

# **Special Advisory Commission on Public Compensation Preliminary Findings of Fact**

Released 11-5-14

## **Introduction**

The Special Advisory Commission Regarding the Compensation of Public Officials, created by legislation, organized in September 2014 and consisting of seven Commissioners, is mandated to complete its work by December 1. The Special Advisory Commission will conduct Public Hearings in Boston at 2 pm on November 6 and in Springfield at 10 am on November 14.

The November 6 Public Hearing will be located at:

Massachusetts State House  
24 Beacon Street, Hearing Room 222  
Boston, MA 02133

The November 14 Public Hearing will be located at:

Springfield State Office Building  
436 Dwight Street, Room 303  
Springfield, MA 01103

To encourage widespread public participation and awareness, we are issuing these preliminary findings of fact, which attempt to capture much of our learning to date. These preliminary findings of fact reflect our analysis of data and incorporate our

mandate to include a review of “(A) all forms of direct and indirect compensation of public officials identified in said Article LXIV, including base salaries, stipends, general expenses, per-diem allowances and any other form of compensation; (B) a state-by-state comparison of direct and indirect compensation of comparable public officials; (C) a comparison of direct and indirect compensation of public officials with similar employment in the private sector in the commonwealth; and (D) an analysis of the methods of calculating median family income for the purpose of Article CXVIII of the Articles of Amendment to the Constitution.”

The Commission’s research has been tightly constrained by time. Nevertheless, we are confident that our analysis fulfills the mandate in the legislation. These are preliminary findings of fact and do not reflect the final recommendations of the Special Advisory Commission. Those recommendations will be determined and written only after the two Public Hearings this month.

The elected positions evaluated in this report rely on the public's trust and confidence. Because the positions are paid with public funding, we believe the public should now and in the future have input into the appropriate compensation of its elected officials. That is why we are holding public hearings and providing access to all information in a transparent and accessible manner. Supporting materials can be found on the Commission’s website:

[www.masspubliccomp.umb.edu](http://www.masspubliccomp.umb.edu). If unable to attend a Public Hearing, the public is encouraged to write us at: [MassPublicComp@umb.edu](mailto:MassPublicComp@umb.edu).

Guided by our legislative mandate, the members of the Commission structured their research and findings around a few basic questions regarding the compensation of public officials. We invite the public to comment on these and other questions suggested by our findings of fact:

- Does the Governor’s salary accurately and adequately reflect his/her responsibilities?

- Where does Massachusetts rank in terms of gubernatorial salary in comparison to other states?
  
- Does the relationship between the Governor's salary and other Constitutional Officers' salaries appropriately reflect the importance of each position's respective responsibilities?
  
- Does the relationship between the Governor's salary and those of the Senate President and the House Speaker appropriately reflect the importance of each position's responsibilities?
  
- How do current salaries of Constitutional Officers, the Senate President and House Speaker compare with compensation for private sector positions with similar responsibilities?
  
- What formulas have been used for the biennial adjustment to legislative pay, and what has their effect been on the salaries of legislators? What is the most appropriate data to rely upon so that future adjustments are consistent and transparent?
  
- When considering revising the compensation for certain public officials, should we also consider simultaneous procedural reforms? If so, what kind of reforms seem most appropriate? Should consideration be given to restrictions on outside income for fulltime public officials, as a previous Special Advisory Commission recommended in 2008? Should future Special Advisory Commissions of this kind be established, and with what frequency should they be appointed, and by whom?

## **Governor**

1. The Governor of the Commonwealth is in effect the Chief Executive Officer of the largest institution in the Commonwealth: state government.

The Governor oversees a total budget of \$46 billion, including a state operating budget of \$36.5 billion and a state capital budget of \$4.5 billion. There are some 136,000 employees in Massachusetts state government entities, of whom 45,000 work in the executive branch. The Governor is the leader of the Commonwealth in terms of the day-to-day functioning of the government and the public official citizens turn to in times of crisis. S/he submits budgets, convenes special sessions of the legislature, oversees the management and organization of the Executive Branch and has line item veto power on appropriations bills. Among many other functions, the Governor is the Commander in Chief of the Massachusetts National Guard, and appoints a cabinet and citizens to more than 700 boards and commissions. The position is full-time, high profile and demanding. The Governor makes thousands of decisions every year and is expected to be a competent executive, a collaborative partner with the legislative branch and an effective communicator with the public. S/he faces intense public and media scrutiny and is expected to make meaningful decisions that frequently are controversial, sometimes contentious, and often affect virtually every citizen of the Commonwealth. The position of Governor has historically been viewed as the preeminent and most important constitutional office in the Commonwealth.

