

STATE OF MICHIGAN



Rick Snyder, Governor

**STATE OFFICERS COMPENSATION COMMISSION**

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

June 9, 2017

Mr. Jeff Cobb  
Secretary of the Senate  
State Capitol  
110 S. Capitol Ave.  
Lansing, MI 48933

Mr. Gary Randall  
Clerk of the House  
State Capitol  
110 S. Capitol Ave.  
Lansing, MI 48933

Mr. David Behen, Director  
Department of Technology,  
Management & Budget  
P.O. Box 30026  
Lansing, MI 48909

As chairperson of the State Officers Compensation Commission, I hereby submit the commission's 2017 report and determinations.

Copies of the report are also being provided to the governor, lieutenant governor, justices, legislative leaders, attorney general, and secretary of state, in accordance with Public Act 357 of 1968.

The commission has requested that this transmittal emphasize its strong support of the need to address longstanding problems exacerbated by the lack of action on previous determinations. The attached determinations include (1) a modest 10% increase for justices, who have not received a pay increase since 2002, and (2) a restoration of salary and expense allowances for executive-branch officials to their 2002 levels.

All six commissioners strongly endorse the attached recommendations and urge their consideration by the legislature.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Smalley".

Joseph Smalley  
State Officers Compensation Commission

Attachment

CC: Governor Rick Snyder  
Lieutenant Governor Brian Calley  
Justices of the Michigan Supreme Court  
Attorney General Bill Schuette  
Secretary of State Ruth Johnson  
Speaker of the House Tom Leonard  
House Minority Leader Sam Singh  
Senate Majority Leader Arlan Meekhof  
Senate Minority Leader Jim Ananich

# State of Michigan



## 2017 Report of the State Officers Compensation Commission

**Members:** **Joseph Smalley, Chairman**  
(term expires 1/01/20)

**Rodney Alberts**  
(term expires 1/01/18)

**James Hallan**  
(term expires 1/01/20)

**Hassan Jaber**  
(term expires 1/01/18)

**Nancy Jenkins**  
(term expires 1/01/20)

**Mary Kay Shields**  
(term expires 1/01/18)

**Secretary:** **Janine M. Winters, State Personnel Director**  
(ex officio)

## EXECUTIVE SUMMARY OF 2017 SOCC DETERMINATIONS

The following are the determinations of the 2017 State Officers Compensation Commission. The determinations will become effective only if the legislature, by concurrent resolution adopted by a majority of both houses, approves them.

### GENERAL SALARY ADJUSTMENTS

In recognition of the fact that justices have not had a pay increase since 2002, and that all other affected offices had a 10% pay decrease in 2011, and to recognize the importance of these offices and the impact of attracting highly qualified individuals, the commission makes the following recommendations:

**Effective 2019**, salaries for the offices of governor, lieutenant governor, attorney general, and secretary of state are to be restored to 2002 levels. The salary for justices is to be increased by 10%. The salary for legislators is to remain unchanged. The resulting salaries for 2019 will be:

Governor	\$177,000
Lt. Governor	123,900
Justice	181,071
Legislator	71,685
Attorney General	124,900
Secretary of State	124,900

**Effective 2020**, salaries for all offices will continue unchanged:

Governor	\$177,000
Lt. Governor	123,900
Justice	181,071
Legislator	71,685
Attorney General	124,900
Secretary of State	124,900

### EXPENSE ALLOWANCES

The expense allowances for the governor and lieutenant governor are to be restored to 2002 levels. The expense allowance for legislators will remain unchanged at the 2018 amount.

	2019 Expense Allowance	2020 Expense Allowance
Governor	\$60,000	\$60,000
Lt. Governor	20,000	20,000
Legislator	10,800	10,800

### LEGISLATIVE SUPPLEMENTAL SALARIES

Supplemental salaries for legislative leadership positions remain unchanged at the 2018 amount.

<b>Leadership Position</b>	<b>2019 and 2020 Annual Supplement</b>
Speaker of the House	\$24,300
Senate Majority Leader	23,400
Minority Leaders	19,800
Majority Floor Leaders	10,800
Minority Floor Leaders	9,000
Appropriations Committee Chairs	6,300
Speaker Pro Tempore – House	4,962
President Pro Tempore – Senate	4,962

## Introduction

The 2017 State Officers Compensation Commission (SOCC) was the twenty-fourth commission since a 1968 constitutional amendment created a compensation commission and charged it with determining salaries and expense allowances of members of the legislature, the governor, the lieutenant governor, and justices. A 2002 constitutional amendment added the attorney general and secretary of state to the offices for which the SOCC makes determinations.

Commissioners are appointed by the governor for one four-year term. Enabling legislation permits the commission to meet for not more than fifteen session days after January 31 of each odd-numbered year. SOCC determinations must be filed with the clerk of the House of Representatives, secretary of the Senate, and director of the Department of Technology, Management and Budget by June 15 each odd-numbered year.

SOCC determinations become the salaries and expense allowances only if the legislature, by concurrent resolution adopted by a majority of each house, approve them. The house and senate alternate on which body initiates the resolution on SOCC determinations. The house was scheduled to make the resolution in 2015, although nothing was ever introduced. The senate will initiate a resolution in 2017. The concurrent resolution may amend the SOCC determinations to reduce the salary and expense allowance by the same proportion for all offices, but cannot reduce the salary and expense determinations to below the amounts in place when the determinations are made. Once approved by the legislature, the salaries and expense allowances become effective for the legislative session immediately following the next general election. Therefore, this determination, if approved by the legislature, would take effect with the legislative session beginning in January 2019.

The commission's authority has been addressed by the attorney general and court decisions making it clear that the SOCC is limited to determining salaries and expense allowances. It has no authority to determine other fringe benefits. It may consider the value of such benefits in considering compensation adjustments. Expense allowances determinable by the commission have been defined to mean normal, reimbursable personal expenses such as food, lodging, and travel costs incurred by the officer in carrying out the responsibilities of state office.

Criteria historically used by the SOCC in its determinations include the responsibility levels of the jobs, compensation effectiveness to attract individuals possessing the education and experience required, comparison with similar positions in other states and with positions of similar responsibility in the private and public sectors, the public sentiment, the financial condition of the state and outlook for the state's economy, and the cost of living.

## 2017 Process and Determinations

Governor Rick Snyder appointed three new members to the State Officers Compensation Commission: James Hallan, Nancy Jenkins, and Joseph Smalley. These new members' terms expire on January 1, 2020. The three returning members are: Rodney Alberts, Hassan Jaber, and Mary Kay Shields. These members's terms expire on January 1, 2018. The other 2015 member, Paul Welday, passed away and no timely appointment was made to replace him.

The 2017 State Officers Compensation Commission held its first meeting on April 13, 2017 in Lansing. Matt Fedorchuk, deputy director for the Michigan Civil Service Commission, called the meeting to order and opened discussions to elect a chair. Upon the motion of Commissioner Shields, supported by Commissioner Hallan, Joseph Smalley was nominated as chair. The motion was approved.

The commission received testimony on Michigan's economic forecast from Eric Bussis from the Department of Treasury and Colleen Gossman from the State Budget Office. The presentation highlighted positive economic trends, including high vehicle sales, low inflation, and low interest rates. National real GDP showed a 2.1% growth rate in the fourth quarter of 2016, and there has been a 12.4% increase in payroll jobs since the recession. Additionally, per capita personal income has shown good growth rates of 3.5% since 2014. Ms. Gossman shared projected growth for major taxes in FY 2017 and 2018. The general fund will be balanced and there is ongoing review of expenses and revenue for one-time spending. She indicated that as of February, tax collections and revenue were on track with the consensus agreement. Slides from the presentation are attached as Appendix C.

The commission was briefed by staff on the SOCC process and on a salary and benefits survey prepared by staff to provide comparative information on the salary levels and benefits of the Michigan officials with counterparts in other states. The survey results included data on the national ranking of Michigan officials' salaries: governor, eleventh; lieutenant governor, eighteenth; justice, twenty-ninth; legislator, fourth; attorney general, thirty-fifth; and secretary of state, eighteenth.

Following the staff briefing, commissioners noted that there were no interested parties in attendance. Discussion turned to additional information that the commissioners would like staff to provide, including the historical percentage of federal funding for the state budget; the relative importance of several sectors to the state's economy; total salary costs for the affected officers; historical rainy-day fund balance information; recent wage increases for nonexclusively represented employees; and retirement costs for the affected officers. The commission set its next meeting date for May 19, 2017. The meeting was then adjourned.

