Compensation for Legislative Branch Service

Our analysis leads us to make five recommendations relating to legislative compensation:

1. ***We recommend an increase in the base salary for legislators.***

To provide reasonable remuneration for legislators that will allow citizens from many different backgrounds to serve without economic hardship, we recommend that legislative pay be tied to the average wage of Vermonters in the private sector. Specifically, we recommend that legislative salaries should be increased to a level equal to the average private sector salary for Vermont from the previous year. Further, we recommend that the annual compensation for the speaker and the premium for both the speaker and president pro tempore continue.

2. ***We recommend tying future adjustments in legislative pay to a specific benchmark.***

We recommend that legislative salaries be adjusted automatically so that they continue to be at a level equal to the average private sector salary for Vermont from the previous year.

3. ***We recommend that the legislators be compensated for at least a portion of their time and expenses beyond the actual session.***

We recommend that the legislators be paid a salary to cover both their work during the legislative session and their normal legislative duties when the legislature is not in session. Official summer study and committee work should continue to be separately compensated when so provided by the legislature. We recommend that the full weekly compensation be paid for 20 weeks, with the balance of compensation being paid regularly throughout the remainder of the year.

4. ***We recommend that reimbursement rates for legislative expenses be tied to the federal government rates for Montpelier published in the Federal Register annually.***

We recommend that the General Assembly set legislative reimbursement rates annually equal to the rates determined by the federal government. We further recommend that the meals and lodging reimbursements be continued as a daily allowance but that mileage reimbursement is provided only to those who actually incur such costs.

5. ***We recommend that support to cover the cost of health insurance be provided to those members who are not already covered or otherwise provided such benefits.***

We recommend that the state provide a monthly allowance for legislators to be used to maintain their existing health plans, if necessary, or to purchase their own plans on the private market. We further recommend that this allowance be up to, but not more than, the state's share of participation in the most popular plan available to state employees. This allowance should be paid only for those months that the legislature is in session.

III. Secretary, Commissioner and Director Compensation in the Executive Branch

Leading a state agency or department may be one of the most difficult management positions in Vermont. The complexity of the issues, the many parties involved, the budgetary responsibilities and limitations, and the public scrutiny of the position require a combination of knowledge, experience, and insight that is often not easy to find.

We are lucky in Vermont that so many of our neighbors with the ability to fill these positions have been attracted to this service. Their primary motivation for serving has been a desire to serve the public, a desire to improve Vermont, and recognition that every citizen has a responsibility to contribute to the betterment of our society. We commend these individuals and appreciate their hard work.

Compensation for these positions is usually not the primary reason for serving. The salaries for these positions, however, must be adequate to allow those with the needed expertise to serve without undue hardship. Compensation must also be at a level that will permit every governor to choose among talented choices when an appointment is made. Finally, compensation must be considered fair and equitable when considered in a larger context.

A. Background and Overview of Compensation in Executive Branch Service

A 1994 study by the Department of Personnel found the following:

- Vermont key executive salaries were 20% lower, on average than those in the states sampled.
- Department head salaries were about 15% and 20% lower than their counterparts in Maine and New Hampshire respectively.
- Fourteen of the fifteen chief executives of Vermont's public non-profit organizations surveyed were paid 16.2% higher than the six Cabinet secretaries.
- The compensation rates for the ten chief executives at in-state community health agencies were 9% higher than salaries for Vermont's 30 commissioners.
- Salary compression (a situation where subordinate staff earn close to or higher salaries than their department heads) existed between department heads and the subordinate managers.

In 1998, the Legislature asked the Personnel Commissioner to do a study of compensation for the 162 top employees in the executive branch. This report's conclusions included the following:

- Vermont key executive salaries were 19% lower on average than those states sampled.
- Maine and New Hampshire have frozen executive salaries since 1994, so Vermont's average executive compensation is now 9% and 4% lower respectively.

From 1999 through 2003, there has been increased attention to the issue of executive compensation and salary ranges for agency secretaries and commissioners have increased.

While salary ranges have been raised as a pragmatic response to problems of attracting suitable candidates for executive positions, there has been no explicit policy on how these ranges are set. This also appears to be true for other state governments and for the federal government as well, with one notable exception. While laws establishing and revising the federal government's civil service system have been created regularly since 1883, the Federal Employees Pay Comparability Act of 1990 (FEPCA) may be the only law that created government policy in this

area. FEPCA called for the pay of most federal white-collar employees to gradually rise to within 5% of nonfederal salaries in local areas across the country. Raises for federal employees were to increase annually based on changes in the “employment cost index”, a measure of salary growth in the private sector. In addition, a second factor, called a “locality” raise, was intended to respond to differences in local salaries across the country.

