

STATE OF MICHIGAN



JENNIFER M. GRANHOLM, GOVERNOR

**STATE OFFICERS COMPENSATION COMMISSION**

CAPITOL COMMONS CENTER, P.O. BOX 30002, LANSING, MICHIGAN 48909

December 29, 2004

**TO:** Gary Randall, Clerk of the House of Representatives  
Carol Viventi, Secretary of the Senate  
Mary Lannoye, State Budget Director

**FROM:** State Officers Compensation Commission

**SUBJECT:** 2004 State Officers Compensation Commission (SOCC) Decision

The State Officers Compensation Commission met on December 22, 2004, to consider state officers' salaries and expense allowances, as required by Article 4, §12, of the Michigan Constitution. Amendments to that provision in 2002 changed the procedure for Commission determinations as follows:

- Newly requiring the Commission to make determinations for the salary and expense allowances of the Secretary of State and Attorney General.
- Requiring legislative approval of the Commission's determination.
- Changing the effective date for the determination, postponing it by two years.

At its 2002 meeting, the Commission deferred taking any specific action because no enabling legislation had been passed that reconciled inconsistencies between the new constitutional language and the existing implementing law, Public Act 357 of 1968. Since 2002, such legislation has still not been enacted. Article 4, §12, requires the Commission to meet every two years, which was done on December 22, 2004, after public notice.

Prior to its meeting, the Commission received a letter from the Governor and Lieutenant Governor, which requested that the Commission (1) reduce their salaries by five percent, effective January 1, 2007 and (2) hold their expense allowances at current levels through 2008. A copy of the letter is attached.

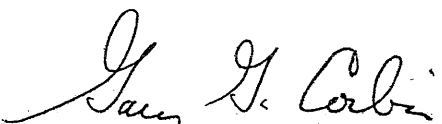
Although the legislature has not yet passed conforming legislation, the Commission believes that the voters of Michigan clearly demonstrated their desire to change the system for determining state officers' compensation in 2002.

Cognizant of its constitutional charge and existing statutory language authorizing the Commission to make determinations for some officers, the Commission recommends

reducing the salaries of the Governor and Lieutenant Governor by five percent, effective January 1, 2007, while freezing expense allowances for those offices through 2008. By this letter, the Commission formally submits the following determinations, for whatever action the legislature deems appropriate:

- Effective January 1, 2007, the salary for the office of the Governor shall be \$168,150.
- Effective January 1, 2007, the salary for the office of the Lieutenant Governor shall be \$117,705.

Absent comments from the public or other officers, the Commission took no action regarding compensation determinations for the legislature, attorney general, secretary of state, and justices of the supreme court. The Commission formally requests that the legislature enact implementing legislation to allow the Commission to fully comply with its constitutional charge. Under existing statutory language, the Commission is required to make any determination for this cycle before December 31. The commissioners would be willing to reconvene next year to consider outstanding issues in the event that the legislature passes transitional language authorizing such meetings for any remaining compensation determinations to take effect in 2007.

BY:   
\_\_\_\_\_  
Gary G. Corbin, Chairman

FOR: Penny L. Deitch, Commissioner  
Yousif Ghafari, Commissioner  
Thomas E. Hoeg, Commissioner  
Larry L. Leatherwood, Commissioner  
Patricia McCarthy, Commissioner  
Maria Elena Rodriguez, Commissioner

cc: Governor Jennifer M. Granholm  
Lt. Governor John D. Cherry, Jr.  
Attorney General Mike Cox  
Secretary of State Terri Lynn Land  
Chief Justice Maura Corrigan  
Justice Michael Cavanagh  
Justice Elizabeth Weaver  
Justice Marilyn Kelly  
Justice Clifford Taylor  
Justice Robert Young, Jr.  
Justice Stephen Markman  
Senator Ken Sikkema  
Senator Bob Emerson  
Representative Rick Johnson  
Representative Dianne Byrum



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JOHN D. CHERRY, JR.  
LT. GOVERNOR

December 22, 2004

**HAND DELIVERED**

James D. Farrell  
Secretary  
State Officers' Compensation Commission  
400 S. Pine Street  
Lansing, Michigan 48913

Dear Mr. Farrell:

As the State Officers Compensation Commission ("SOCC") convenes to make the constitutionally-required determinations of salaries and expenses for elected state officers, including the governor and the lieutenant governor, in light of on-going state fiscal constraints and sacrifices being made by state employees we write to urge the SOCC to reduce by five percent the salaries of the governor and the lieutenant governor. We also urge the SOCC to freeze expense allowances for the office of governor and the office of lieutenant governor at current levels through 2008.

For the past several years our state has been faced with declining state revenues. As a result, very difficult cuts in state government have been required. Today, Michigan has the lowest number of state employees since 1974. Adjusted for inflation, our general fund revenue is the lowest since 1970. Yet, Michigan must provide services to 1.3 million more residents than 34 years ago. Moreover, as our administration prepares a budget for the 2005-2006 fiscal year it is apparent that additional reductions in state expenditures will be required.

The executive branch of state government, like the Michigan families it serves, is doing more with less. State employees already have borne their share of the burden with increased workloads and have accepted deferred compensation and other economic concessions to assist in dealing with budget shortfalls. As we have asked state employees to sacrifice, we believe that as elected leaders in state government we have an obligation to share in these sacrifices.

Under Section 12 of Article IV of the Michigan Constitution of 1963, as amended by voters in 2002, any determinations adopted now by the SOCC must be transmitted to the legislature for approval. Should a majority of the members elected to and serving in each house of the legislature approve the determinations

Letter to Secretary of State Officers' Compensation Commission

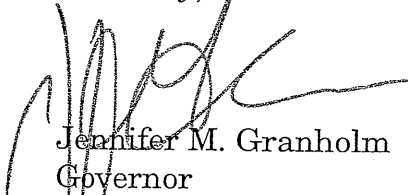
December 22, 2004

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by concurrent resolution, any changes in salary and expense would be effective January 1, 2007. If the SOCC believes that Michigan law should be amended to implement the changes adopted overwhelmingly by Michigan voters, we urge the SOCC to transmit with any salary and expense determinations a request that the 93rd Michigan Legislature adopt implementing legislation necessary to facilitate action on the SOCC's determinations.

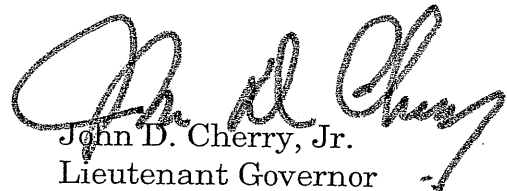
We assure the SOCC that our administration will be communicating with the new Legislature about the need to implement any determinations adopted by the SOCC providing for reduction in our salaries. We appreciate the service performed by the SOCC on behalf of the People of the State of Michigan.

Sincerely,



Jennifer M. Granholm  
Governor

Sincerely,



John D. Cherry, Jr.  
Lieutenant Governor

- c: Yousif Ghafari, Member, State Officers' Compensation Commission  
Thomas E. Hoeg, Member, State Officers' Compensation Commission  
Patricia R. McCarthy, Member, State Officers' Compensation Commission  
Maria Elena Rodriguez, Member, State Officers' Compensation Commission  
Gary G. Corbin, Member, State Officers' Compensation Commission  
Penny L. Deitch, Member, State Officers' Compensation Commission  
Larry L. Leatherwood, Member, State Officers' Compensation Commission

JMG/OLC/sl