The second and final meeting of the 2017 SOCC was held in Lansing on May 19, 2017. After approval of the agenda and the April 13, 2017 meeting minutes, the commission turned to the interested parties present at the meeting. Chief Justice Stephen Markman provided testimony on justices' salary. A copy of his full remarks are included in this report as Appendix D.

Chief Justice Markman noted the SOCC's efforts in previous deliberations to carefully study and make recommendations on judicial salaries, specifically related to the "tie-bar" between lower-court judges' and justices' salaries. The 2015 SOCC strongly supported passage of Senate Bill 56, which severed the "tie-bar" and ameliorated many of the lower court judicial compensation issues. But now the chief justice was speaking specifically to the issue of compensation for the office of justice, which has not seen a pay increase since 2002. Even if an increase were approved for 2019, it would be a full seventeen years without a pay increase. He advocated for this SOCC to rectify the resulting challenges this pay freeze has caused.

The chief justice further explained his position related to the urgency of an approved pay increase for the office of justice. He noted that the justice is the only office under the SOCC's purview that is not term-limited, constituting a different expectation as a possible career or late-career position. Chief Justice Markman pointed out six factors arising from the pay freeze for the commission to consider. First, since the last pay increase in 2002, the Consumer Price Index has risen 35%. Second, the overall average salary of justices nationally has increased by 37% since 2002. Third, state-employee salaries have risen by 33% since 2002, with approved increases of 3% and 2% pending for the next two years. Fourth, there is a substantially widening gap compared to federal appellate judges, who now make \$217,600. This is what the Michigan's justices would be earning had they received cost-of-living increases since 2002. Fifth, while not a reasonable benchmark for basing a recommendation upon, the levels of attorney compensation in the private sector were provided for background and context. Sixth, there is increasingly broad support to end the seventeen-year pay freeze for justices from groups such as the Michigan Chamber of Commerce, Michigan Association for Justice, Michigan Association of Realtors, and Mackinac Center. The chief justice concluded by requesting that the commission end the pay freeze for the office of justice and assist the court in communicating and expressing its strongest support to the legislature who are the final decisionmakers in this process.

Following the presentation from Chief Justice Markman, the Commission noted that there were no additional interested parties present. No members of the public wished to speak. Chairman Smalley opened up deliberations by summarizing some key facts discussed so far, including the fact that supreme court justices have not seen a pay increase since 2002, while all other officers have not only gone without pay increases, but actually had their pay cut by ten percent in 2011. He mentioned that the economic outlook was positive and that Michigan's economy has improved. He also pointed out that salaries of nonexclusively represented state employees had risen markedly over the same period. Commissioner Hallan noted that the SOCC has a duty to recommend fair compensation for elected officials that would assist in attracting qualified individuals. He then made a motion, seconded by Commissioner Jaber, to restore the salaries and expense allowances for the offices of governor, lieutenant governor, attorney general, and secretary of state to the 2010 levels (i.e., an 11 and 1/9% increase) and to provide for a 10% increase for the office of justice. Commissioner Shields discussed making an amendment to the motion to include language tying future increases to state employees' pay or the Consumer Price Index. After further discussion, she withdrew the motion. The commissioners unanimously approved the original motion.

The commissioners then discussed preparation of their final recommendation document. They expressed a strong desire to also send a separate statement to the legislature and governor urging action on the recommendations and simultaneously issue a press release in recognition of the importance of public opinion. The meeting was then adjourned.

## Constitution and Law

### Constitution of Michigan of 1963 (excerpt)

#### Article IV, § 12 State officers compensation commission.

The state officers compensation commission is created which subject to this section shall determine the salaries and expense allowances of the members of the legislature, the governor, the lieutenant governor, the attorney general, the secretary of state, and the justices of the supreme court. The commission shall consist of 7 members appointed by the governor whose qualifications may be determined by law. Subject to the legislature's ability to amend the commission's determinations as provided in this section, the commission shall determine the salaries and expense allowances of the members of the legislature, the governor, the lieutenant governor, the attorney general, the secretary of state, and the justices of the supreme court which determinations shall be the salaries and expense allowances only if the legislature by concurrent resolution adopted by a majority of the members elected to and serving in each house of the legislature approve them. The senate and house of representatives shall alternate on which house of the legislature shall originate the concurrent resolution, with the senate originating the first concurrent resolution.

The concurrent resolution may amend the salary and expense determinations of the state officers compensation commission to reduce the salary and expense determinations by the same proportion for members of the legislature, the governor, the lieutenant governor, the attorney general, the secretary of state, and the justices of the supreme court. The legislature shall not amend the salary and expense determinations to reduce them to below the salary and expense level that members of the legislature, the governor, the lieutenant governor, the attorney general, the secretary of state, and the justices of the supreme court receive on the date the salary and expense determinations are made. If the salary and expense determinations are approved or amended as provided in this section, the salary and expense determinations shall become effective for the legislative session immediately following the next general election. The commission shall meet each 2 years for no more than 15 session days. The legislature shall implement this section by law.

### Enabling Legislation (as amended)

#### **15.211 Commission; assignment to department of civil service; expiration of members' terms; appointment of members; reappointments prohibited; vacancies; ineligibility.**

The state officers' compensation commission created by section 12 of article 4 of the state constitution of 1963 is assigned to the department of civil service for the purposes of administration, budgeting, procurement, and related management functions. For members appointed to a new term after December 31, 2007, the members' terms shall expire on January 1 of the fourth year following appointment. For members appointed to a new term after December 31, 2007, the members shall be appointed prior to January 31 of the year of appointment. A member may not be reappointed. Vacancies shall be filled by the governor for the remainder of the unexpired term. A member or employee of the legislative, judicial, or executive branch of government shall not be eligible to be a member of the commission.

#### **15.212 Definitions.**

As used in the constitution "each 2 years" means periods ending on December 31 of each even numbered year. As used in this act, "session days" means any calendar day on which the commission meets and a quorum is present.

**15.213 Commission; meetings; quorum; actions or determinations by concurrence of majority; chairperson; secretary; subcommittees.**

The commission shall meet for not more than 15 session days beginning after January 31 of every odd numbered year. Four members of the commission constitute a quorum for conducting the business of the commission. The commission shall not take action or make determinations without a concurrence of a majority of the members appointed and serving on the commission. The commission shall elect a chairperson from among its members. The state personnel director shall act as the secretary to the commission. The commission may establish subcommittees.

**15.214 Assistance from state agencies.**

The commission may call upon the services and personnel of any agency of the state for assistance.

**15.215 Compensation commission compensation, expenses.**

The members of the commission shall receive no compensation but shall be entitled to their actual and necessary expenses incurred in the performance of their duties to be paid from the appropriation made to the department of civil service.

**15.216 Commission; determination of salaries and expense allowances; filing determinations; copies.**

The commission shall determine the salaries and expense allowance of the governor, the lieutenant governor, the attorney general, the secretary of state, the justices of the supreme court, and the members of the legislature and file its determinations with the clerk of the house of representatives, the secretary of the senate, and the director of the department of management and budget on or before June 15 of each odd numbered year and shall furnish copies to the governor, the lieutenant governor, the attorney general, the secretary of state, the justices of the supreme court, and the members of the legislature. The report may be furnished in an electronic format.

**15.217 Salary and expense determinations; concurrent resolution adopted by legislature; approval or amendment.**

The determinations of the commission shall be the salaries and expense allowances only if the legislature by concurrent resolution adopted by a majority of the members elected to and serving in each house of the legislature approve them. The senate and house of representatives shall alternate on which house of the legislature shall originate the concurrent resolution, with the senate originating the first concurrent resolution in 2009. The concurrent resolution may amend the salary and expense determinations of the state officers compensation commission to reduce the salary and expense determinations by the same proportion for the members of the legislature, the governor, the lieutenant governor, the attorney general, the secretary of state, and the justices of the supreme court. The legislature shall not amend the salary and expense determinations to reduce them to below the salary and expense level that the members of the legislature, the governor, the lieutenant governor, the attorney general, the secretary of state, and the justices of the supreme court receive on the date the salary and expense determinations are made. If the salary and expense determinations are approved or amended as provided in this section, the salary and expense determinations shall become effective for the regular legislative session immediately following the next general election.