**2.** The Governor of Massachusetts earns a salary of \$151,800 (Table 1). Compared with Governors of the other 50 states, Massachusetts ranks 11th in terms of gubernatorial compensation (Table 2). Compared with the salaries of what the Special Commission has identified as 13 other comparable states, Massachusetts ranks 7<sup>th</sup> (Table 3).

**3.** In 2014, more than 1,254 state employees (including state colleges and university employees) earned more than the Governor, not including overtime, which would have made the number of employees earning more than the Governor would likely be 75% larger. The Chief Justice of the

Supreme Judicial Court earns more than the Governor (\$181,239), as do the Chief Justice of the Trial Court, the Chief Justice of the Court of Appeals, and the Court Administrator, all of whom earn \$173,058, as well as all Trial Court judges in Massachusetts. All district attorneys earn more than the Governor, as do many directors and other employees of quasi-independent state agencies. In terms of direct reports, the Comptroller earns more than the Governor, as do all of the members of the Governor's cabinet and his/her Chief of Staff. The Governor makes less than the Presidents and Chancellors of all 29 Massachusetts state colleges and universities, including the state's 15 community colleges.

**4.** Massachusetts is one of only six states that does not provide an official gubernatorial residence. One of the other five, Idaho, provides an annual housing stipend of \$58,000—and the Governor lives in his own house. While there is no reliable way to assign an exact dollar value to the benefit of an official residence and the ability of the Governor to host activities at an official state residence, experts have estimated a dollar value that exceeds \$100,000. Boston is the 7<sup>th</sup> most expensive city in the country, and Boston is the 3<sup>rd</sup> most expensive state capital in the nation; therefore, the dollar value of a Governor's House or Residence would presumably be greater than the dollar value assigned to most other states.

**5.** A prior Advisory Board on Compensation in 2008 recommended a \$175,000 salary for the Governor, as well as substantial increases in judicial compensation. While the judicial recommendations were eventually acted upon, the recommendation in terms of the Governor's salary was not.

**6.** As mandated by the legislation creating the Special Commission, we studied the compensation of large for-profit and nonprofit organizations in the Commonwealth. The positions of the public officials identified in Article

LXIV of the Articles of Amendment to the Constitution do not have clear, direct private sector equivalents. However, to meet the legislative requirements we have identified specific private sector positions whose responsibilities reflect public sector duties in greater or lesser fashion. Compared to the CEOs of all such organizations in Massachusetts with revenues of \$20 billion or more, the Governor earns 5% of comparator CEO median total compensation: \$151,800 versus \$2,842,970 (Table 4). It should be recognized that private sector, for-profit, cash compensation for any given year is often supplemented by long term incentive awards that are in equity form and multiples of cash compensation for the year. Thus, private sector salaries, particularly in the for-profit area, are likely considerably understated.

7. Tradition and prevailing practice establish a rough hierarchy of salaries of other constitutional officers in relationship to the Governor's salary. The State Auditor currently earns 88.9% of the Governor's salary. The Secretary of State earns 86.2% of the Governor's salary. The Attorney general earns 86% of the Governor's salary. The Treasurer earns 84.3% of the Governor's salary. The position of Lieutenant Governor is now vacant; we estimate that if that position had been continuously occupied, the Lt. Governor would now earn 88.8% of the Governor's salary (Table 1).

### **Attorney General**

8. The Attorney General currently earns an annual salary of \$130,582. In comparison with Attorneys General in all 50 states, this salary ranks 20<sup>th</sup> (Table 2). Among our group of comparable states, Massachusetts ranks 9th out of 14 (Table 3). The Attorney General earns less than every district attorney and judge in the Commonwealth. S/he also earns less than the starting salary of most first year associates at prominent Boston law firms. Informed by the work of our private sector comparator study, the Attorney General is the rough equivalent of the Top Legal Executive or General Counsel at a large company. Using the \$20 billion comparator set, the

current salary is 12% of total compensation: \$130,582 versus \$1,074,607 (Table 4).

