

**INITIAL REPORT OF THE
COMMONWEALTH COMPENSATION COMMISSION**

on

**COMPENSATION ADJUSTMENTS FOR
MEMBERS OF THE GENERAL ASSEMBLY,
GOVERNOR, LIEUTENANT GOVERNOR
AND CABINET OFFICERS**

September 29, 1976

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

LETTER OF TRANSMITTAL

September 29, 1976

Honorable Milton J. Shapp
Governor of the Commonwealth of Pennsylvania

Honorable Benjamin R. Jones
Chief Justice of the Supreme Court of Pennsylvania

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

Honorable Herbert Fineman
Speaker of the Pennsylvania House of Representatives

Gentlemen:

We hereby submit to you an initial report of the Commonwealth Compensation Commission authorized and constituted in accordance with the provisions of Act No. 111, adopted June 29, 1976.

Although this first report addresses itself to the compensation of public officials within the jurisdiction of the Commission, the severity of the time

limitations under which this Commission has acted impelled this Commission to focus only upon the need for compensation adjustment resulting from the erosion of existing salaries created by a continuing inflationary spiral. This report does not, therefore, focus upon adjustment which may or may not be required to base salaries.

To the extent that this Commission has centered attention upon the need for a cost-of-living adjustment to salaries, the study and the deliberations of the Commission are "exhaustive." Any complete and exhaustive study of the base salaries of public officials must, because of constraints of time, necessarily be deferred to some future consideration.

This Commission from its inception sought out the views of persons and organizations willing to comment upon the subject matter within the scope of the Commission's jurisdiction and held, for that purpose, regularly scheduled public meetings — the dates, times and locations of which were publicized in advance. The limited number of interested persons and organizations responding, however, was somewhat disappointing to the Commission.

We wish to extend our gratitude at this time to those organizations and persons who gave of their time to testify at the public hearings and to those persons who expressed their views to the Commission through correspondence. We also wish to thank the agencies of State government that aided the Commission, especially the Joint State Government Commission, which provided logistic assistance and the source material utilized in our deliberations.

Respectfully submitted,

Harry L. Rossi, Chairman
Daniel J. Curran
David H. Kurtzman

DETERMINATIONS

When the members of the Commission first met on August 19, 1976, it became quite evident that the Commission would be confronted with the unanticipated problems of preparing an initial report in a severely compressed time frame.

Following review of the provisions of Act No. 111 and consultation with the office of the Attorney General, members of the Commission concluded that if their study should indicate salary adjustments for incumbents, the first report of the Commission must become effective prior to Election Day, November 2, 1976.

The Commission also determined that filing a report subsequent to October 2, 1976, could result in deferring the effective date of any salary

adjustments for perhaps several years, either because the report became effective after November 2, 1976 or because legislative modifications occurred after November 2, 1976 to a report filed before November 2, 1976. The selection of October 2, 1976, as the last day to issue a report, therefore, insures that the Legislature will have a 30-day period prior to November 2, 1976 in which to make any modification it deems justified. If modifications are made, the effective date of salary adjustments will occur prior to November 2, 1976.

If the Commission had ignored the possibility that its failure to file a report prior to October 2, 1976 could result in delaying the effective date for any salary adjustments and the Commission study had indicated such adjustments were justified, the Commission would have inexcusably permitted any existing inequities to continue for a further substantial period of time, thereby perpetuating and enlarging them.

Following its organizational meeting, the Commission concentrated on gathering together all available information as quickly as possible in order to determine the scope of its report. Public meetings were scheduled on a regular basis and publicized in advance. Various organizations and the public were invited to present their views. Through the efforts of the Commission staff and the staff of the Joint State Government Commission, comprehensive data were obtained. In addition, the Commission had before it the extensive files and materials developed by the former Commonwealth Compensation Commission, including research material provided by the Fels Center of Government of the University of Pennsylvania and the State Division of the Pennsylvania Economy League.

Following review of applicable law, the testimony presented and all pertinent material, the Commission concluded that:

1. The time limitation imposed on the Commission for the issuance of a first report necessarily precluded an exhaustive study at this time of the adequacy of the base salaries of those public officials who are the subject of this report.
2. This initial report of the Commission would not extend to all of the public officials or the full scope of determinations within the Commission's jurisdiction and subsequent initial reports may be provided.
3. Because each member of the judicial branch of government recently received, in accordance with the provisions of Act No. 111, approved June 29, 1976, an annual increase in the amount of \$5,000 and because no constitutional prohibition precludes incumbents of the judicial branch from receiving salary adjustments at the time of determination, the Commission deferred any consideration of judicial salary adjustments.