**15.218 Effective date.**

This act shall take effect September 20, 1968.

## History of SOCC Pay Actions

## Governor

	Salary	Expense Allowance		Salary	Expense Allowance
<b>1968*</b>	\$40,000	\$15,000	<b>1994*</b>	112,025	30,000
1969	40,000	15,000	1995	116,506	30,000
<b>1970*</b>	45,000	15,000	<b>1996*</b>	121,166	30,000
1971	45,000	15,000	1997	124,195	40,000
<b>1972*</b>	45,000	15,000	<b>1998*</b>	127,300	40,000
1973	45,000	15,000	1999	138,757	50,000
<b>1974*</b>	45,000	15,000	<b>2000*</b>	151,245	50,000
1975	47,250	18,000	2001	172,000	60,000
<b>1976*</b>	47,250	18,000	<b>2002*</b>	177,000	60,000
1977	55,000	18,000	2003	177,000	60,000
<b>1978*</b>	58,000	18,000	<b>2004*</b>	177,000	60,000
1979	61,500	18,000	2005	177,000	60,000
<b>1980*</b>	65,000	18,000	<b>2006*</b>	177,000	60,000
1981	65,000	18,000	2007	177,000	60,000
<b>1982*</b>	70,000	20,000	2008	177,000	60,000
1983	70,000	20,000	<b>2009***</b>	177,000	60,000
<b>1984*</b>	78,000	20,000	2010	177,000	60,000
1985	81,900	20,000	<b>2011***</b>	159,300	54,000
<b>1986*</b>	85,800	20,000	2012	159,300	54,000
1987	92,664	30,000	<b>2013***</b>	159,300	54,000
<b>1988*</b>	100,077	30,000	2014	159,300	54,000
1989	103,580	30,000	<b>2015***</b>	159,300	54,000
<b>1990*</b>	106,690	30,000	2016	159,300	54,000
1991**	106,690	30,000	<b>2017***</b>	159,300	54,000
<b>1992* **</b>	106,690	30,000	2018	159,300	54,000
1993	106,690	30,000	<b>2019***</b>	177,000	60,000
			2020	177,000	60,000

\*Years when SOCC made determinations for the following two years.

\*\*Rates retained from 1988 determination pursuant to legislative action on 1990 determinations.

\*\*\*Years when SOCC made determinations for legislative session following next general election, under P.A. 357.

## Lieutenant Governor

	<u>Salary</u>	<u>Expense Allowance</u>		<u>Salary</u>	<u>Expense Allowance</u>
<b>1968*</b>	\$22,000	\$3,000	<b>1994*</b>	84,315	9,000
1969	22,000	3,000	1995	86,844	9,000
<b>1970*</b>	25,000	3,000	<b>1996*</b>	89,450	9,000
1971	25,000	3,000	1997	91,686	12,000
<b>1972*</b>	25,000	3,000	<b>1998*</b>	93,978	12,000
1973	25,000	3,000	1999	97,267	15,000
<b>1974*</b>	25,000	3,000	<b>2000*</b>	100,671	15,000
1975	27,500	3,500	2001	120,400	20,000
<b>1976*</b>	27,500	3,500	<b>2002*</b>	123,900	20,000
1977	38,000	4,250	2003	123,900	20,000
<b>1978*</b>	40,000	4,600	<b>2004*</b>	123,900	20,000
1979	42,500	4,950	2005	123,900	20,000
<b>1980*</b>	45,000	5,200	<b>2006*</b>	123,900	20,000
1981	45,000	5,200	2007	123,900	20,000
<b>1982*</b>	50,000	7,000	2008	123,900	20,000
1983	50,000	7,000	<b>2009***</b>	123,900	20,000
<b>1984*</b>	53,500	7,000	2010	123,900	20,000
1985	56,175	7,000	<b>2011***</b>	111,510	18,000
<b>1986*</b>	58,850	7,000	2012	111,510	18,000
1987	62,970	7,000	<b>2013***</b>	111,510	18,000
<b>1988*</b>	67,377	7,000	2014	111,510	18,000
1989	80,300	9,000	<b>2015***</b>	111,510	18,000
<b>1990*</b>	80,300	9,000	2016	111,510	18,000
1991**	80,300	9,000	<b>2017***</b>	111,510	18,000
<b>1992* **</b>	80,300	9,000	2018	111,510	18,000
1993	80,300	9,000	<b>2019***</b>	123,900	20,000
			2020	123,900	20,000

\*Years when SOCC made determinations for the following two years.

\*\*Rates retained from 1988 determination pursuant to legislative action on 1990 determinations.

\*\*\*Years when SOCC made determinations for legislative session following next general election, under P.A. 357.

## Legislators

	<u>Salary</u>	<u>Expense Allowance</u>		<u>Salary</u>	<u>Expense Allowance</u>
<b>1968*</b>			<b>1994*</b>	47,723	8,925
1969	\$15,000	\$3,000	1995	49,155	8,925
<b>1970*</b>	15,000	3,000	<b>1996*</b>	50,629	8,925
1971	17,000	2,750	1997	51,895	8,925
<b>1972*</b>	17,000	2,750	<b>1998*</b>	53,192	8,925
1973	17,000	2,875	1999	55,054	10,000
<b>1974*</b>	17,000	3,000	<b>2000*</b>	56,981	10,000
1975	19,000	3,300	2001	77,400	12,000
<b>1976*</b>	19,000	3,500	<b>2002*</b>	79,650	12,000
1977	22,500	4,250	2003	79,650	12,000
<b>1978*</b>	24,000	4,600	<b>2004*</b>	79,650	12,000
1979	25,500	4,900	2005	79,650	12,000
<b>1980*</b>	27,000	5,200	<b>2006*</b>	79,650	12,000
1981	27,000	5,200	2007	79,650	12,000
<b>1982*</b>	31,000	6,200	2008	79,650	12,000
1983	31,000	6,200	<b>2009***</b>	79,650	12,000
<b>1984*</b>	33,200	6,700	2010	79,650	12,000
1985	34,860	6,700	<b>2011***</b>	71,685	10,800
<b>1986*</b>	36,520	6,700	2012	71,685	10,800
1987	38,163	7,700	<b>2013***</b>	71,685	10,800
<b>1988*</b>	39,881	7,700	2014	71,685	10,800
1989	42,670	8,100	<b>2015***</b>	71,685	10,800
<b>1990*</b>	45,450	8,500	2016	71,685	10,800
1991**	45,450	8,500	<b>2017***</b>	71,685	10,800
<b>1992* **</b>	45,450	8,500	2018	71,685	10,800
1993	45,450	8,500	<b>2019***</b>	71,685	10,800
			2020	71,685	10,800

\*Years when SOCC made determinations for the following two years.

\*\*Rates retained from 1988 determination pursuant to legislative action on 1990 determinations.

\*\*\*Years when SOCC made determinations for legislative session following next general election, under P.A. 357.

## Legislative Leadership Supplements

	<u>Speaker*</u>	<u>Senate Majority Leader</u>	<u>Minority Leader</u>	<u>Approp. Chair</u>	<u>Majority Floor Leader</u>	<u>Minority Floor Leader</u>	<u>Judicial Comm. Chair**</u>	<u>House Speaker Pro Tem &amp; Senate President Pro Tem</u>
1979	\$ 9,000	\$ 8,000	\$ 4,800					
1980	13,000	11,000	6,600					
1981	13,000	11,000	6,600					
1982	16,000	14,000	8,000	\$ 1,000				
1983	16,000	14,000	8,000	1,000				
1984	18,000	16,000	8,600	2,000				
1985	18,000	16,000	14,000	3,000	\$ 7,500	\$ 6,000		
1986	18,000	16,000	14,000	3,000	7,500	6,000		
1987	23,000	21,000	17,000	5,000	10,000	8,000		
1988	23,000	21,000	17,000	5,000	10,000	8,000		
1989	23,000	21,000	17,000	5,000	10,000	8,000	\$ 5,000	
1990	23,000	21,000	17,000	5,000	10,000	8,000	5,000	
1991	23,000	21,000	17,000	5,000	10,000	8,000	5,000	
1992	23,000	21,000	17,000	5,000	10,000	8,000	5,000	
1993	23,000	21,000	17,000	5,000	10,000	8,000	5,000	\$ 5,000
1994	23,000	21,000	17,000	5,000	10,000	8,000	5,000	5,000
1995	23,000	21,000	17,000	5,000	10,000	8,000	5,000	5,000
1996	23,000	21,000	17,000	5,000	10,000	8,000	5,000	5,000
1997	23,000	21,000	17,000	5,000	10,000	8,000	0	5,000
1998	23,000	21,000	17,000	5,000	10,000	8,000	0	5,000
1999	24,150	22,050	17,850	5,250	10,500	8,400	0	5,250
2000	25,358	23,153	18,743	5,513	11,025	8,820	0	5,513
2001	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2002	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2003	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2004	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2005	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2006	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2007	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2008	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2009	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2010	27,000	26,000	22,000	7,000	12,000	10,000	0	5,513
2011	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2012	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2013	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2014	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2015	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2016	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2017	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2018	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2019	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962
2020	24,300	23,400	19,800	6,300	10,800	9,000	0	4,962

\*Speaker received a \$5,000 annual supplement before 1979.

