

**REPORT OF THE  
COMMONWEALTH COMPENSATION COMMISSION**

on

**COMPENSATION ADJUSTMENTS FOR  
CABINET OFFICERS,  
LEGISLATORS AND LEGISLATIVE OFFICERS,  
JUSTICES AND JUDGES**

—————  
January 30, 1979  
—————

**TABLE OF CONTENTS**

Commissioners and Staff\*  
Letter of Transmittal  
Enabling Legislation\*  
Foreword\*  
Determinations  
Exhibits\*  
Public Hearing Witnesses\*

\*Editorial Note: These parts of the Report are omitted.

**LETTER OF TRANSMITTAL**

January 30, 1979

Honorable Richard L. Thornburgh  
Governor of the Commonwealth of Pennsylvania

Honorable Michael J. Eagen  
Chief Justice of the Supreme Court of Pennsylvania

Honorable Martin L. Murray  
President Pro Tempore of the Pennsylvania Senate

Honorable H. Jack Seltzer  
Speaker of the Pennsylvania House of Representatives

Gentlemen:

This Commission, you will recall, was authorized and constituted by provisions of Act No. 111, adopted June 29, 1976. An *Initial Report* was submitted to your office under date of September 29, 1976, which became effective thirty days thereafter, as provided by law. Since making its *Initial Report* the Commission has continued making the "exhaustive study" required of it by Act No. 111 of 1976.

Submitted herewith are initial reports for justices, judges, and legislative officers and a subsequent report bearing upon compensation for Cabinet

Officers and members of the General Assembly. Those reports are based upon data provided by the Commission's staff, consultants and public hearings. Recently released Presidential Anti-Inflation Guidelines have been taken into account.

In arriving at determinations, we have striven to balance rationally and fairly the needs of the many State Officials over whose compensation this Commission has jurisdiction with the many fiscal problems facing the Commonwealth and its citizens. To all those individuals and agencies who have provided assistance we are grateful.

Respectfully submitted,

Harry L. Rossi, Chairman

David E. Epperson, Commissioner

Joseph B. Slamon, Jr., Commissioner

## **DETERMINATIONS<sup>1</sup>**

### **Executive Officials**

The salaries of top State Executive Officials were adjusted upward in 1972 and again in 1976. Important considerations in both instances were rising living costs, comparability with other states and private employments, and "compression."

The latter term refers to the situation where the compensation of subordinates within a department or agency are kept from rising to or above the level of their superiors. In such instances a supervisor's compensation acts as a ceiling upon that of subordinates and may, particularly during inflationary periods, adversely affect retention, recruitment and morale.

That compression is a serious consideration is illustrated by the Department Head and Deputy Secretary Fact Sheet shown as Exhibit VIII. That exhibit, prepared in December, 1978, showed that a total of 368 deputy-level personnel in pay ranges 54, 56, and 58, had reached ceilings beyond which they could not go under existing rules and regulations. Those ceilings, in turn, compressed compensation in the lower executive grades. Requiring, as most such positions do, a high level of professional and technical competence, this Commission considers it imperative that their compensation be made and kept reasonably competitive with the marketplace.

<sup>1</sup>Editorial Note: The act of June 29, 1976 (P.L.452, No.111), which added section 14.2 to the act of June 1, 1956 (P.L.1959, No.657), reestablished the Commonwealth Compensation Commission and provided that its reports shall take effect and have the force of law unless, within 30 days following the date of its submission, the General Assembly by concurrent resolution rejects the report in whole or in part. The report was submitted January 30, 1979, and was rejected in its entirety by Senate Concurrent Resolution No. 204 adopted by the Senate on February 13, 1979, and by the House of Representatives on February 20, 1979.

The Commission had before it a report prepared by Hay Associates, Management Consultants with headquarters in Philadelphia, bearing upon the compensation of Pennsylvania's top executives. That report reflected an extensive evaluation of the management responsibilities of the Governor and each department head. Valuation points were assigned on the basis of know how, problem solving, and accountability (Exhibit VII). The profiles drawn for each of the positions reflected comparisons not only with one another but also with top executives in United States financial companies, United States service companies and leading American states.

Regarding the Governor the Hay Report has this to say:

The current salary of Pennsylvania's Governor is \$60,000 (established in 1972). The September, 1976 Report of the Commonwealth Compensation Commission establishes a \$66,000 annual salary for the next term of office.

While the 10% increase is an improvement, it also continues to beg the critical question: "Will the Governor's salary continue to represent a ceiling for the salary determinations related to all other state employees?"

