

**FINAL REPORT  
OF THE  
PUBLIC OFFICERS COMPENSATION  
ADVISORY COMMISSION**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**September 1, 2004**

# INDIANA LEGISLATIVE COUNCIL

## 2004

Speaker B. Patrick Bauer

Chairman

South Bend

Senator Robert Garton

Vice-Chairman

Columbus

Representative Brian Bosma

Indianapolis

Senator Richard Young

Milltown

Representative Russell Stilwell

Boonville

Senator Becky Skillman

Bedford

Representative Dale Grubb

Covington

Senator Joseph Harrison

Attica

Representative Charlie Brown

Gary

Senator Patricia Miller

Indianapolis

Representative Scott Pelath

Michigan City

Senator Thomas Wyss

Fort Wayne

Representative Kathy Richardson

Noblesville

Senator James Lewis

Charlestown

Representative Richard Mangus

Lakeville

Senator Earline Rogers

Gary

Philip J. Sachtleben  
Executive Director  
Legislative Services Agency

# **PUBLIC OFFICERS COMPENSATION ADVISORY COMMISSION**

## **Membership Roster**

John L. Bartlett, Chairperson  
Indianapolis

Jon O'Bannon  
Floyd Knobs

Michael Browning  
Indianapolis

Lee Marchant  
Bloomington

Mary Fink  
Fort Wayne

Stephen A. Stittle  
Indianapolis

Jean Blackwell  
Columbus

David Link  
South Bend

Ian Rolland  
Fort Wayne

### **Staff**

Philip J. Sachtleben  
Attorney for the Commission

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

Pursuant to HEA 1401-2004, the Public Officers Compensation Advisory Commission met three times during July and August 2004. The Commission has received a significant amount of data relevant to its statutory charge to recommend salary amounts for 13 specified public offices in Indiana. These recommendations are made to the Legislative Council and the State Budget Committee on September 1, 2004.

#### Required findings

IC 2-5-1.5-18(1) specifies that the Commission must make a finding concerning the most recent year that certain public officers received a salary increase. These findings are specified in Appendix A.

#### Statutory maximum calculation

IC 2-5-1.5 specifies that the Commission may recommend increases ranging from zero to a maximum salary based on the growth in Indiana non-farm income since the office's last salary increase. The calculation used to arrive at each officer's maximum salary is specified in Appendix B.

#### Special situation involving the Clerk of the Supreme Court

During its 2004 session the General Assembly passed and Governor Kernan signed PL 14-2004 that will change the Clerk of the Supreme Court from an elected position to an appointed position. This change will fully take effect at the beginning of 2007. Under the enabling legislation, the salary of the Clerk of the Supreme Court will be set by the Chief Justice. Accordingly, the Commission has agreed to recommend that the salary of the Clerk of the Supreme Court remain unchanged until the Chief Justice evaluates the Clerk's new responsibilities and fixes an appropriate salary.

#### Information considered by the Commission

The Commission received information from its Chairman and the Legislative Services Agency relevant to the Commission's statutory duties. At the first and second meetings several Commissioners requested staff to gather particular data sets or types of information.

Much of the comparative information considered by the Commission covered all 50 states. Some of the information focused on the nine Midwestern states whose demographics and economies resemble each other in significant ways. Other information involved Indiana-only data. This information included the following:

- (1) Annual salaries received by public officers                      National data

(2)	Cost of officer salary per constituent	National data
(3)	Projected salary of Indiana officers if increased by raises received by state employees since 1974	Indiana data
(4)	Revenue, officer salary, sales, profits, and number of employees of Indiana's 25 largest publically held companies	Indiana data
(5)	Salaries of public university presidents	Indiana data
(6)	Salaries of K-12 school corporation superintendents	Indiana data
(7)	Salaries of Senior payroll directors	National data
(8)	Partner profits of Indiana's largest law firms	Indiana data
(9)	Salaries of new attorneys and summer associates in law firms	Indiana data
(10)	Salaries of federal officials	Federal data
(11)	Gross state product	National data
(12)	Average wages	National data
(13)	State government expenditures	National data
(14)	Judicial appropriations as a percentage of total state budgets	National data
(15)	Appropriations to fund state legislative branch	Midwestern data
(16)	Trial court workloads vs. salary	Midwestern data
(17)	Legislative staff per constituent	National data
(18)	Cost of living data	National data
(19)	Federal employee pay and per diem differentials by city	National data
(20)	Non-salary benefits of certain public officers	Midwestern data
(21)	Professions of legislators	Indiana data
(22)	Financial loss of teacher-legislators during session	Indiana data
(23)	Structure of salary commissions in other states	National data