\*\*Supplemental salaries for Judiciary Committee Chairs ended under the 1996 Commission report.

## Justices

	Salary	Expense Allowance for Justices	Expense Allowance for Chief Justice		Salary	Expense Allowance for Justices	Expense Allowances for Chief Justice
<b>1968*</b>				1995	115,299	N/A	N/A
1969	\$ 35,000	N/A		<b>1996*</b>	118,758	N/A	N/A
<b>1970*</b>	35,000	N/A		1997	121,727	N/A	N/A
1971	42,000	N/A		<b>1998*</b>	124,770	N/A	N/A
<b>1972*</b>	42,000	N/A		1999	134,752	N/A	N/A
1973	42,000	\$1,500		<b>2000*</b>	140,816	N/A	N/A
<b>1974*</b>	42,000	1,500		2001	159,960	N/A	N/A
1975	43,500	1,500		<b>2002*</b>	164,610	N/A	N/A
<b>1976*</b>	43,500	1,500		2003	164,610	N/A	N/A
1977	50,000	1,500		<b>2004*</b>	164,610	N/A	N/A
<b>1978*</b>	53,000	1,500		2005	164,610	N/A	N/A
1979	56,500	1,500	\$3,000	<b>2006*</b>	164,610	N/A	N/A
<b>1980*</b>	60,500	1,500	4,500	2007	164,610	N/A	N/A
1981	60,500	1,500	4,500	2008	164,610	N/A	N/A
<b>1982*</b>	69,000	2,000	5,000	<b>2009***</b>	164,610	N/A	N/A
1983	69,000	2,000	5,000	2010	164,610	N/A	N/A
<b>1984*</b>	74,000	2,000	5,000	<b>2011***</b>	164,610	N/A	N/A
1985	77,700	2,000	5,000	2012	164,610	N/A	N/A
<b>1986*</b>	81,400	2,000	5,000	<b>2013***</b>	164,610	N/A	N/A
1987	94,000	N/A	N/A	2014	164,610	N/A	N/A
<b>1988*</b>	100,000	N/A	N/A	<b>2015***</b>	164,610	N/A	N/A
1989	103,500	N/A	N/A	2016	164,610	N/A	N/A
<b>1990*</b>	106,610	N/A	N/A	<b>2017***</b>	164,610	N/A	N/A
1991**	106,610	N/A	N/A	2018	164,610	N/A	N/A
<b>1992* **</b>	106,610	N/A	N/A	<b>2019***</b>	181,071	N/A	N/A
1993	106,610	N/A	N/A	2020	181,071	N/A	N/A
<b>1994*</b>	111,941	N/A	N/A				

\*Years when SOCC made determinations for the following two years.

\*\*Rates retained from 1988 determination pursuant to legislative action on 1990 determinations.

\*\*\*Years when SOCC made determinations for legislative session following next general election, under P.A. 357.

## Attorney General

	<u>Salary</u>
2002	\$124,900
2003	124,900
2004	124,900
2005	124,900
2006	124,900
2007	124,900
2008	124,900
2009	124,900
2010	124,900
2011*	112,410
2012	112,410
2013	112,410
2014	112,410
2015	112,410
2016	112,410
2017	112,410
2018	112,410
2019	124,900
2020	124,900

## Secretary of State

	<u>Salary</u>
2002	\$124,900
2003	124,900
2004	124,900
2005	124,900
2006	124,900
2007	124,900
2008	124,900
2009	124,900
2010	124,900
2011*	112,410
2012	112,410
2013	112,410
2014	112,410
2015	112,410
2016	112,410
2017	112,410
2018	112,410
2019	124,900
2020	124,900

\* This was the first year that the SOCC made determinations for this office. Before the 2002 constitutional amendment, the salaries for Attorney General and Secretary of State were determined by statute.

# Michigan Economic and Budget Review and Outlook

**State Officers Compensation Commission**

**April 13, 2017**

Colleen Gossman  
State Budget Office

Eric Bussis  
Michigan Department of Treasury

# Key Topics

- U.S. and Michigan Economic Review
- Economic Outlook
- State Government Revenue and Outlook
- State Government Budget Outlook

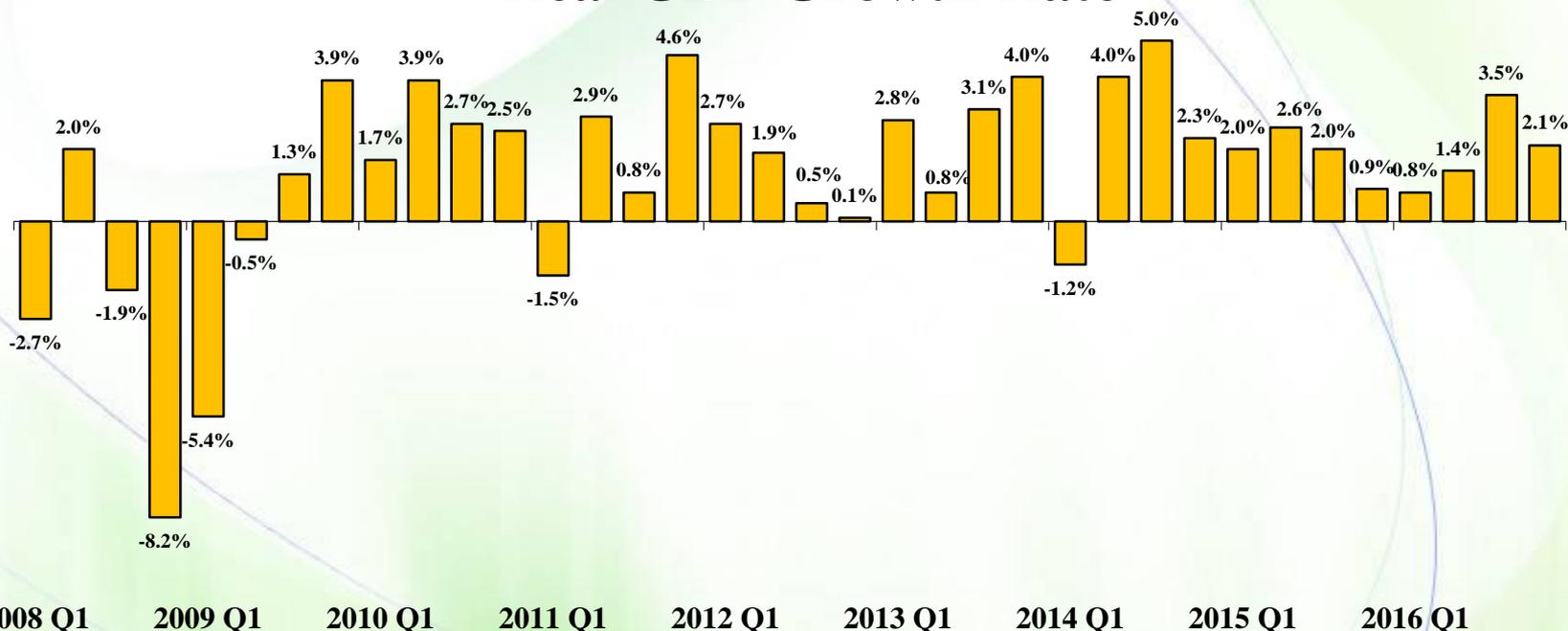
# U.S. and Michigan Current Economic Conditions