## **Treasurer**

9. The Treasurer currently earns an annual salary of \$127,917. In comparison with Treasurers in the 46 other states with a comparable position, this salary ranks 11<sup>th</sup> (Table 2). Among our group of comparable states, Massachusetts ranks 6th out of 14 (Table 3). In terms of rough comparisons with the private sector, the Treasurer is the equivalent of Top Treasurer Corporate or Chief Financial Officer in a large company. Using the \$20 billion comparator set for private sector comparisons, the current Treasurer's salary is 17% of the total compensation of Top Treasurer Corporate: \$127,917 versus \$760,460 (Table 4). When compared to the Chief Financial Officer, the Treasurer's salary is 9% of total compensation: \$127,917 versus \$1,379,654 (Table 4).

## **Secretary of State**

10. The Secretary of State currently earns an annual salary of \$130,262. In comparison with Secretaries of States in the 45 other states with a comparable position, this salary ranks 9<sup>th</sup> (Table 2). Among our group of comparable states, Massachusetts ranks 5th out of 14 (Table 3). The Secretary of State earns less than the Registers of Probate in the Commonwealth, as well as 15 clerks of court and clerk magistrates, all of whom earn \$134,692. Our private sector comparator set found that the Secretary of State might best be compared with the Chief Administrative Officer of a large corporation. Using the \$20 billion revenue set, the Secretary of State's salary is 12% of equivalent positions: \$130,262 versus \$1,084,449 (Table 4).

## **State Auditor**

**11.** The Auditor currently earns an annual salary of \$134,952. In comparison with Auditors in the 44 other states with a comparable position, this salary ranks 14<sup>th</sup> (Table 2). Among our group of comparable states, Massachusetts ranks 7<sup>th</sup> out of 14 (Table 3). Our private sector comparator set found that the position of Auditor is analogous to the Top Internal Auditor of a large corporation, and the Auditor's salary is 54% of equivalent positions: \$134,952 versus \$252,140 (Table 4).

## **Lieutenant Governor**

**12.** The Lieutenant Governor would currently earn an annual salary of \$134,932 if the last Lieutenant Governor's salary from 2012 rose at the same level as the Governor's over the past two years. In comparison with Lieutenant Governors in the 42 other states with a comparable position, this salary ranks 6<sup>th</sup> (Table 2). Among our group of comparable states and using our projected salary, Massachusetts ranks 4<sup>th</sup> among all 14 (Table 3). While there is no position directly analogous in the private sector, the comparator set chosen for the Lt. Governor is an Executive Vice President of a large corporation. The Lt. Governor's salary is some 11% of equivalent positions: \$134,932 versus \$1,207,530 (Table 4).

## **Legislative Payment**

**13.** The base salary of legislators was established by Constitutional Amendment Article CXVIII, effective January 1, 1996, and therefore was not reviewed by the Commission.

**14.** According to Open Checkbook, the Senate President and House Speaker both earn \$102,279. The Commission recognizes that this includes the total of their base salary, plus leadership stipend, plus up to \$7,200 that every legislator is allowed to receive for expenses. For the purposes of this review, the Commission is currently using the Open Checkbook data with the understanding that there may need to be further clarification prior to the issuance of the final report. Using this data, the current salary of the Senate President and House Speaker equates to 67% of the Governor's salary. The Senate President and House Speaker together are the leaders of a co-equal branch of state government. Both positions wield enormous authority over the budget, operations of state government and legislation, and both positions, along with that of Governor, require those who hold the positions to be on-call at all times.

**15.** The 2008 Advisory Board report on public compensation recommended a salary for the House Speaker and Senate President of \$159,100.

**16.** In an effort to fulfill our mandate by comparing the Senate President and Speaker of the House to comparable private sector positions, we utilized comparisons to a Chairman of the Board and/or Chief Operating Officer of a large company. These analogies are inexact and imprecise, as the outside Lead Director of a company is only a part-time position, and clearly neither the Speaker nor the Senate President is responsible for day to day activities in the Executive Branch. However, both the Speaker and Senate President do help to establish the operating budgets, as well as the operational direction and mandates of public agencies throughout state government. Nevertheless, when compared to Chairman of the Board (Outside Member), the House Speaker and Senate President earn 15% of equivalent compensation: \$102,279 versus \$664,964 (Table 4). When compared to the Chief Operating Officer, the Senate President and House Speaker earn 6% of comparable compensation: \$102,279 versus \$1,700,651 (Table 4).