Fully implementing this policy has been difficult. Salaries for different occupations have been rising at very different rates for at least the last decade. This has created compensation problems for many companies and organizations across our society. Contractors were often hired by state agencies because the needed skills were simply unavailable within the established pay ranges for some state employees.

Leadership skills have been considered in short supply as well. As a result, pay for executives have generally increased more rapidly than has pay for either professional or non-exempt employees. It is also the case that leaders with successful records have been able to command even higher compensation. The result is that salary ranges for some executive positions have broadened at the same time that they have been rising relatively rapidly.

B. The Current State of Secretary and Commissioner Pay

Our recommendations and concerns should be understood in context. Overall, we believe that salary ranges for the state government’s appointed positions are now close to where they need to be. The recommendations we are making are designed to ensure that salaries remain at a level that will allow many people with the needed skills and experience to apply for these positions in the years ahead. We also note that our recommendations apply to the base or salary range established for various positions only. Current law establishes base salaries for positions and authorizes actual salaries up to 50% above the base. We agree that this range should remain. We clearly understand and recognize that a governor has, and should continue to have, the ability to hire and reward state service above the base.

Generally, in this study, we looked at the relationship between these executive branch positions and similar jobs within the private and nonprofit sectors and at similar positions in other states. We also reviewed the current salaries in relation to classified and other exempt positions within the same agency or department. Finally we compared agencies and departments according to size by number of staff. A chart showing these comparisons is included in Appendix G.

1. Secretary and Commissioner Salaries Relative to Those in Comparable Positions in the Private and Non-Profit Sectors

As a result of increases to the State’s executive ranges, there is no question that they are generally more competitive with the private and non-profit sectors than they were in 1999. Most of them now reach into the \$80,000 - \$110,000 range, which is more competitive with the salaries of many of Vermont’s citizens who have positions with significant management responsibilities.

Salaries of public sector executives generally remain below those of senior executives in larger companies and non-profits. This relatively small group may have the most experience managing budgets and organizations similar in size to those of the state government. Some of them will also be very active in local government, Chambers of Commerce, or United Way organizations. They may sit on boards of non-profits or local banks as well. State government cannot expect to compete with these positions, but the higher the State’s salaries are, the more possible it will be

for some of these executives to accept a salary reduction and contribute their skills to the public sector.

Some comparisons are instructive. The current range salary range for each position that follows is in parentheses. Unless otherwise indicated, the Vermont salary survey data is taken from "Executive Compensation in Vermont, 2003 Survey Results," published in January 2003.

Commissioner of Education (\$72,052 - \$108,078): According to the Vermont School Superintendents Association, the average superintendent salary in Vermont is now \$83,179. The highest paid superintendents are paid above \$100,000.

Secretary of Human Services (\$77,072 - \$115,608): Vermont survey data found that the average salary for 36 chief executives in Vermont non-profit agencies exceeds \$100,000 as agency revenues increase above \$15 MM. The salaries for the state's community mental health center directors had a range of \$51,500 - \$108,200, with an average of \$75,478 in FY2002. The current range is much more competitive with in-state executive non-profit salaries than it has been in the past. This is also a unique agency with a larger budget and more employees than almost any other nonprofit (or business) in the state

Commissioner of Personnel (\$65,358 - \$98,037): Vermont salary survey data shows that the average salary for human resource managers in companies with sales of \$15MM - \$40MM is \$55,000 - \$65,000. For larger companies in Vermont, data is limited, but it is clear that salaries in this profession increase dramatically. For 8 Vermont positions in companies with revenues of more than \$60MM, for instance, the median salary was more than \$100,000. A 2002 Business & Legal Reports survey found a range of \$63,000 - \$86,000 for 35 human resources managers in government in the Northeast and Middle Atlantic states.

Secretary of Transportation (\$77,072 - \$115,608): A survey conducted for The Association of Road & Transportation Builders of America (ARTBA) found that CEOs of small road building companies (revenues less than \$50MM) had an average annual salary of \$135,122, and an average annual bonus of \$45,163. These numbers increase substantially as company size increases.