# Current Economic Conditions

- Economic fundamentals are good
- Employment is growing
- Vehicle sales are near historical highs
- Inflation low but edging up
- Interest rates remain low
- Housing has been relatively flat
- Risks: Monetary & Trade Policy, Auto Production Slow Down, Federal Fiscal Policy Changes, Slower Global Growth, Weak U.S. exports

# U.S. Real GDP: Pace of Growth Slows in 2016 Q4

## Real GDP Growth Rate

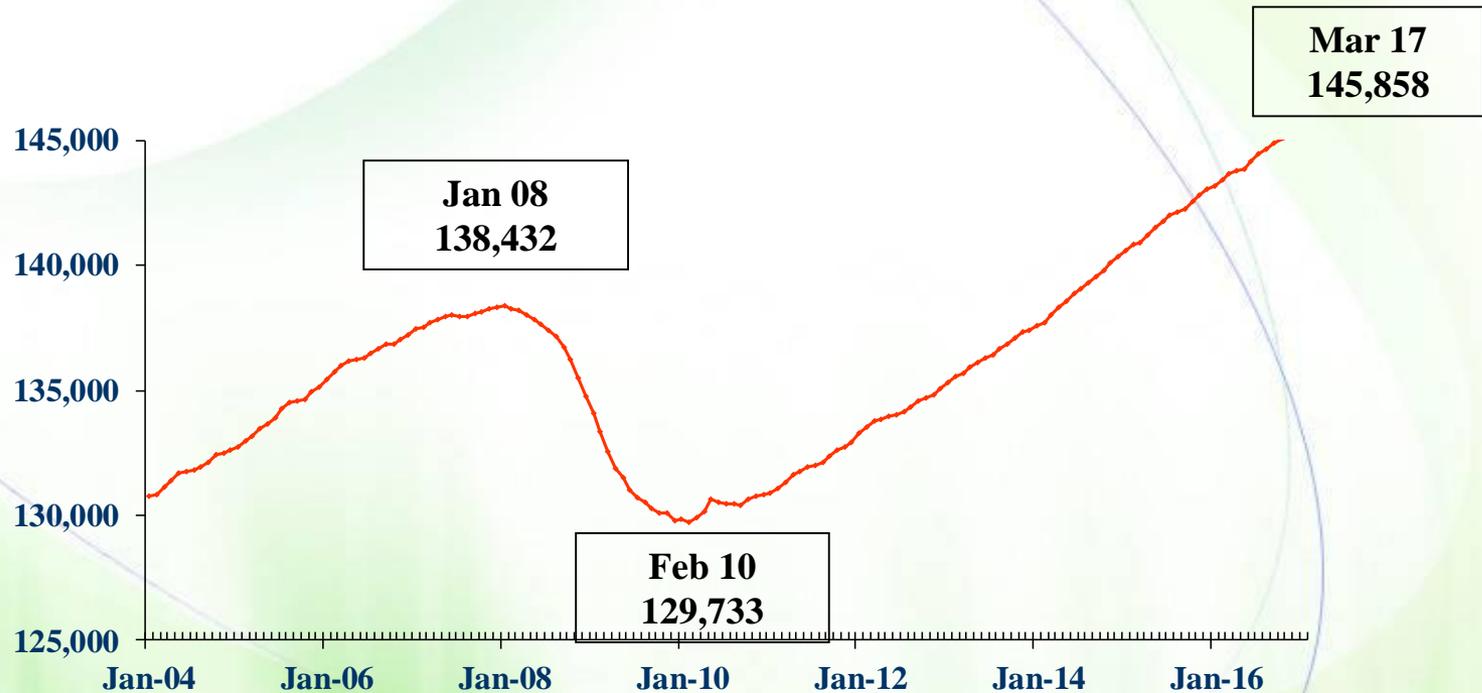


Figures are annualized percent change from preceding quarter in 2009 chained dollars.

Source: U.S. Bureau of Economic Analysis (3/30/2017).

# U.S. Payroll Employment: Up 16.1 Million Jobs (12.4%) Since End of Recession

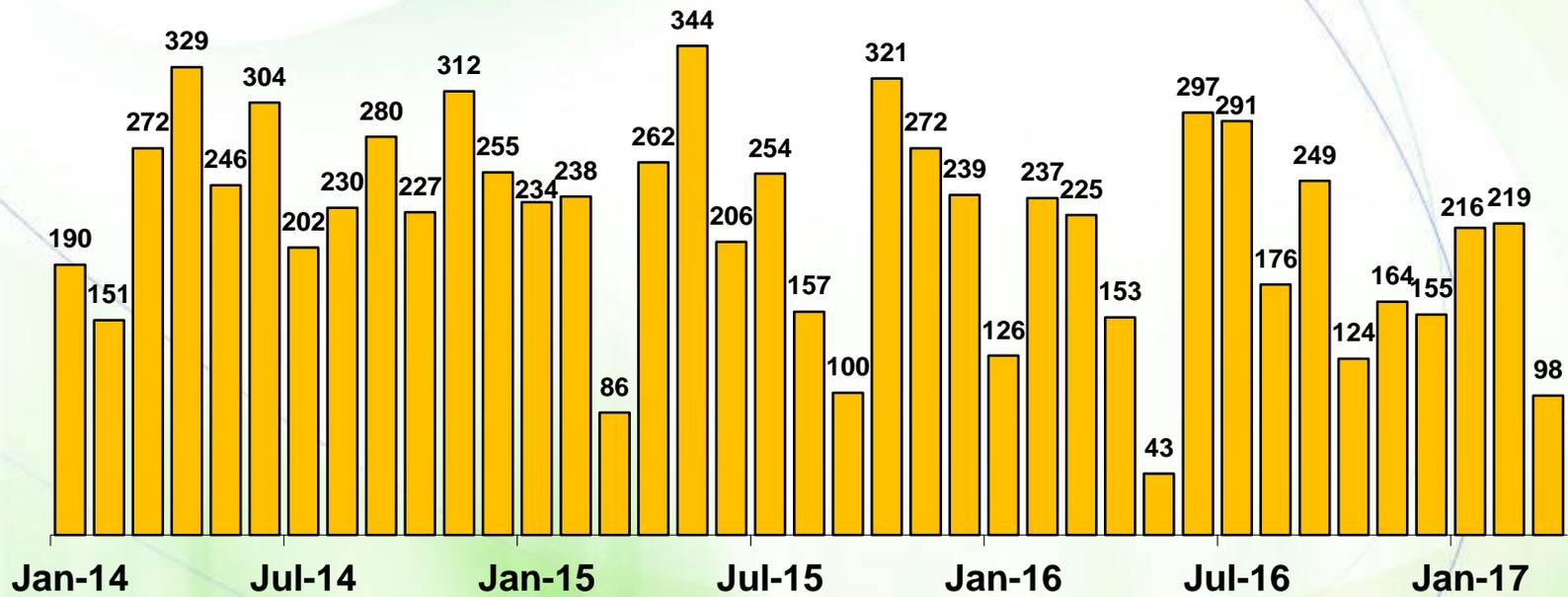
(Thousands of Jobs)



Source: U.S Bureau of Labor Statistics (4/7/2017).