**17.** Voters adopted a constitutional amendment in 1998, effective for the 2001-02 legislative session, directly linking the biennial change in legislative salaries to the change in median household income in the Commonwealth. However, the lack of timely median household income data has forced administrations to improvise when estimating the growth in income for the year preceding the start of each session. As a result, there is no consistent method for determining the biennial change in legislative salaries. The Commission sought to find a method for calculating changes in legislative pay that is fair, consistent, and avoids arbitrariness.

The Commission has researched a variety of options and data sources for calculating biennial changes in legislative pay based on the increase/decrease of income for state residents. The Commission is considering a recommendation that future administrations use data from the Bureau of Economic Analysis (BEA) to measure the quarterly change in salaries and wages in Massachusetts for the most recent eight quarters to determine the biennial change in legislative salaries. For the 2015-2016 session, this calculation would measure the change in wages and salaries between Q4 2012 and Q3 2014.

The BEA data measures statewide income in the aggregate, not the median. However, the BEA releases updated data frequently, with lag times of three months or less, so using this resource addresses the critical challenge of timely data. Wages and salaries include commissions, tips, and bonuses; voluntary employee contributions to deferred compensation plans, such as 401(k) plans; employee gains from exercising stock options; and receipts-in-kind that represent income. Wages and salaries are measured before deductions, such as for Social Security contributions, union dues, and voluntary employee contributions to defined contribution pension plans.<sup>1</sup>

**18.** Massachusetts General Laws Part I Section 9B prescribes per-diem and expenses payment for legislators beyond base salaries. Each member of the legislature is paid \$7,200 a year for expenses often used to pay for

---

<sup>1</sup> Bureau of Economic Analysis, U.S. Department of Commerce, *State Personal Income and Employment: Concepts, Data Sources, and Statistical Methods*, September 2014.

computer, cell phones, and district or home office expenses. Additionally, legislators are entitled to per diem payments for each day the legislature is in session, as well as any other day a legislator goes to the state house in performance of official duties. These per diem payments range from \$10 to \$100, based on proximity to Beacon Hill.

For Release November 5, 2014

Submitted by members of the Special Advisory Commission:

Mary Ann Ashton

J. Lynn Griesemer

Ira A. Jackson, Chair

Scott Jordan

Christopher Kealey

Cathy Minehan

Michael Widmer

**Table 1**

**Current Salaries of Constitutional Officers, Senate President, and House Speaker and their Percentage of Governor's Salary**

<b>Position</b>	<b>Current Salary</b>	<b>Percentage of Governor's Salary</b>
Governor	\$151,800	100%
Lieutenant Governor	\$134,932 (Projected)	88.88%
Attorney General	\$130,582	86.02%
Treasurer	\$127,917	84.26%
Auditor	\$134,952	88.90%
Secretary of State	\$130,916	86.24%
Senate President	\$102,279	67.37%
House Speaker	\$102,279	67.37%
Total Cost	\$1,015, 657	