4. The Commission has deferred any consideration of salary adjustments for the State Treasurer and Auditor General. This is due to the fact that salary increases by the former Commonwealth Compensation Commission on November 22, 1972 were not received by the incumbent State Treasurer and Auditor General because of constitutional limitations and their successor to be elected on November 2, 1976 will receive the salary increases.
5. In view of the fact that between the years 1973-1976, inclusive, the rise in the Consumer Price Index will be about 37.3 percent, in the average weekly earnings for all private industry, about 32.3 percent, in the average weekly earnings for U.S. manufacturing workers, about 35.6 percent, and in the annual salaries of Pennsylvania State employees, about 40.6 percent (Exhibits 1 and 4), there is an immediate need to adjust upwards the compensation of the public officials subject to this report.
6. Based upon the above data, this Commission could justifiably adjust the compensation of the public officials under consideration by greater amounts than herein recommended to conform with the inflationary trend. Nevertheless, the Commission has determined:
 - For members of the General Assembly elected in the 1976 General Election and thereafter a cumulative cost-of-living adjustment in the amount of \$3,120, which is equivalent to an annual percentage increase of 5 percent for each of the four years 1973, 1974, 1975 and 1976—a total of 20 percent for the period.
 - For members of the Senate elected in the 1974 General Election, an unaccountable additional allowance in recognition of the increased cost attendant to their offices equal to \$3,120 per annum until the end of the term for which they are elected.
 - For the Governor, Lieutenant Governor and Cabinet officers, at such time as the constitution of Pennsylvania permits their payment for services rendered, a cumulative cost-of-living adjustment at the annual rate of 5 percent for each of the two years 1975 and 1976—a total of 10 percent.*

The distinction drawn in this initial report between the legislative and executive branches is justified in that most members of the executive branch received salary increases in 1975 as the result of the determinations of the former Commonwealth Compensation Commission. Further, the distinction is justified by the care which must be exercised in avoiding, when dealing with larger salaries as in the case of the executive branch, the possibility that a salary adjustment made because of an increase in the cost of living does not create an imbalance between a base salary as adjusted and a realistic

* This determination was not approved by Commissioner Kurtzman.

base salary as determined by the scope, responsibility and functions of an office. Until a study of base salaries is made, the Commission believes that a modest adjustment of 10 percent is appropriate in that, in itself, it will not create any imbalance between the present base salary, as adjusted, and a realistic base salary as finally determined.

7. Because of the increased costs of travel and in recognition of the fact that with the exception of members of the legislature all other public employees are entitled to receive 15 cents per mile, the Commission has determined that the constitutional mileage allowance for legislators shall be 15 cents per mile circular for each week a member is in attendance at a session.
8. The compensation increases provided for in this report shall become effective on the date of this report as governed by law and the Constitution.
9. Failure by the Commission to act upon salaries, emoluments, mileage, per diem, travel and other expense allowance, and reimbursements of any public official subject to the jurisdiction of this Commission other than those expressly provided for in this report is intended as a determination that there shall be no change in existing compensation as a result of this Initial Report, except as may be made by the General Assembly or under executive authority as provided by law or by subsequent parts to this Initial Report.

The total number of public officials who are subject to this report is 272 of which 253 are in the legislative branch and 19 are in the executive branch.

When fully implemented the cost of the determinations contained herein will be as follows:

	Annual direct salary cost	Annual fringe benefit cost including mileage	Total annual cost	Total annual cost, per capita
Legislative adjustments	\$789,360	\$258,573	\$1,047,933	8.9¢
Executive adjustments	73,750	9,661	83,411	0.7¢

Existing provisions of the Pennsylvania Constitution prohibiting alteration of salaries of certain public officials after their election or appointment make it extremely difficult to maintain total rationality in the determination of compensation adjustments. For example, the present State Treasurer and Auditor General are receiving salaries which were

applicable to those offices prior to November 1972, even though the former Commonwealth Compensation Commission increased the salaries of those public officials on November 22, 1972. The incumbents, therefore, never had the benefit of the increased compensation.

The Constitution of the United States includes no like prohibition with regard to members of Congress or appointed officials. The absence of those restrictions has not resulted in abuse and has, as it would in the case of Pennsylvania, encouraged a more rational method of determining salary modifications. The former Commonwealth Compensation Commission recommended that the legislature initiate changes to the Pennsylvania Constitution to remove these archaic provisions. This Commission similarly makes such a recommendation.

SUMMARY OF DETERMINATIONS

The Commonwealth Compensation Commission, under the authority granted by Act No. 111 of 1976, establishes with respect to the officials enumerated the compensation shown below effective on the date of this Initial Report¹, as governed by law and the Constitution.

WITH RESPECT TO EXECUTIVE OFFICERS*	Annual Salary
Governor	\$66,000
Lieutenant Governor	49,500
Secretary of the Commonwealth	38,500
Attorney General	44,000
Secretary of Education	44,000
Adjutant General	38,500
Insurance Commissioner	38,500
Secretary of Banking	38,500
Secretary of Agriculture	38,500
Secretary of General Services	44,000
Secretary of Environmental Resources	41,250
Secretary of Transportation	44,000
Secretary of Health	41,250
Commissioner of Pennsylvania State Police	41,250
Secretary of Labor and Industry	41,250
Secretary of Public Welfare	44,000

¹Editorial 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 initial report shall take effect immediately 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 September 30, 1976, and no concurrent resolution was adopted by the General Assembly within 30 days rejecting the report either in whole or in part.

* The determination for executive branch officials was not approved by Commissioner Kurtzman.

Secretary of Revenue	41,250
Secretary of Commerce	38,500
Secretary of Community Affairs	38,500

WITH RESPECT TO THE GENERAL ASSEMBLY

Members of the Senate and House of Representatives**	18,720
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CONSTITUTIONAL MILEAGE FOR LEGISLATORS—15 CENTS
PER MILE

** Members of the Senate elected in the 1974 General Election will continue to receive the current \$15,600 salary with an unaccountable additional allowance equal to \$3,120 per annum until the end of the term for which they are elected.