Secretary of Administration (\$77,072 - \$115,608) and Commissioner of Finance and Management (\$72,050 - \$108,078): The average salary for a Vermont company's top financial officer was \$97,500 for a company with \$40 - \$60MM in sales. That figure continues to increase as company revenues increase. It is likely that anyone with experience managing a budget of more than \$100MM would have a salary well above the top of these ranges.

Commissioner of Taxes (\$65,358 - \$98,037): A national survey by Robert Half Associates in 2003 found the average salary for a manager in a public accounting firm is \$64,000 - \$85,250. Few public accounting managers, however, will have the experience and skills necessary to manage a staff the size of the Tax Department.

Secretary of Commerce and Community Development (\$77,072 - \$115,608): Proprietary salary surveys conducted by Gallagher, Flynn & Company have found that salaries for economic development professionals are generally in the \$50,000 - \$60,000 range. Salaries for the heads of trade associations are generally in the \$60,000 - \$90,000 range, varying primarily by the size of the organization's budget.

Commissioner of Public Safety (\$72,052 - \$108,078): This range is now slightly higher than the range for the Burlington police chief. According to the International City Management Association, an average salary for a New England police chief in a city of up to 250,000 residents is now approximately \$100,000 (an estimate based on 2002 figures).

2. Secretary and Commissioner Salaries Relative to Other States

Appendix H compares current salaries for the executive positions under discussion to the current salaries for comparable positions in nine states. These states are the five other states in New England, New York, Montana, North Dakota, and South Dakota. The New England and New York salaries are included because of their obvious proximity to Vermont. The other states are often included by the Legislative Council for comparative purposes.

The chart shows that the Vermont salaries are usually among the lowest in New England. For recruiting purposes, they do not need to be absolutely equal to salaries in other states, but it is important that the State's salaries are high enough to attract those who would be qualified candidates from those states, e.g. the department deputies in those states.

The recent search for a new Commissioner of Education demonstrates the relevance of these comparisons. The State Board of Education found a qualified candidate who was the deputy of the Education Department in New York. Because he had roots in Vermont and was financially flexible, he was willing and able to take the position despite having to take a 20% decrease in pay (even though he will be paid at the top of the current salary range).

Vermont has been fortunate in the caliber of people willing to serve. We want to insure that this continues and that the base salaries be adequate to both find and retain excellent individuals.

3. Benefits Comparison with the Private Sector

The major benefits currently offered to State employees include the following:

- Health insurance: A variety of different programs are available. The traditional indemnity program has an 80/20 payment split between employer and employee.
- Dental insurance
- Vision care coverage
- Long term disability insurance
- Life insurance at 2x salary
- A defined benefit retirement program
- Section 125 programs that allow for pre-tax payment of unreimbursed medical and child care expenses.

Several years ago, the State added a defined benefit plan for appointed officials. Because appointed officials may not spend many years employed by the State, thus not being able to use the State's defined benefit plan, this program allows them to continue to build their retirement fund without a hiatus. The State also offers wellness programs, some childcare support, leave time, training opportunities, and other benefits specific to individual job categories, e.g. those requiring uniforms. Based on the limited survey data available, the totality of these benefits appears to be roughly equal to those provided by the most generous companies in the state. Most large companies in Vermont will have a similar benefits package, while smaller companies will often have benefits packages that are less substantive.

While exact comparisons of the value of different benefits are difficult to make, State government does have two benefits that make its package more valuable than those offered in the private sector. First, a minority of companies and non-profit organizations offers vision programs. This benefit may be worth \$100 - \$500 a year to a family.

Second, defined benefit retirement programs are increasingly rare. In a 2002 survey of 103 companies and non-profit organizations in the northwestern part of the state, only 13 had defined benefit programs, and 11 of those were non-profits. (Palmer & Associates, Inc., 2002 Regional Compensation Survey, p. 14) 401(k) and 403(b) programs, collectively referred to as defined contribution programs, are much more common. As stated previously, this program will not benefit appointed employees as much as long-term classified employees. The relative values are dependent on too many variables to make a specific comparison.

It should also be noted that in the last few years a policy was clarified to make exempt employees eligible for unemployment compensation when they leave State government. Again, this is particularly helpful for these appointed officials.