## Table 2

### Comparison of Salaries Paid to Constitutional Officers in 50 States

State	Governor	State	Lieutenant Governor	State	Secretary of State	State	Attorney General	State	Treasurer	State	Auditor						
1	Pennsylvania	187,818	1	Pennsylvania	157,765	1	Tennessee	190,260	1	Tennessee	190,260	1	Texas	198,000			
2	Tennessee	181,980	2	New York	151,500	2	Illinois	156,541	2	Alabama	166,002	2	Michigan	174,204	2	Tennessee	190,260
3	New York	173,000	3	New Jersey	141,000	3	Virginia	152,793	3	Illinois	156,541	3	Georgia	163,125	3	California	175,000
4	Illinois	177,412	4	Hawaii	140,220	4	Florida	140,000	4	Pennsylvania	156,264	4	Virginia	162,214	4	Virginia	168,279
5	New Jersey	175,000	5	Illinois	135,669	5	Oklahoma	140,000	5	Washington	151,718	5	Pennsylvania	156,264	5	Michigan	163,537
6	Virginia	175,000	6	Massachusetts	134,932	6	Pennsylvania	135,228	6	New York	151,500	6	New Jersey	141,000	6	Georgia	159,215
7	California	173,987	7	California	130,490	7	Georgia	130,690	7	California	151,127	7	Hawaii	140,220	7	Pennsylvania	156,264
8	Delaware	171,000	8	Maryland	125,000	8	California	130,490	8	Texas	150,000	8	California	139,189	8	New York	151,500
9	Washington	166,891	9	Florida	124,851	9	Massachusetts	130,262	9	Virginia	150,000	9	Illinois	135,669	9	Illinois	151,035
10	Michigan	159,300	10	North Carolina	124,676	10	Delaware	127,590	10	Wyoming	147,000	10	Florida	128,972	10	Oregon	147,324
11	Massachusetts	151,800	11	Kentucky	117,329	11	Texas	125,880	11	Delaware	145,207	11	Massachusetts	127,917	11	New Jersey	141,793
12	Connecticut	150,000	12	Alaska	115,000	12	North Carolina	124,676	12	North Dakota	143,685	12	New York	127,000	12	Rhode Island	140,050
13	Maryland	150,000	13	Louisiana	115,000	13	New York	120,800	13	Nevada	141,086	13	Maryland	125,000	13	Colorado	140,000
14	Texas	150,000	14	Oklahoma	114,713	14	Kentucky	117,329	14	New Jersey	141,000	14	North Carolina	124,676	14	Massachusetts	137,425
15	West Virginia	150,000	15	Michigan	111,510	15	Washington	116,950	15	Hawaii	140,220	15	Alaska	122,928	15	Florida	135,000
16	Nevada	149,573	16	Connecticut	110,000	16	Louisiana	115,000	16	Wisconsin	140,147	16	Kentucky	117,329	16	Alaska	133,908
17	Ohio	148,886	17	Rhode Island	108,808	17	Michigan	112,410	17	Georgia	137,791	17	Washington	116,950	17	Hawaii	133,536
18	Oklahoma	147,000	18	Utah	104,000	18	Connecticut	110,000	18	Alaska	136,350	18	Louisiana	115,000	18	Louisiana	132,620
19	Vermont	145,538	19	Iowa	103,212	19	Ohio	109,986	19	Oklahoma	132,825	19	Oklahoma	114,713	19	Arizona	128,785
20	Alaska	145,000	20	North Dakota	94,461	20	Rhode Island	108,808	20	Massachusetts	130,582	20	Delaware	113,374	20	North Carolina	124,676
21	Wisconsin	144,423	21	Washington	93,948	21	Missouri	107,746	21	Florida	128,972	21	Connecticut	110,000	21	Kentucky	117,329
22	Hawaii	143,748	22	Georgia	91,609	22	New Hampshire	105,930	22	Maryland	125,000	22	Ohio	109,986	22	Washington	116,950
23	North Carolina	141,265	23	Indiana	88,543	23	Iowa	103,212	23	North Carolina	124,676	23	Rhode Island	108,808	23	Oklahoma	114,713