By all practical measures, the size of the Governor's job demands higher pay.

In 1969, Hay Associates recommended a salary of \$65,000 for Pennsylvania's Governor, suggesting that while it was not an externally competitive amount, it was realistic within the context of political and economic decisions; and it would grant relief to the salary structure of the State's management organizations. Eight years later, we find the Governor's salary established at the level recommended in 1969. And the highest inflationary rates ever experienced by our country have occurred during that period.

Regarding cabinet positions, the Hay Report said this:

Commonwealth salaries for most of the study positions compare favorably with the pay practices of other states, and in the northeastern region. Slightly below the marketplace average are these positions: Welfare, Education, Transportation, Attorney General and Environmental Resources.

In addition to recommending the specific salaries shown by Exhibit VII for the Governor and Department Heads, Hay Associates recommended that two new compensation levels be established, one at the top for the Department of Public Welfare, the other at the bottom for the Department of State. Hay Associates also recommended that the Department of General Services be shifted from present compensation level one to two.

Having weighed carefully the economic, social and political factors bearing upon the subject matter over which this Commission has

jurisdiction, the findings and recommendations of Hay Associates, comparisons with other states and the Federal government, we make the following determinations:

1. The Governor's annual base salary shall remain at \$66,000. Although that base is well below one aligned with cost-of-living trends, it is justified, we believe, because it provides a substantial increase (\$6,000) over the salary actually paid the previous Governor; that salary remains one of the highest paid to Governors by the several states (Exhibit IV); a reasonable differential remains between the Governor's salary and those determined herein for his principal associates; and it takes into account the generous fringe benefits available to the Governor (Exhibit IX).
2. The Lieutenant Governor's annual salary shall remain at \$49,500. Although well below a figure aligned with cost-of-living increases, that base rate is justified, we believe, because it provides a substantial increase (\$4,950) over the salary actually paid to his predecessor; that salary remains one of the highest paid to similar officers by other states; it remains reasonably aligned with the salaries provided for the Governor and other top State officials; and it takes into account the generous fringe benefits available to the Lieutenant Governor (Exhibit IX).
3. The present three salary levels for cabinet officers shall be retained. Annual salaries shall be:
  - For Level 1 - \$49,500
  - For Level 2 - \$46,500
  - For Level 3 - \$43,500

The figures stated represent present basic salaries of \$44,000, \$41,250 and \$38,500 respectively adjusted in such a manner as to provide average annual increases of 3.25 percent for the four-year period starting in January, 1979, and ending in January, 1983.

4. Salary levels for all departments shall remain unchanged except that Environmental Resources shall be moved upward from Level 2 to Level 1 and General Services shall be moved downward from Level 1 to Level 2.
5. Regarding the salaries of State Treasurer and Auditor General, no determinations are made at this time.

#### **Members of The General Assembly**

In its *Initial Report* this Commission took cognizance of the erosion which had taken place in legislative compensation because of inflation and adjusted salaries upward by 20 percent, from \$15,600 to \$18,720 for all House members and one-half of the Senators (those elected in 1976).

Constitutional mileage was also revised from 12¢ to 15¢ a mile circular for each week a member attended legislative sessions. For incumbent Senators elected in 1974 an additional sum of \$3,120 per annum was authorized for unaccountable expenses incurred in the performance of legislative duties. Exhibit I points out that the Consumer Price Index increased by an estimated 57.7 percent during the seven-year period 1972-1978 inclusive. Exhibit X shows legislative salary and expense trends.

Salaries rose from \$7,200 to \$15,600 then to \$18,720 annually. Expense allowances, on the other hand moved downward. Prior to 1972, each legislator had \$8,400 available annually for unaccountable expenses. The former Commonwealth Compensation Commission's first report of 1972 reduced expenses to \$6,000 a year and made them accountable; the General Assembly reduced that sum to \$2,500. The Commission's second report of 1972 raised that figure to \$5,000 where it remained until 1975 when it was increased by the General Assembly to the present \$7,500. Thus, during the seven-year period 1972-1978 most legislators grossed for expenses \$37,500, or about 35 percent less than they would have received had the annual allowance remained at \$8,400.

Since issuing its *Initial Report*, this Commission has addressed itself to both the adequacy of legislative compensation and the manner in which the annual vouchered expense allowance of \$7,500 is processed. The results of our study of legislative workloads, made with the assistance of the Pennsylvania Economy League, are set forth in Exhibit XIII. We address ourselves here to our study of the vouchered expense allowance.