4. Salaries for Appointed Positions Relative to Classified and other Exempt Positions

Both the 1994 report from the Personnel Department and the 1999 report from the Vermont Business Roundtable cited the fact that there were situations where agency secretaries and commissioners were paid less than classified positions that they managed. This is also true with regard to certain exempt positions, within certain agencies or departments. This wage disparity may decrease the likelihood that skilled employees in government service would seek or accept appointed positions. Paying people more for taking on increased responsibility and accountability is a concept deeply embedded in our collective understanding of what makes for fair compensation.

The current situation has improved significantly since 1999, but there are still a number of situations in which classified employees in various departments are paid more than their immediate manager who was appointed. There are also situations in which exempt employees are making less than other exempt positions they supervise. Some examples of these situations are listed in Table #2 below:

Table #2 – Comparison of Salary for Selected Appointed and Classified Positions

<u>Position</u>	<u>Current Salary (\$)</u>
<u>Department of Aging and Disabilities</u>	
Voc. Rehab. Division Director – Classified	73,341
Commissioner – Appointed	70,803
<u>Department of Banking, Insurance and Securities</u>	
Insurance Examinations Director – Classified	90,646
Deputy Commissioner – Appointed	88,171
Senior Insurance Examiner – Classified	87,797
Commissioner – Appointed	85,010
<u>Department of Buildings and General Services</u>	
State Buildings Engineer & Construction Director – Classified	93,496
Commissioner – Appointed	85,946

Department of Corrections

Corrections Services Division Director – Classified	89,190
Commissioner – Appointed	87,006
<u>Department of Employment and Training</u>	
Information Technology Manager-II - Classified	81,078
Deputy Commissioner – Appointed	80,621
Commissioner – Appointed	80,018
<u>Department of Fish and Wildlife</u>	
Fish & Wildlife Law Enforcement Director – Classified	75,795
Fish & Wildlife Operations Director – Classified	70,990
Commissioner – Appointed	70,013
<u>Department of Forests, Parks & Recreation</u>	
Director of State Parks – Classified	76,835
Forest, Parks & Recreation Operations Director – Classified	75,795
Forest Protection Chief – Classified	74,651
Forest Management Chief – Classified	72,467
Commissioner – Appointed	70,013
<u>Department of Health</u>	
Chief Medical Examiner – Classified	110,677
Health Improvement Division Director – Classified	108,326
State Epidemiologist – Classified	106,122
Director, Children with Special Health Needs – Classified	105,414
Deputy Chief Medical Examiner (2) – Classified	103,542
Commissioner – Appointed	103,002
<u>Department of PATH</u>	
Deputy Commissioner – Appointed	81,141
Information Technology Manager II – Classified	78,437
Legal Division Chief – Appointed	76,960
Family Services Manager III – Classified	74,651
Systems Developer III (2) – Classified	73,404
Systems Developer III - Classified	71,323
Commissioner – Appointed	71,157
<u>Department of Taxes</u>	
Information Technology Manager II – Classified	81,078
Commissioner – Appointed	79,997
<u>Agency of Transportation</u>	
Administrative Civil Engineer – Classified	96,242
AOT Manager IV (4) – Classified	93,038
AOT Manager IV (2) – Classified	90,418
Agency Secretary – Appointed	90,002

5. Secretary and Commissioner Salaries Relative to Each Other

Current practice in Vermont is that the base salary for all secretaries is the same with two bases for commissioners and a fourth for certain director positions. The scope of this study does not allow us to review the details of each position. We did make a simple comparison of agencies and departments by budget and staff size. At this time we are recommend increasing the four bases to \$85,000; \$78,600; \$70,700 and \$60,100. A chart indicating current base, current salary and recommended base can be found in Appendix I. The fiscal impact of the necessary salary adjustments to implement the new bases is just over \$21,000.

Generally, we are not recommending adjustments for a position from one base to another. One possible change to consider, however, would be to acknowledge that Buildings and General Services, Finance and Management, Personnel and Taxes are all positions providing support across the governmental spectrum and should share a common base. This would require an adjustment to the base for Personnel and Taxes. These adjustments, if made, would cost \$3,595.

To clarify, we are recommending adjustments to the bases only. Salaries are, of course, in the first instance, the purview of the Governor. We do suggest that the relative size of an agency be considered when establishing the salaries among the positions within the same base.