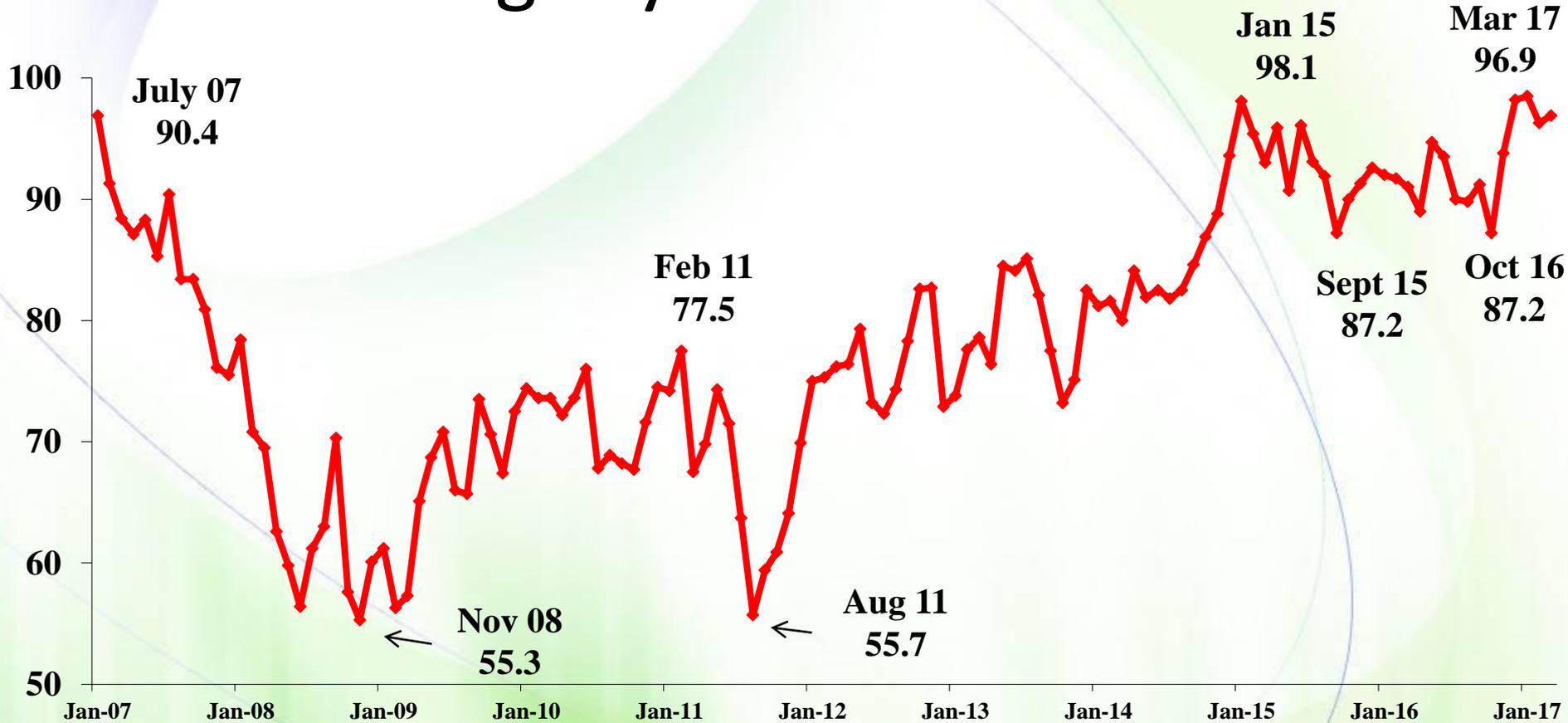
# U.S. Payroll Employment Increased Slightly in March

(thousands of jobs)



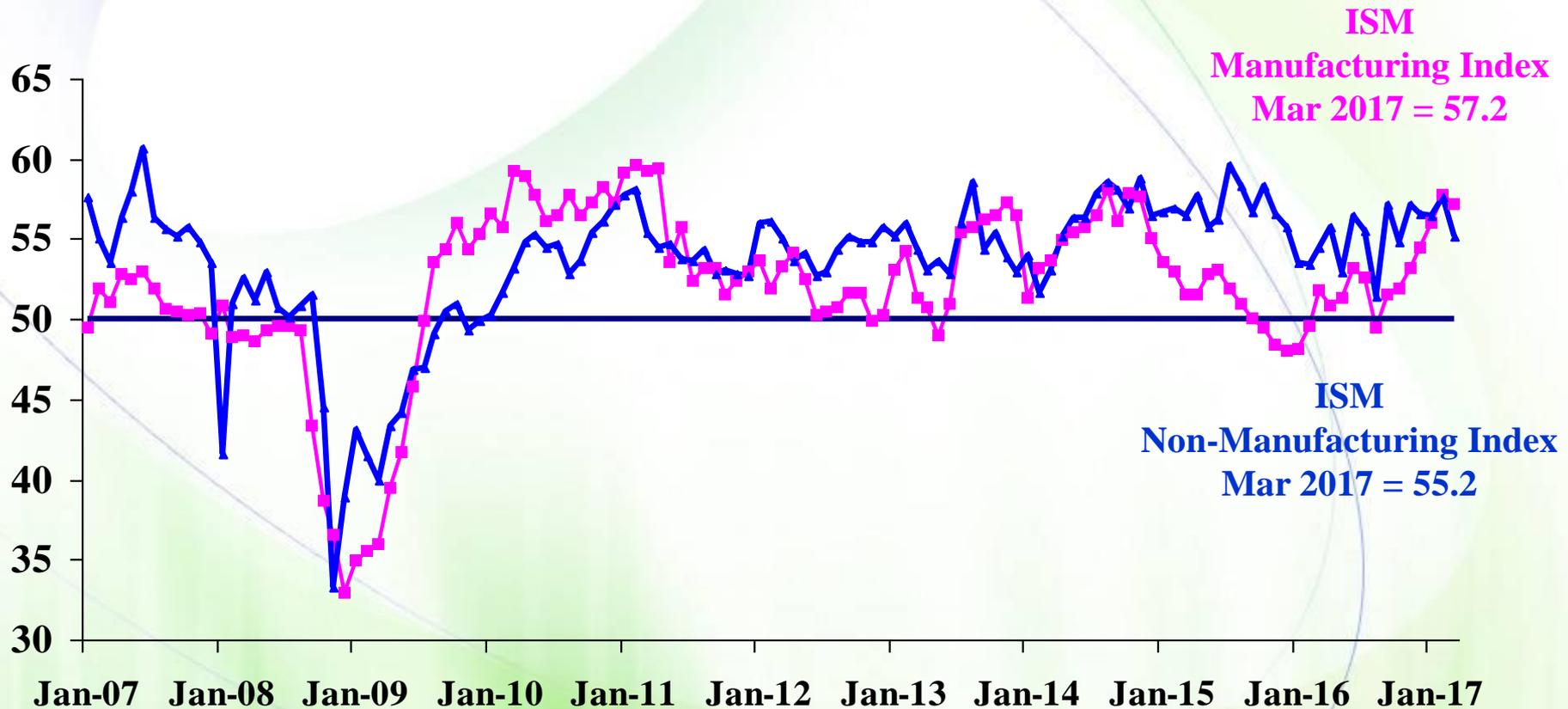
Source: U.S. Bureau of Labor Statistics. (4/7/2017)

# Consumer Sentiment Increased Slightly in March



Source: University of Michigan, Surveys of Consumers & MI Dept. of Treasury, 3/31/17.

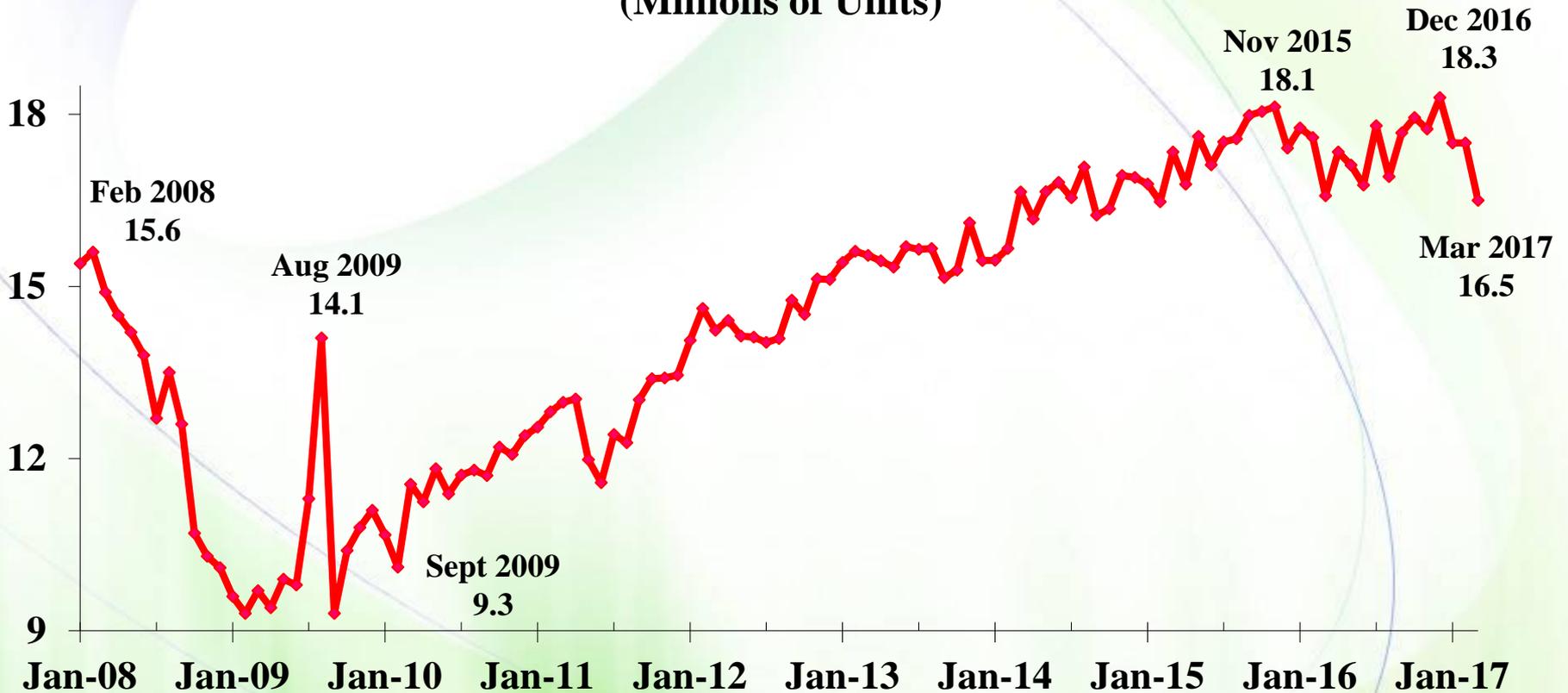
# ISM Indices: Pace of Growth Strong in Manufacturing Sector in March