The term "vouchered expenses" needs clarification. House and Senate rules require that all requests for expense reimbursements be made on "vouchers" and stipulate that certain items be supported by vendor's receipts. By popular usage, however, the term "vouchered expenses" refers to the present \$7,500 annual allowance provided for each legislator to distinguish it from "unaccountable allowances" which are sometimes reimbursed without voucher transmittals and/or vendors' receipts. This discussion follows popular usage.

Caution is required when using the term "vouchered expenses" lest it reinforce the widely held misconception that equates salary and expenses. Compensation for salaries is for legislative services rendered and provides the base for determining retirement, social security, other benefits and taxes. Expense allowances, on the other hand, are reimbursements for justifiable out-of-pocket costs while performing legislative services. Expense reimbursements are no more "salary" for public officials than they are for private businessmen.

Exhibit XI attempts to show the relationship between the Consumer Price Index, legislative salaries and vouchered expenses. Salaries remained stationary at \$7,200 between 1968 and 1972. They were more than doubled in 1972 when raised to \$15,600 by the General Assembly, but again they

remained stationary for a four-year period. In 1976 they were raised by this Compensation Commission to \$18,720 where they remained for a two-year period.

The comparatively low base salaries and expenses shown for the first four-year period, coupled with the fact that salaries and allowances remained stationary for several years in a row, make generalizations about the adequacy of compensation of dubious value. On a linear basis, salaries ran behind the Consumer Price Index during the first four years but well ahead since that time. Conversely, expense allowances lagged behind the Consumer Price Index whether examined linearly or adjusted to base allowances.

But if attention is focussed upon the period since the salary and expense adjustments of 1972 became effective, it is clear that both salaries and vouchered expense allowances have lagged behind an escalating Consumer Price Index. During that period, salaries have risen by only 20 percent while the cost-of-living has risen by an estimated 55.7 percent. Meanwhile, the annual vouchered expense allowance declined from the high point of \$8,400.

#### Determinations

1. The annual compensation for members of the House and Senate shall be increased by 8 percent (to \$20,218) for the current year and an additional 7 percent (to \$21,633) effective January 1, 1980.
2. Consideration of the vouchered expense allowance is deferred for further study.

#### Legislative Officers

Extra compensation of legislative officers was last adjusted in 1967.

One approach to determining the adequacy of present extra compensation, is to assume that in setting 1967 levels the General Assembly used as a basis the percentage of extra responsibility, time and effort required. Following that course, the ratios of extra responsibility, time and effort to salaries of \$7,200 in 1967, \$15,600 in 1972, and \$18,720 in 1976 were as shown in the following table:

| Officers              | Add'l. Comp.       | Add'l. Comp.       | Add'l. Comp.        | Add'l. Comp.        |
|-----------------------|--------------------|--------------------|---------------------|---------------------|
|                       | 1967 to<br>Present | as % of<br>\$7,200 | as % of<br>\$15,600 | as % of<br>\$18,720 |
| Speaker               | \$10,500           | 145.8              | 67.3                | 56.1                |
| President Pro Tempore | 10,500             | 145.8              | 67.3                | 56.1                |
| Leaders               | 8,500              | 118.1              | 54.5                | 45.4                |
| Whips                 | 4,000              | 55.6               | 25.6                | 21.4                |

|                       |       |      |      |      |
|-----------------------|-------|------|------|------|
| Caucus Chairmen       | 3,500 | 48.6 | 22.4 | 18.7 |
| Caucus Secretaries    | 2,000 | 27.8 | 12.8 | 10.7 |
| Policy Chairmen       | 2,000 |      | 12.8 | 10.7 |
| Caucus Administrators | 2,000 |      | 12.8 | 10.7 |

---

With no readjustments to salaries since 1967, it is obvious that the rate of extra compensation dropped with the last two salary raises. These figures suggest that either the ratios were too high in 1967 or the amount of extra responsibility, time and effort expended since then has dropped substantially. The fact that the General Assembly might have made adjustments but did not do so for more than a decade suggests substantial satisfaction with basic rates and differentials between offices.

Another approach is to elicit from present officers estimates of extra responsibility, time, and effort and this has been done.

Of the 26 House and Senate Officers, views were exchanged by correspondence and/or personal conversation with 17, six of whom were Democrats and 11 were Republicans. Only one officer went on record as opposed to any changes in compensation or the differentials which exist between offices. Six indicated they were opposed to changes "at this time."