24	Georgia	139,339	24	Missouri	86,484	24	Nevada	102,898	24	Iowa	123,669	24	Missouri	107,746	24	Wisconsin	114,351
25	Kentucky	138,012	25	Montana	86,362	25	Idaho	101,150	25	New Hampshire	117,913	25	New Hampshire	105,930	25	Ohio	109,985
26	Missouri	133,821	26	New Mexico	85,000	26	North Dakota	96,794	26	Kentucky	117,329	26	Utah	104,000	26	Delaware	108,532
27	Florida	130,273	27	Delaware	78,553	27	Vermont	95,139	27	Missouri	116,437	27	Iowa	103,212	27	Missouri	107,746
28	Iowa	130,000	28	Ohio	78,041	28	West Virginia	95,000	28	Montana	115,817	28	Nevada	102,898	28	South Dakota	105,348
29	Louisiana	130,000	29	Minnesota	77,896	29	South Carolina	92,007	29	Rhode Island	115,610	29	Idaho	101,150	29	South Carolina	104,433
30	Rhode Island	129,210	30	Wisconsin	76,261	30	Wyoming	92,000	30	Louisiana	115,000	30	West Virginia	95,000	30	Utah	104,000
31	Mississippi	122,160	31	Nebraska	75,000	31	Mississippi	90,000	31	Vermont	113,901	31	Vermont	92,269	31	Iowa	103,212
32	New Hampshire	121,896	32	Alabama	68,556	32	Minnesota	89,877	32	Minnesota	113,859	32	South Carolina	92,007	32	Minnesota	101,858
33	North Dakota	121,679	33	Colorado	68,500	33	Montana	88,099	33	Michigan	112,410	33	Wyoming	92,000	33	North Dakota	96,794
34	Minnesota	119,850	34	Nevada	63,648	34	Maryland	87,500	34	Connecticut	110,000	34	North Dakota	91,406	34	Vermont	95,139
35	Idaho	119,000	35	Vermont	61,776	35	Kansas	86,003	35	Ohio	109,986	35	Mississippi	90,000	35	West Virginia	95,000
36	Indiana	111,688	36	Tennessee	60,609	36	Alabama	85,248	36	Mississippi	108,960	36	Kansas	86,003	36	Wyoming	92,000
37	New Mexico	110,000	37	Mississippi	60,000	37	Nebraska	85,000	37	Idaho	107,100	37	Alabama	85,248	37	Mississippi	90,000
38	Utah	109,470	38	Kansas	54,000	38	New Mexico	85,000	38	South Dakota	103,892	38	Nebraska	85,000	38	Montana	88,099
39	Montana	108,167	39	South Carolina	46,545	39	South Dakota	83,135	39	Kansas	98,901	39	New Mexico	85,000	39	Alabama	85,248
40	South Carolina	106,078	40	Arkansas	41,896	40	Oregon	76,992	40	Utah	98,509	40	South Dakota	83,135	40	Nebraska	85,000
41	Nebraska	105,000	41	Virginia	36,321	41	Indiana	76,892	41	Nebraska	95,000	41	Indiana	76,892	41	New Mexico	85,000
42	Wyoming	105,000	42	Idaho	35,700	42	Arizona	70,000	42	New Mexico	95,000	42	Oregon	72,000	42	Oregon	81,556
43	South Dakota	104,002	43	Texas	7,200	43	Maine	69,264	43	West Virginia	95,000	43	Arizona	70,000	43	Indiana	76,892
44	Kansas	99,636	44	Arizona	0	44	Wisconsin	68,566	44	Indiana	92,503	44	Maine	69,264	44	Arkansas	54,305
45	Oregon	98,600	45	Maine	0	45	Colorado	68,500	45	Maine	92,248	45	Wisconsin	68,566	45	Connecticut	0
46	Arizona	95,000	46	New Hampshire	0	46	Arkansas	54,305	46	South Carolina	92,007	46	Colorado	68,500	46	Idaho	0
47	Colorado	90,000	47	Oregon	0	47	Alaska	0	47	Arizona	90,000	47	Arkansas	0	47	Kansas	0
48	Arkansas	86,890	48	South Dakota	0	48	Hawaii	0	48	Oregon	82,220	48	Minnesota	0	48	Maryland	0
49	Maine	70,000	49	West Virginia	0	49	New Jersey	0	49	Colorado	80,000	49	Montana	0	49	Nevada	0
50	Alabama	0	50	Wyoming	0	50	Utah	0	50	Arkansas	72,408	50	Texas	0	50	New Hampshire	0