C. Recommendations for Compensation in Executive Branch Service

The review of the current situation leads us to make four policy recommendations related to setting salary ranges and two recommendations related to management of the salary system for these appointed positions:

1. ***Section 1003 (b) (1) currently sets four salary ranges for secretaries and commissioners and other lead administrators. We recommend that the base for these ranges be adjusted as follows: Secretary's to \$85,000; one level of commissioners at \$78, 600; a second level of commissioners at \$70,700 and a level for directors at \$ 60,100.***

The suggested adjustment to the current bases subject to annual adjustments as recommended in this report should enable the administration to attract and retain capable people in public service and compensate them fairly for their service. We recommend that the annual adjustment of bases equal the established cost of living percentage and the value of the state employee steps. Individual salary adjustments are the purview of the governor, however, to keep in line with our other recommendations, annual cost of living, step value and merit increases need to be considered.

2. ***Because the responsibilities and lack of security inherent in these appointed positions are usually greater than the responsibilities and risks in the classified positions that they are leading, salaries for secretaries and commissioners should generally be greater than those of the people who report to them, whether exempt or classified.***

Paying people more for taking on increased responsibility and accountability is a concept deeply embedded in our collective understanding of what makes for fair compensation. There are reasonable exceptions to this policy for professionals with highly technical and rare skills, e.g. doctors and some information technology specialists, but there should be few of these.

3. ***Because these positions will often be filled by people serving in the private sector, the Department of Personnel should regularly compare the salary ranges of these appointed positions to positions in the private sector requiring comparable skills, then recommend special range adjustments as needed to maintain parity.***

There are some executive positions in the private sector which are paid at levels far beyond what the State can be expected to pay, but it is possible and important that salaries for these appointed positions be competitive with private sector positions requiring a similar level of skill and knowledge. Many executives in these positions welcome the opportunity to serve, but cannot afford to take significant salary decreases to do so. The State government needs to have this pool of talent available to it. The Department of Personnel could report to the Legislature on this issue as part of its annual workforce report. Then, small range adjustments can be made regularly, if necessary, to maintain competitiveness.

4. ***The Department of Personnel should regularly compare the salary ranges of these appointed positions to their counterparts in the other New England states and other states as may be appropriate. Range adjustments should be recommended so that Vermont's ranges remain at least comparable to those in Maine and New Hampshire.***

Vermont should not attempt to compete with the salaries of much more populous states such as New York, Massachusetts, and Connecticut. With much larger budgets, comparable positions in

those states should be paid more than Vermont's are. We should be comparable to Maine and New Hampshire, however, and it would be ideal if Vermont's salaries for these positions were comparable to **at least** those of lesser positions in New York, Massachusetts and Connecticut.

5. The Governor's Office and the Department of Personnel should ensure that the totality of the State Government's benefit package is communicated clearly to prospective applicants.

The benefits offered by an organization may have more impact on its recruiting success than its monetary compensation. The State's benefits are as substantial as the best in the private sector. With the relatively recent additions of a defined contribution retirement plan and clarifications of the status of these positions for unemployment compensation, the Legislature has made significant enhancements applicable to appointed officials. We are concerned that these may not be widely known. As a result, they may not be helping either recruiting or retention as much as they could.

6. The Governor's Office should ensure that there is an adequate pool of funds available for meaningful salary increases to appointed officials based on the achievement of agreed-upon goals and outcomes.

We want to affirm the current system of providing salary increases to this group based on cost of living increases, contract adjustments and merit. This is important for retention of good employees in these positions and for recognizing excellent work.

IV. The Compensation for Selected Judicial Positions

To maintain the strength of Vermont's judiciary, it is crucial that the positions be attractive to Vermont's best lawyers, whether they are in the public or private sector. We believe that this is currently the situation. There is no indication that the quality or quantity of applications received by the Judicial Nominating Board would significantly change by salary adjustments. Our recommendations focus on keeping the current course.

A. Background and Overview of Compensation for Selected Judicial Positions

The issue of judicial pay has been the subject of much discussion relative to the federal courts. A number of judges retired or resigned from the federal bench between 1991 and 2002, apparently due in part to financial concerns. It seems that over this decade compensation actually decreased due to denied cost of living adjustments and inflation.

In a statement made before the National Commission on Public Service in July 2002, Chief Justice Rehnquist noted "inadequate compensation undermines the strength of our judiciary," and "seriously compromises judicial independence," a primary tenet of our democracy. He also acknowledged that even the framers of our constitution recognized that "the judiciary would require persons of the first talents and that to attract them the pay would have to be substantial."

Section 23 of the Vermont Constitution provides that judicial "officers shall be paid an adequate but moderate compensation for their service."