Salient factors and principles that guided the Commission's recommendations

After reviewing the relevant evidence presented, the Commission assigned special weight to the following factors:

- Principle 1: Indiana ranks well into the top quartile of states under the primary demographic and economic measures (population, gross state product).
- Principle 2: Indiana's wages in general rank near the average for the United States.
- Principle 3: By all relevant national measures, Indiana's judicial and legislative branches rank in the lowest quartile in terms of cost to taxpayers.
- Principle 4: By all relevant national measures, the salaries of Indiana's public officers rank significantly below the national average for similar offices around the country.
- Principle 5: Relative to other Indiana public employees holding positions with wide responsibility (university presidents, school superintendents) Indiana's state officers are very significantly underpaid.
- Principle 6: The cost of living in Indiana is about average, or a few per cent below average, by most measures. However, based on federal per diem standards, Indianapolis is a more expensive place to visit than other cities with moderate overall cost of living rates.
- Principle 7: Relative to every level of attorney in Indiana's private law firms, Indiana's judges and Attorney General are significantly underpaid.
- Principle 8: The Commission recognizes that Indiana faces economic and budgetary difficulties and it is important that state government work hard to limit the burden on taxpayers. However, the Commission also recognizes that the State of Indiana will require outstanding leadership in the years to come to address the multitude of issues that will confront us in the years to come. Balancing the interests of keeping the tax burden low with the need to attract talented individuals to public service requires the Commission to address the salary structure of our state officials.

## Conclusions

In light of its legal duties and within the limitations set forth in its enabling legislation, the Commission has determined that the salaries of most of the public officers need to be increased to about the average of their counterparts around the country. In order to compensate for the time lag between the national data collected and the probable time that any increase in Indiana would take effect, the Commission recommends adding 3.5% to the "current" national average for most offices, and 15% for

the judicial offices.

The span of control encompassed by our statewide elected officials is at least as wide as those in nearly every other state. The degree of difficulty in completing the tasks of these officials is largely directly proportional to Indiana's population. Our officials have at least as many areas of responsibility as those in other states.

Salaries for working Hoosiers rank about average for the 50 states. The Commission believes that average salaries for similar public offices in other states is an appropriate starting point for further consideration. However, the Commission believes that most people involved in public service are and should be motivated by many non-economic factors, so the top of the salary range is not appropriate, nor are absolute comparisons to the private sector.

Our recommendations for the judiciary are guided by several factors, but in the final analysis we are persuaded that the primary goal (the national average for corresponding officials in other states) should be determinative. We have added 15 per cent to the national average in consideration of the fact that our judiciary maintains a case load that is significantly higher than those of our surrounding states. Our decision to add to the national average is guided in part by the long time lag that has occurred since the last general judicial salary increase. Our judges currently receive supplements, and our recommendation assumes that those will remain unchanged.

Our recommendation for the General Assembly reflects primary weight being given to the principle that we believe its members should be compensated at a level to attract and retain a citizen legislature representing a wide variety of professions.

We are hopeful that by reducing the personal financial sacrifices made by our elected officials we will:

- (1) contribute to attracting and retaining exceptional talent in all branches of government; and
- (2) enunciate a positive statement of appreciation for those who serve their fellow citizens through public service.