Sources : Book of States 2014, Table 4.11, The Council of State Governments' survey of state personnel agencies and state Web sites February 2014.

#### Comparisons of Salaries with Those of All 50 States

We relied upon data provided by the Council of State Governments for the 2014 fiscal year (ends June 30, 2014), published in the *Book of States 2014*. These data reflects salary data collected by CSG in February 2014, either through survey responses or through access to state websites.

We compared the salaries that Massachusetts pays to its Governor, Lieutenant Governor, Secretary of State, Attorney General, Treasurer and Auditor with those paid by the other 50 states. The Lieutenant Governor position has been vacant since xx, so we estimated what the current salary might have been had the former Lieutenant Governor continued in that position through 2014 at \$134,932. The rank of Massachusetts among all 50 states is shown above in Table 2.

## Rank of Massachusetts Constitutional Officer Salaries Among 50 States

<b>Position</b>	<b>Salary for FY2014</b>	<b>Rank of Massachusetts Among 50 States</b>
Governor	\$151,800	11
Lieutenant Governor	\$134,932	6
Secretary of State	\$130,262	9
Attorney General	\$130,582	20
Treasurer	\$127,917	11
Auditor	\$137,425	14

**Table 3**

**Comparison of Salaries Paid to Constitutional Officers in Comparable States**

Rank among 14	State	Governor	Rank among 14	State	Lieutenant Governor	Rank among 14	State	Secretary of State	Rank among 14	State	Attorney General	Rank among 14	State	Treasurer	Rank among 14	State	Auditor
11	Alaska	145,000	8	Alaska	115,000	13	Alaska	0	8	Alaska	136,350	10	Alaska	122,928	8	Alaska	133,908
5	California	173,987	5	California	130,490	4	California	130,490	4	California	151,127	4	California	139,189	1	California	175,000
8	Connecticut	150,000	9	Connecticut	110,000	9	Connecticut	110,000	13	Connecticut	110,000	12	Connecticut	110,000	13	Connecticut	0
13	Georgia	139,339	11	Georgia	91,609	3	Georgia	130,690	7	Georgia	137,791	1	Georgia	163,125	3	Georgia	159,215
2	Illinois	177,412	3	Illinois	135,669	1	Illinois	156,541	1	Illinois	156,541	5	Illinois	135,669	5	Illinois	151,035
9	Maryland	150,000	6	Maryland	125,000	12	Maryland	87,500	10	Maryland	125,000	8	Maryland	125,000	14	Maryland	0
7	Massachusetts	151,800	4	Massachusetts	134,932	5	Massachusetts	130,262	9	Massachusetts	130,582	6	Massachusetts	127,917	7	Massachusetts	137,425
14	Minnesota	119,850	13	Minnesota	77,896	11	Minnesota	89,877	12	Minnesota	113,859	14	Minnesota	0	12	Minnesota	101,858
3	New Jersey	175,000	2	New Jersey	141,000	14	New Jersey	0	6	New Jersey	141,000	3	New Jersey	141,000	6	New Jersey	141,793
1	New York	179,000	1	New York	151,500	7	New York	120,800	3	New York	151,500	7	New York	127,000	4	New York	151,500
12	North Carolina	141,265	7	North Carolina	124,676	6	North Carolina	124,676	11	North Carolina	124,676	9	North Carolina	124,676	9	North Carolina	124,676
10	Ohio	148,886	12	Ohio	78,041	10	Ohio	109,986	14	Ohio	109,986	13	Ohio	109,986	11	Ohio	109,985
4	Virginia	175,000	14	Virginia	36,321	2	Virginia	152,793	5	Virginia	150,000	2	Virginia	162,214	2	Virginia	168,279
6	Washington	166,891	10	Washington	93,948	8	Washington	116,950	2	Washington	151,718	11	Washington	116,950	10	Washington	116,950

**Selecting States That Are Comparable to Massachusetts**

We collected data on thirteen criteria, and analyzed these data to select a group of 13 other states that are most comparable to Massachusetts. The basis of the comparability included states with full-time legislatures, population, population density, per capita personal income, median household income, cost of living index, number of state employees, size of state government payroll, total state general revenue, total state expenditures, states that are technology leaders, cost of staying in each state capital, and median single-family housing cost for each state capital. For each set of data, we selected the ten states that were closest in ranking to Massachusetts.

**Rank of Massachusetts Constitutional Officer Salaries Among Comparable States**

Position	Salary for FY2014	Rank of Massachusetts Among 13 Comparable States
Governor	\$151,800	7
Lieutenant Governor	\$134,932	4
Secretary of State	\$130,262	5
Attorney General	\$130,582	9
Treasurer	\$127,917	6
Auditor	\$137,425	7

**Table 4**  
**Private Sector Equivalents**

Position	Current Salary	Private Sector Survey Title	Private Sector Total Compensation Salaries at Various Revenue Sizes			Current Salary as a % of the 50 <sup>th</sup> Percentile		
			\$5 billion	\$10 billion	\$20 billion	\$5 billion	\$10 billion	\$20 billion
Governor	\$151,800	Chief Executive Officer	\$1,913,970	\$2,366,042	\$2,842,970	8%	6%	5%
Lieutenant Governor	\$134,932	Executive Vice President	\$818,987	\$1,004,704	\$1,207,530	16%	13%	11%
Attorney General	\$130,582	Top Legal Executive	\$755,567	\$901,098	\$1,074,607	17%	14%	12%
Secretary of State	\$130,262	Chief Administrative Officer	\$751,648	\$902,861	\$1,084,449	17%	14%	12%
Treasurer	\$127,917	Chief Financial Officer	\$878,445	\$1,096,250	\$1,379,654	15%	12%	9%
Treasurer	\$127,917	Top Treasurer Corporate	\$529,658	\$634,662	\$760,460	24%	20%	17%
Auditor	\$134,952	Top Internal Auditor	\$193,465	\$220,002	\$252,140	70%	61%	54%
Senate President/ Speaker of the House	\$102,279	Chairman of Board (Outside Member)	\$498,997	\$576,038	\$664,964	20%	18%	15%
Senate President/ Speaker of the House	\$102,279	Chief Operating Officer	\$1,151,417	\$1,422,821	\$1,700,651	9%	7%	6%