B. The Current State of Judicial Compensation Relative to Other States

In 2002 the National Center for State Courts reported that Vermont ranked 37th among all of the states in its average pay for general jurisdiction trial court judges. For all levels of court, Vermont salaries were below the mean, typically near the middle of the lower half of the salary range. It is likely that this ranking has changed very little in a year.

Vermont's judicial salaries are close to those of Maine and New Hampshire but rank below those of the other New England states. Vermont does pay more than North Dakota, South Dakota, and Montana, the other three rural states to which Vermont is commonly compared with in this report (Appendix J).

At a minimum, we believe that judicial salaries in Vermont should stay in range with those of Maine and New Hampshire. We recommend, therefore, that judicial salaries be increased on an annual basis by the cost of living adjustment and the value of the annual state employee step. We understand that judicial salaries were adjusted only for cost of living as of July 1, 2003. Therefore, an additional adjustment for an increase of 1.98% should be considered in the current budget adjustment.

The fiscal impact of this suggested adjustment is estimated to be an increase of up to approximately \$88,000, assuming each position identified in 32 VSA sec 1003 (c) received this adjustment (Appendix I).

C. The Current State of Judicial Compensation Relative to the Private Sector

The Vermont Department of Employment and Training reports an average salary of \$56,060 for Vermont lawyers. This number masks great differences in salaries within this profession. Salaries for attorneys in the non-profit and government sectors are generally modest relative to

national averages. This is probably true for many attorneys in the private sector as well, particularly those in the early stages of their careers. At the other extreme are a small number of attorneys, typically partners in private practice, whose income is far beyond the level of judicial salaries.

Because of these very different salary levels, the attractiveness of the current compensation for the judiciary varies significantly by group. Judicial salaries are almost always an increase for attorneys working in the government or in non-profit organizations. For these individuals, current compensation would not present a barrier to prohibit their application for a judicial position.

For attorneys in the private sector who have the skills, experience, and the “legal mind” desired as background, compensation could be an issue. For some in this group, becoming a judge may be an attractive capstone to a successful career. Some of the most experienced attorneys will also be at a stage in life where they are able to afford a decrease in their salary, e.g. after children are grown. Still others may be willing to trade a lower salary for the opportunity to be free from the issues of running a business.

This probably leaves a small group, probably with 10-20 years of experience, for whom the compensation is a barrier to their consideration for application for a judicial position. While the difference between their salaries in private practice and those for judges cannot be eliminated, the higher judges’ salaries can be, the higher the potential for attracting members of this group to the application pool.

In addition to salaries, the State’s retirement program is a significant benefit for lawyers in private practice that might consider becoming a judge. Since the lawyers themselves fund the retirement program in a law firm, the guarantee of an adequate retirement benefit can be worth a great deal.

D. Recommendations for compensation in Judicial Branch Service

- 1. Maintain judicial salaries so that they are comparable to those in New Hampshire and Maine, as they are now.***

We believe that the appropriate comparison is to our sister states in northern New England. These three states are close enough in population, history and geography that the comparison is appropriate.

- 2. Annual Salary Adjustments***

We recommend annual salary adjustments. These adjustments should continue to be tied to the annual adjustments provided to other state employees. As noted above, this translates to an increase of approximately 1.98% at this time. The Department of Personnel can provide this number as part of the budget process.

V. SUMMARY

For Vermont state government to achieve the goals that its founders envisioned and its current citizens expect, it is critical that we come to a clear and articulate understanding of the need for and impact of establishing compensation for those elected and appointed officials involved directly in the tasks of governing and managing the state. This report seeks to provide guidance for an articulation of a philosophy of compensation in the specified areas of Vermont state service covered by the report, and to suggest a series of specific actions needed to bring our practice in line with those philosophies. The conclusion of this report is that the current systems of compensation in the different branches are not broken, but there is work that needs to be done. Doing this work will both provide a baseline of which the systems of compensation can be easily evaluated and updated in the future, and, if the recommendations are followed (especially in the legislative branch), it will remove the discussion of compensation of those who set the budget from the "political process."