#### 2004 Recommendations of the Commission

Pursuant to IC 2-5-1.5, the Commission recommends the following salaries for the specified public officers:

Governor	\$105,404*
----------	------------

Lieutenant Governor	\$84,323*
Secretary of State	\$79,775*
Auditor of State	\$82,692*
Treasurer of State	\$79,775*
Attorney General	\$95,972*
Clerk of the Supreme Court	\$60,000 (no increase)
Superintendent of Public Instruction	\$95,972*
Justice of the Supreme Court	\$143,195
Judge of the Court of Appeals	\$139,951
Tax court judge	\$139,951
Circuit, superior, probate and county court judge	\$121,122*
General Assembly	\$30,015

(Note: "\*" denotes that the salary is the maximum recommendation permitted under IC 2-5-1.5.)



## Appendix A

Section I. The table below lists the Commission's findings on the last salary increases for each public officer.

<u>Office</u>	<u>Start date of most recent salary increase</u>	<u>New salary</u>	<u>Public Law; statutory citation</u>
Governor	Jan. 8, 2001	\$95,000	PL 122-1998; IC 4-2-1-1
Lieutenant Governor	Jan. 8, 2001	\$76,000	PL 122-1998; IC 4-2-1-1
Secretary of State	Jan. 1, 1999	\$66,000	PL 122-1998; IC 4-2-1-1
Auditor of State	Dec. 1, 1998	\$66,000	PL 122-1998; IC 4-2-1-1
Treasurer of State	Feb. 10, 1999	\$66,000	PL 122-1998; IC 4-2-1-1
Attorney General	Jan. 1, 1999	\$79,400	PL 122-1998; IC 4-2-1-1
Clerk of the Supreme Court	Jan. 1, 1999	\$60,000	PL 122-1998; IC 4-2-1-1
Superintendent of Public Instruction	Jan. 1, 1999	\$79,400	PL 122-1998; IC 4-2-1-1
Justice of the Supreme Court	Aug. 1, 1997	\$115,000	PL 280-1995; IC 33-13-12-9
Judge of the Court of Appeals	Aug. 1, 1997	\$110,000	PL 280-1995; IC 33-13-12-9
Tax court judge	Aug. 1, 1997	\$110,000	PL 280-1995;
Circuit, superior, probate and county court judge	Aug. 1, 1997	\$90,000	PL 280-1995; IC 33-13-12-7.1
General Assembly	Jan. 14, 1985	\$11,600	PL 2-1984; IC 2-3-1-1

## Appendix B

Section I. The basis for the maximum allowable salary recommendations listed in Section II were calculated using the table below which represents the growth in Indiana non-farm income from 1985 forward. The 19 year range represents the longest time period without a salary increase starting with the General Assembly's last increase on Jan. 14, 1985. (2004 numbers are estimates from the Economic Forecast Committee) (Amounts are in millions of dollars.)

<u>Year</u>	<u>Indiana Non-Farm Income</u>	<u>Growth</u>
1985	71,176.8	5.8%
1986	74,924.5	5.3%
1987	79,620.0	6.3%
1988	85,606.0	7.5%
1989	91,798.0	7.2%
1990	97,195.8	5.9%
1991	101,032.8	3.9%
1992	108,264.0	7.2%
1993	113,978.5	5.3%
1994	120,927.3	6.1%
1995	126,305.3	4.4%
1996	131,910.0	4.4%
1997	138,469.8	5.0%
1998	148,738.3	7.4%
1999	154,175.5	3.7%
2000	164,041.5	6.4%
2001	167,960.3	2.4%
2002	173,677.0	3.4%
2003	178,694.8	2.89%
2004	186,354.5	4.29%

Section II. Using the year of each public officer's last salary increase as a base, the maximum salaries the commission may recommend for each official are as follows:

<u>Office</u>	<u>Maximum allowable salary recommendation</u>
Governor	\$105,404
Lieutenant Governor	\$84,323
Secretary of State	\$79,775
Auditor of State	\$82,692
Treasurer of State	\$79,775
Attorney General	\$95,972
Clerk of the Supreme Court	(see paragraph four of this report)
Superintendent of Public Instruction	\$95,972
Justice of the Supreme Court	\$154,767
Judge of the Court of Appeals	\$148,038
Tax court judge	\$148,038
Circuit, superior, probate and county court judge	\$121,122
General Assembly	\$30,371