**Executive Summary**

The positions of the public officials identified in Article LXIV of the Articles of Amendment to the Constitution do not have clear, direct private sector equivalents. However, to meet the legislative requirements we have identified specific private sector positions whose responsibilities reflect public sector duties of greater or lesser fashion. A review of a compensation survey database using inputs based on all industries, which includes for-profit and not-for-profit sectors, in Massachusetts with gross revenues between \$5 billion and \$20 billion in revenue indicated that the compensation of the public officials is less than what the private sector executives currently make in all cases. For example, the Governor's base salary is between 5% and 8% of a CEO's total compensation in the private sector. The following chart is an example of how base salaries of the elected officials compares to the private sector at various revenue sizes:

## **Methodology**

The Commission was assisted by consultants from Sullivan, Cotter and Associates, Inc. (Sullivan Cotter) and an intern, Sunshine Greene, from Simmons College School of Management. The source of the compensation data used in this analysis was the ERI Economic Research Institute's (ERI) Executive Compensation Assessor.

To determine "a comparison of direct and indirect compensation of public officials with similar employment in the private sector in the commonwealth" the commissioners, with the assistance of Sullivan Cotter and Ms. Greene, used the following parameters from the ERI Executive Assessor:

Geographic Location: Massachusetts

Similar employment: The budget of the Commonwealth is \$36.5 billion. Since there are very few companies of similar size headquartered within the Commonwealth, the commissioners decided to use the parameters of "all industries" at revenue sizes of \$5 billion, \$10 billion and \$20 billion to demonstrate the range of private sector employment opportunities within the Commonwealth.

Job comparisons: The public officials identified in Article LXIV of the Articles of Amendment to the Constitution do not have direct private sector equivalents. The commissioners acknowledge this and attempted to make the best comparisons possible to the private sector. The comparisons are as follows:

<b>Public Official</b>	<b>Private Sector Title</b>
Governor	Chief Executive Officer
Lieutenant Governor	Executive Vice President
Attorney General	Top Legal Executive
Secretary of State	Chief Administrative Officer
Treasurer	Chief Financial Officer
Treasurer	Top Treasurer Corporate
Auditor	Top Internal Auditor
Senate President and Speaker of the House	Chairman of Board (Outside Member – analogous to a Lead Director) **
Senate President and Speaker of the House	Chief Operating Officer **

\*\* These positions are particularly difficult to match. If one looks at legislative leadership as the operating heads of the Commonwealth then the Chief Operating Officer's compensation may be a good private sector comparator. Alternatively, if one views the legislative heads as leaders governing the Commonwealth in conjunction with the Governor, then the Lead Director or outside Chair of the Board might be the comparator.

The components of compensation available from ERI include:

**Salary** – This is the fixed wage paid to an employee. The basis is usually weekly, monthly, or yearly, and is most often applied to exempt employees.

**Total Compensation** – The sum of all payments made to an employee for a specific time period (usually annual) including base salary, incentives, and bonuses (and/or other variable pay), commissions and stock options. It should also be noted that the data does not include performance based long term equity awards that are often made in the private sector.

Stock Options – The right to buy company stock at a certain price within a particular period of time. The assumption is that the market price of the stock will be higher than the predetermined price at the time that the person is allowed to purchase the stock. (Please note, however, this is not always the case, and options can expire “out of the money.”)

All survey data were adjusted by 3% to January 1, 2015.

It should be recognized that private sector, for-profit, cash compensation for any given year is often supplemented by long term incentive awards that are in equity form and multiples of cash compensation for the year. Thus, private sector salaries, particularly in the for-profit area, are likely considerably understated.

**Table 5**  
**Comparison of Actual Pay Changes and Changes Using BEA Method**

Session	Actual Pay and Percentage Change	BEA, 8 Most Recent Quarters and Percentage Change
2007 (base year)	\$58,197	\$58,197
2009-10 session	\$61,440 (+5.6%)	\$62,206 (+6.9%)
2011-12 session	\$61,133 (-0.5%)	\$62,585 (+0.6%)
2013-14 session	\$60,032 (-1.8%)	\$66,410 (+6.1%)
2015-16 session projected	N/A	\$63,994 (+6.6% based on 2013-14 actual pay)[1]

*Note: Calculations for BEA are based on the data that was available at the time of calculation.*

[1] The projection for the 2015-16 pay is based on the most recent seven quarters of BEA wages and salary data, covering Q4 2012 through Q2 2014. Data for Q3 2014 will be available mid-December.