In the legislature we seek to ensure that the compensation for service is at a level that clearly is in line with the fact that Vermont values its "citizen" legislature. We need to strike a balance between two objectives. The compensation for serving as a legislator should be enough so that it does not impose an undue hardship for service by citizens from a wide variety of backgrounds. At the same time, the compensation of the legislator should be secondary to the legislator's primary employment compensation or other income source. Our approach to legislative compensation should acknowledge that members must take a substantial amount of time away from their primary place of employment for the weeks they are in session, and that they devote a significant amount of their time to legislative-related duties even when not in session. The recommendation of this report is that we equate what the state Constitution provides for as "reasonable compensation" with the average wage of Vermonters in the private sector, a computation that is done annually and outside of legislative deliberation. In addition, standardizing the reimbursement rates and using the annual postings of those rates by the Federal Government provides another independent and reasonable method for establishing these rates without resort to regular legislative deliberation. Finally, we recommend that "reasonable compensation" also include reimbursement for out-of-pocket costs associated with maintaining or acquiring health insurance during the session, at a level up to, but not more than, the state's share of participation in the most popular plan available to state employees.

In the executive branch, those citizens who are called on to serve as a Secretary or Commissioner in the Agencies and Departments that make up state government are charged with monumental management tasks. They help set priorities and make decisions that affect the citizens of Vermont on a daily basis. It is clear that people choose to serve for reasons other than the compensation that is offered, which is usually less than many positions of comparable complexity and responsibility in the private and nonprofit sectors. The desire to serve the public has to be the main motivating force that impels people to accept these positions. The rate of compensation, however, can serve as a deterrent to limit the pool of talent that the governor has to choose from if those compensation rates are too low. Section 33 of the Vermont Constitution provides that "... if any man is called to public service to the prejudice of his private affairs, he has a right to a reasonable compensation." It is the conclusion of this report that generally the positions covered by this study have better access to "reasonable compensation" than they did when the last study on this subject was conducted in 1998. We believe that the system under current law that establishes base salaries for positions and authorizes actual salaries up to 50% above the base is reasonable and should be maintained. We believe that the bases should be adjusted up to new levels and that a standard increase should be incorporated into the base to maintain these levels. An ongoing evaluation of the compensation for these positions can be

conducted by the Department of Personnel to understand how it compares both to the private sector and to the comparable positions in state government of our neighboring states of Maine and New Hampshire. Both the governor and the legislature can use this information to inform future deliberations on compensation. As with our expansion of the discussion of reasonable legislative compensation to include benefits, we believe that the very competitive benefit package offered to people filling these positions should be clearly articulated as part of attracting talented future public servants. Finally, within the system of deciding final compensation for these positions, care should be taken to ensure that these positions should be paid at rates (in all but exceptional cases) greater than those in classified or exempt positions whom they will be supervising.

Compensation of the selected judicial positions covered by this study, received the least amount of discussion in this report due to the fact that we believe the system that sets compensation is generally working well. The goal of judicial compensation is to set the rates so that it will help ensure the independence of the judiciary, and will attract a sufficient and consistent pool of talented candidates as positions become available. To ensure that this system continues, annual adjustments should be made as a matter of regular fiscal policy and tied to the annual adjustments provided to other state employees. In addition, the compensation for comparable positions in Maine and New Hampshire should be monitored and used as a benchmark.

In all of our recommendations we have drawn heavily on the reports and studies that preceded this effort and are listed in the Preface. In many cases our recommendations follow directly on lines of reasoning and previous recommendations from these discussions and reports. The background information included in the report, and the very specific recommendations that are reiterated below for easy access, are meant to stimulate and guide a serious deliberative process in both the legislature and in the considerations that this and future administrations will have to make in building and maintaining the government that serves all of us.

VI. APPENDICES

<u>Appendix A</u>	<i>VSA 32 Section 316. Commission on Compensation and Benefit for Governmental Service</i>
<u>Appendix B</u>	<i>Letter to define the scope of the study</i>
<u>Appendix C</u>	<i>Length of Legislative Session 1967 – 2003</i>
<u>Appendix D</u>	<i>Occupation of Legislators 1981-2002</i>
<u>Appendix E1 & E2</u>	<i>Legislative Compensation: Comparison to Other States</i>
<u>Appendix F</u>	<i>Financial Impact of Legislative Recommendations</i>
<u>Appendix G</u>	<i>Agency and Department Comparison</i>
<u>Appendix H</u>	<i>Executive Compensation: Comparison to Other States</i>
<u>Appendix I</u>	<i>Financial Impact of Executive and Judicial Recommendations</i>
<u>Appendix J</u>	<i>Judicial Compensation: Comparison to Other States</i>