Source: Institute for Supply Management. (4/3/2017)

# U.S. Light Vehicle Sales Fall in March

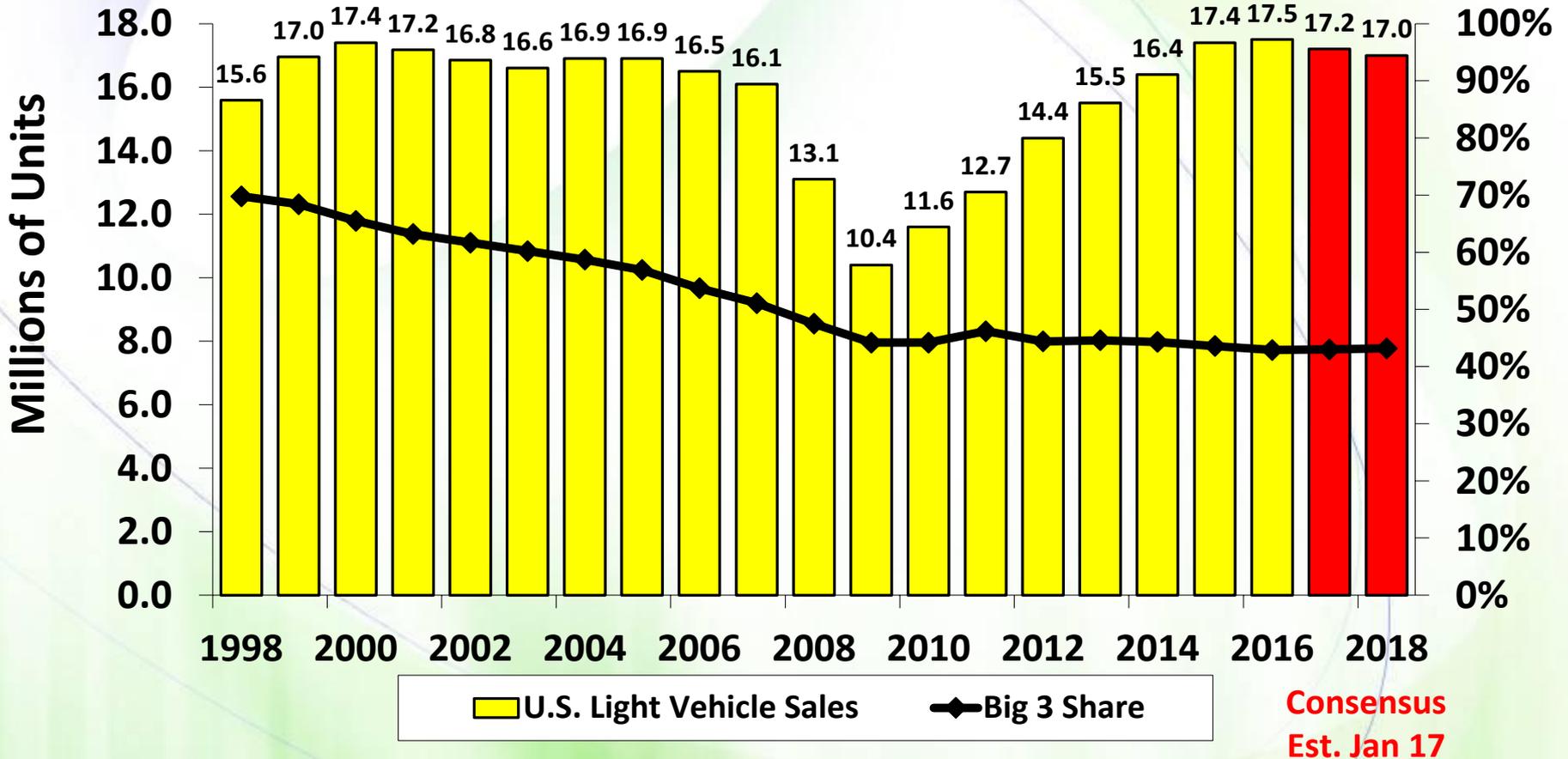
(Millions of Units)



Note: Sales levels are seasonally adjusted at annual rates.

Source: U.S. Bureau of Economic Analysis.

# Light Vehicle Sales: High Levels in 2017-2018



# U.S. Housing Starts

## No Sustained Improvement Since April '15

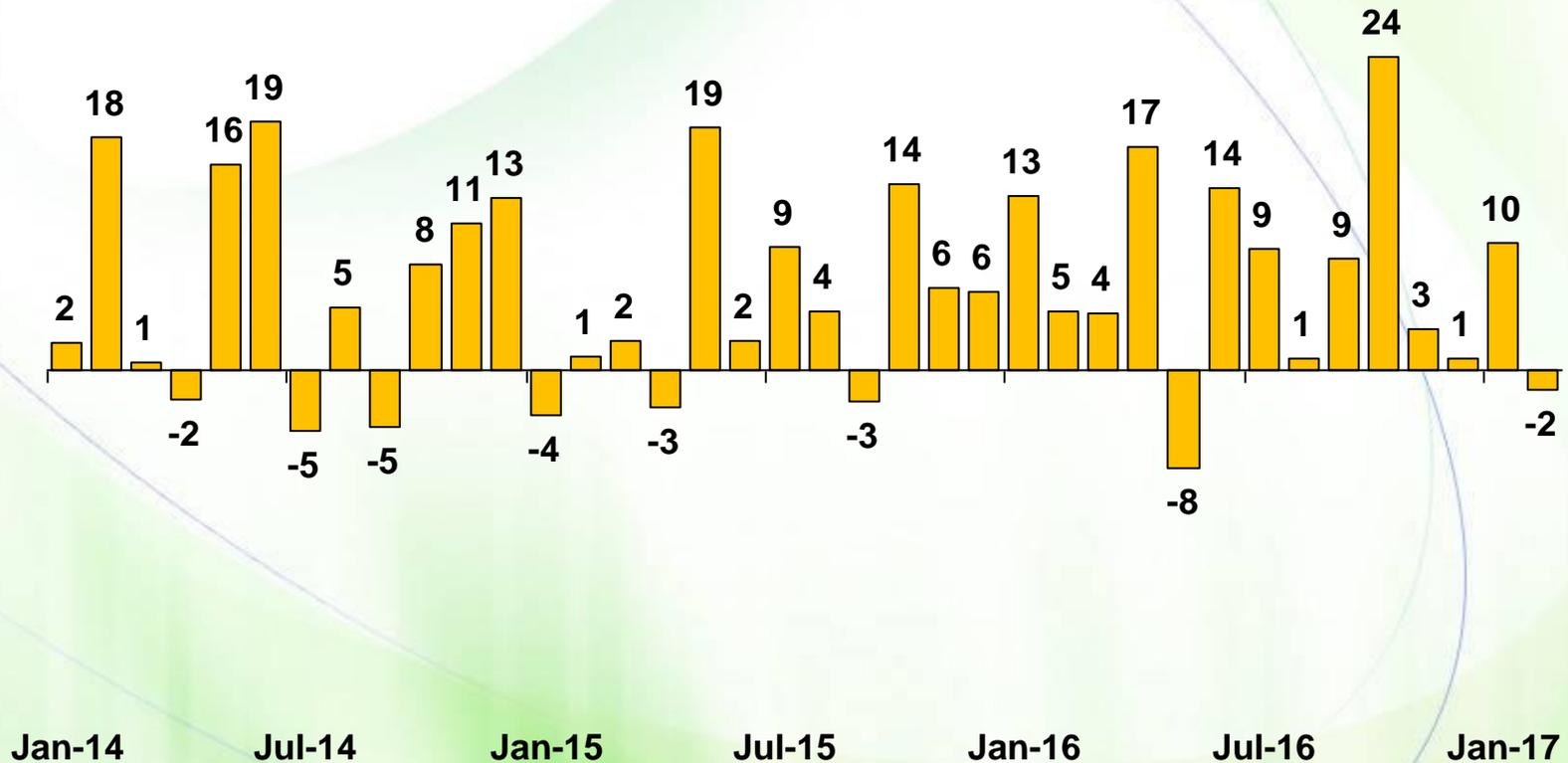
(Thousands of Units,  
Seasonally Adjusted Annual Rates)