The remaining ten went into considerable detail, explaining that extra workloads had increased, matters requiring attention had grown in quantity, variety, complexity and public interest; growing independency of party loyalty and discipline required that more time and effort be spent formulating policies and strategies; the growth of legislative staff required more planning and supervision; and the growing fiscal implications of decision-making made leadership roles more important and burdensome.

Pertinent to this discussion are data reported by the Pennsylvania Economy League in its 1978 survey of Legislators' Time Requirements (Exhibit XIII). That report stated that leaders spent about the same time on the performance of legislative duties as committee chairmen and rank-and-file legislators. The leaders did, however, spend proportionately more time in Harrisburg. The report said nothing about the heavier responsibilities borne by the leaders.

Looking at the practices of other states discloses a wide variety of patterns. A few states provide extra compensation for some or all standing committee chairmen as well as other officers. Exhibit XIV shows that New York, Pennsylvania, Massachusetts, Illinois, and Indiana provided extra compensation for the largest number of officers; the highest extra compensation rates were paid by New York.

Based upon the data before it, and noting particularly that present extra compensation rates have remained unchanged since 1967 even though responsibilities have become increasingly numerous, complex, and demanding, this Commission determines that present rates be raised by 8

percent, for the current year and an additional 7 percent effective January 1, 1980. Actual annual extra-compensation for the several officers shall be:

| Officers              | Present<br>Extra<br>Compensation | Adjusted<br>Extra<br>Compensation<br>For 1979 @ 8% | Adjusted<br>Extra<br>Compensation<br>For 1980 @ 7% |
|-----------------------|----------------------------------|--|--|
| Speaker               | \$10,500                         | \$11,340   | \$12,134   |
| President Pro Tempore | 10,500                           | 11,340   | 12,134   |
| Leaders               | 8,500                            | 9,180  | 9,823  |
| Whips                 | 4,000                            | 4,320  | 4,622  |
| Caucus Chairmen       | 3,500                            | 3,780  | 4,045  |
| Caucus Secretaries    | 2,000                            | 2,160  | 2,311  |
| Policy                | 2,000                            | 2,160  | 2,311  |
| Caucus Administrators | 2,000                            | 2,160  | 2,311  |

### Justices and Judges

The Commission has made no previous determinations regarding judicial compensation. Salaries were last raised by the General Assembly (Act 111, 1976) which became effective July 1, 1976. At that time, the salaries of most State justices and judges were increased by \$5,000. Those increases range between a low of 9.5 percent for the Chief Justice and a high of 27.2 percent for the lowest paid members of the Philadelphia Municipal Court and the Philadelphia Traffic Court. Overall, the increase was 12.6 percent.

During the interim since 1976, this Commission has taken special note of the following:

1. The Cost of Living Index has risen markedly (Exhibit I).
2. The disparity has widened between the compensation received by Pennsylvania justices and judges when compared with attorneys serving the private sector in the Commonwealth and northeastern region.
3. Judicial workloads have increased considerably, although as measured recently by the Administrative Office of Pennsylvania Courts on a weighted basis, using the Delphi Method of Expert Consensus, a wide disparity exists between the workloads of the numerous trial courts (Exhibit XVIII).

It should be recalled that a determination was made in 1972 to compensate all nonadministrative Common Pleas judges at a uniform rate, regardless of differing district populations, to facilitate the transfer of judges as one means of equalizing workloads and speeding up the disposition of cases. Continuing



disparities of workloads six years later prompts this Commission to state its expectation that steps will be taken to ensure early attainment of the objectives set when uniform compensation was authorized in 1972.

4. The compensation of United State justices and judges rose strikingly early in 1977 to reach a point where it becomes increasingly more difficult for Pennsylvania to recruit and retain the ablest jurists (Exhibits XV, XVI).
5. Compared with the compensation paid jurists of other states, Pennsylvania's ranks high, although decreasingly so, especially for its trial judges (Exhibits XV, XVI, XVII).

After weighing the factors just listed, this Commission determines that the annual salaries of justices and judges shall be increased by 15 percent, which figure represents an average increase of seven and one-half percent for the next two years. Adjusted annual salaries shall be as follows:

| Judicial Position  | Annual Salaries |                  |                      |
|--|-----------------|------------------|----------------------|
|  | Present         | Adjusted<br>1979 | Per Cent<br>Increase |
| Chief Justice - Supreme Court  | \$57,500        | \$66,125         | 15.0                 |
| Associate Judges - Supreme Court   | 55,000          | 63,250           | 15.0                 |
| President Judge - Superior Court   | 54,500          | 62,675           | 15.0                 |
| Associate Judges - Superior Court  | 53,000          | 60,950           | 15.0                 |
| President Judge - Commonwealth Court   | 54,500          | 62,675           | 15.0                 |
| Associate Judges - Commonwealth Court  | 53,000          | 60,950           | 15.0                 |
| President Judges - Courts of Common Pleas  |                 |                  |                      |
| Philadelphia   | 47,500          | 54,625           | 15.0                 |
| Dauphin County   | 46,000          | 52,900           | 15.0                 |
| Allegheny County   | 47,000          | 54,050           | 15.0                 |
| Divisions of Common Pleas Court of Allegheny County  |                 |                  |                      |
| Divisions of six or more judges  | 46,000          | 52,900           | 15.0                 |
| Divisions of five or less judges   | 45,500          | 52,325           | 15.0                 |
| Districts having six or more judges and a population in excess of one hundred fifty thousand | 46,000          | 52,900           | 15.0                 |
| Districts having three to five judges  | 45,500          | 52,325           | 15.0                 |
| Districts having one or two judges   | 45,000          | 51,750           | 15.0                 |

|  |        |        |      |
|--|--------|--------|------|
| Administrative Judges - Divisions of<br>Common Pleas Court |        |        |      |
| Philadelphia divisions of six or<br>more judges            | 46,000 | 52,900 | 15.0 |
| Philadelphia, divisions of five or<br>less judges          | 45,500 | 52,325 | 15.0 |
| Associate Judges - Courts of Common<br>Pleas               | 45,000 | 51,750 | 15.0 |
| President Judge - Philadelphia Municipal<br>Court          | 41,500 | 47,725 | 15.0 |
| Associate Judge - Philadelphia Municipal<br>Court          |        |        |      |
| Members of Bar   | 40,000 | 46,000 | 15.0 |
| Not members of Bar   | 21,000 | 21,000 |      |
| President Judge - Philadelphia Traffic<br>Court            | 22,000 | 25,300 | 15.0 |
| Associate Judge - Philadelphia Traffic<br>Court            | 21,000 | 24,150 | 15.0 |

Regarding Senior (retired) Judges, this Commission recognizes that there are long-standing policy questions over the propriety and wisdom of continuing the present extensive use of such judges. This Commission also recognizes that while those policy questions are being debated inflation continues to take its toll of willing and able senior jurists. Accordingly, the determination is made that compensation be raised from the present \$125 to \$145 per day.

The Commission noted with satisfaction the enactment of legislation in 1978 which limited the earnings of a Senior Judge. That legislation reads:

. . . . In any calendar year the amount of compensation which a senior judge shall be permitted to earn as a senior judge shall not, when added to retirement income paid by the Commonwealth to such senior judge, exceed the compensation payable by the Commonwealth to a judge then in regular active service on the court from which such senior judge retired. (Judiciary Act Repealer Act, No. 1978-53, Section 3154).

#### Estimated Costs Of Determinations\*

|             | Direct<br>Salary<br>Cost | Fringe<br>Benefit<br>Cost | Total<br>Cost | Total<br>Cost, Per<br>Capita** |
|-------------|--------------------------|---------------------------|---------------|--------------------------------|
| Executive   |                          |                           |               |                                |
| Adjustments | \$83,250                 | \$10,823                  | \$94,073      | 0.8c                           |

\*Costs directly attributable to Commission's action taken January 30, 1979.

\*\*The latest official census figure available was 11,785,000, as of July 1, 1977.

## Legislative

## Adjustments

## Members' Salary -

|             |         |         |         |      |
|-------------|---------|---------|---------|------|
| 1st Year 8% | 378,994 | 106,119 | 485,113 | 4.2c |
|-------------|---------|---------|---------|------|

## Members' Salary -

|             |         |         |         |      |
|-------------|---------|---------|---------|------|
| 2nd Year 7% | 357,995 | 100,239 | 458,234 | 3.8c |
|-------------|---------|---------|---------|------|

## Officers' Salary

|             |       |       |        |      |
|-------------|-------|-------|--------|------|
| 1st Year 8% | 8,720 | 3,392 | 12,112 | 0.1c |
|-------------|-------|-------|--------|------|

|             |       |       |        |      |
|-------------|-------|-------|--------|------|
| 2nd Year 7% | 8,240 | 3,752 | 11,992 | 0.1c |
|-------------|-------|-------|--------|------|

## Judicial

|             |           |         |           |       |
|-------------|-----------|---------|-----------|-------|
| Adjustments | 2,264,175 | 408,189 | 2,672,364 | 23.0c |
|-------------|-----------|---------|-----------|-------|

---