Source: New Privately Owned Housing Units Started, U.S. Department of Commerce, 3/17/2017.

# Michigan Payroll Employment Down in Feb, But Up a Net 44,700 Last 6 Months

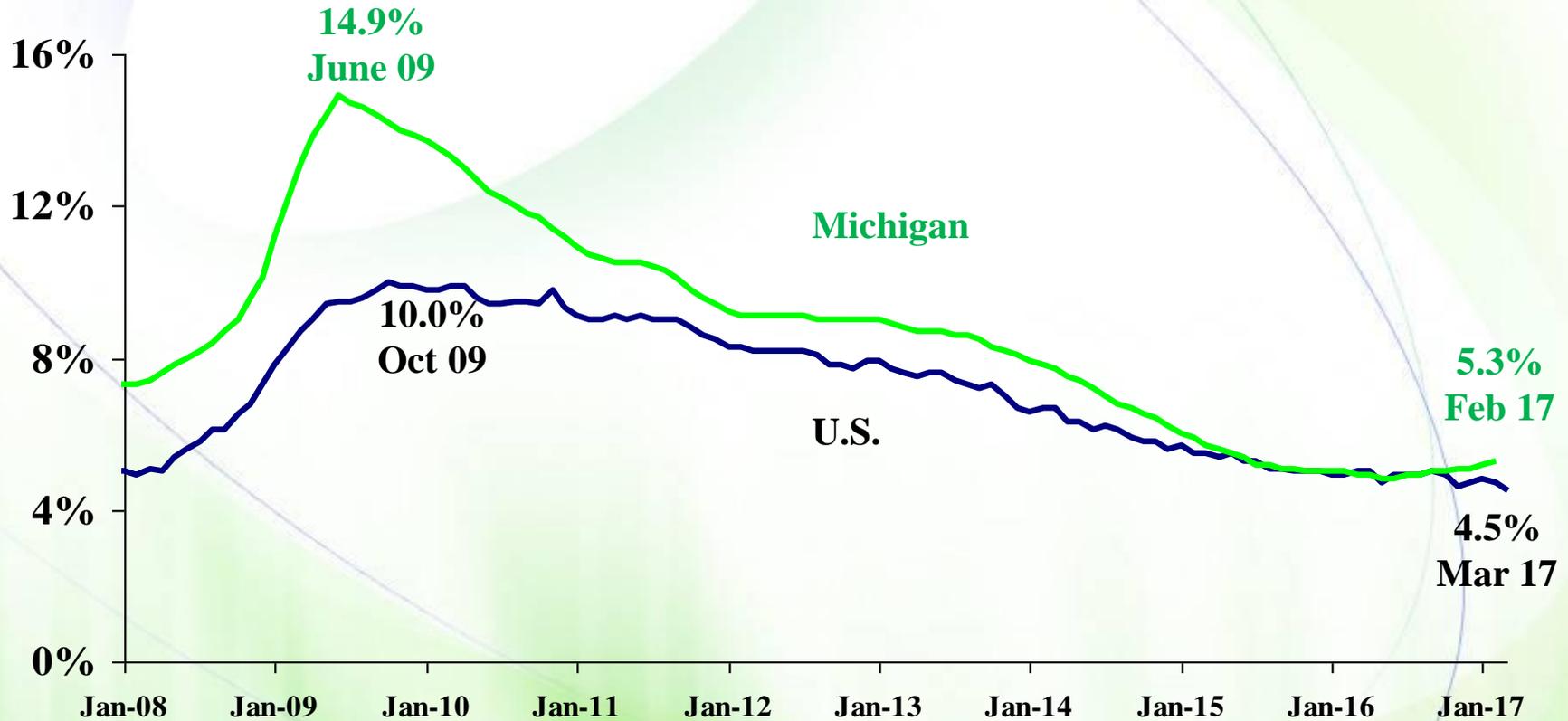
(change in jobs from previous month, thousands)



Source: MI Bureau of Labor Market Information and U.S. Bureau of Labor Statistics. (3/22/2017)

# Michigan Unemployment Rate

MI Above U.S. since October 2016

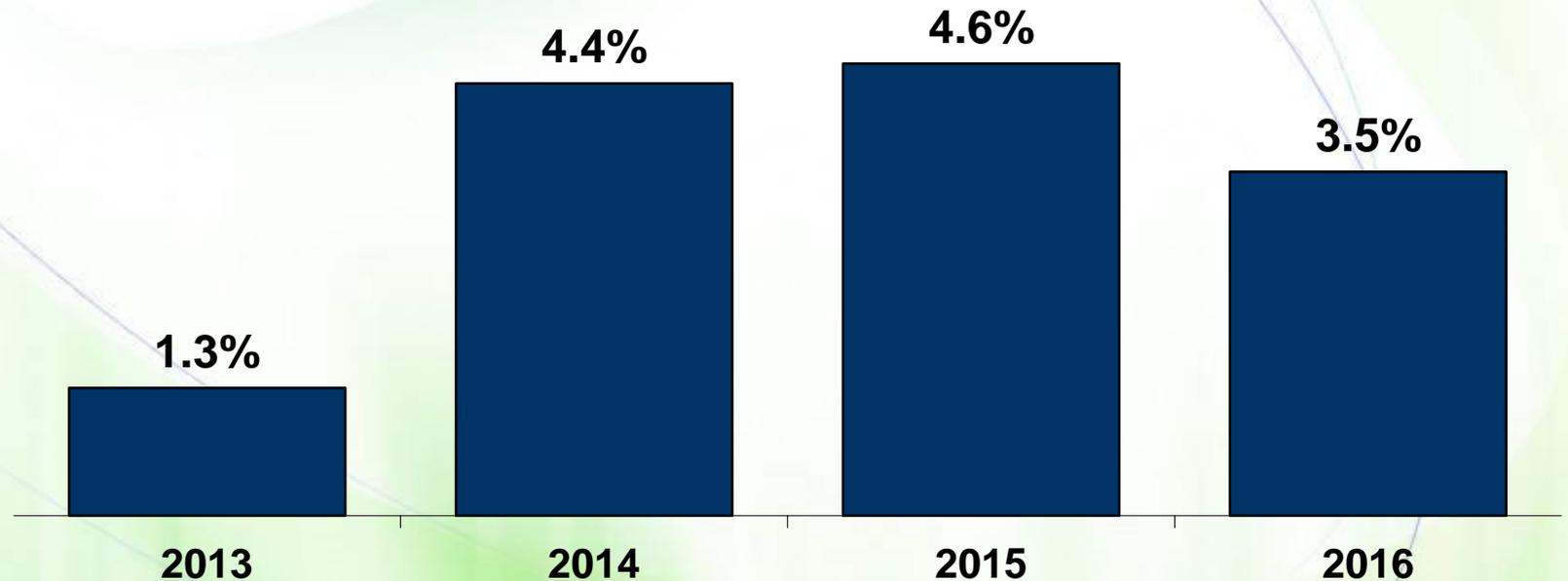


Source: MI Bureau of Labor Market Information and U.S. Bureau of Labor Statistics. (4/7/2017)

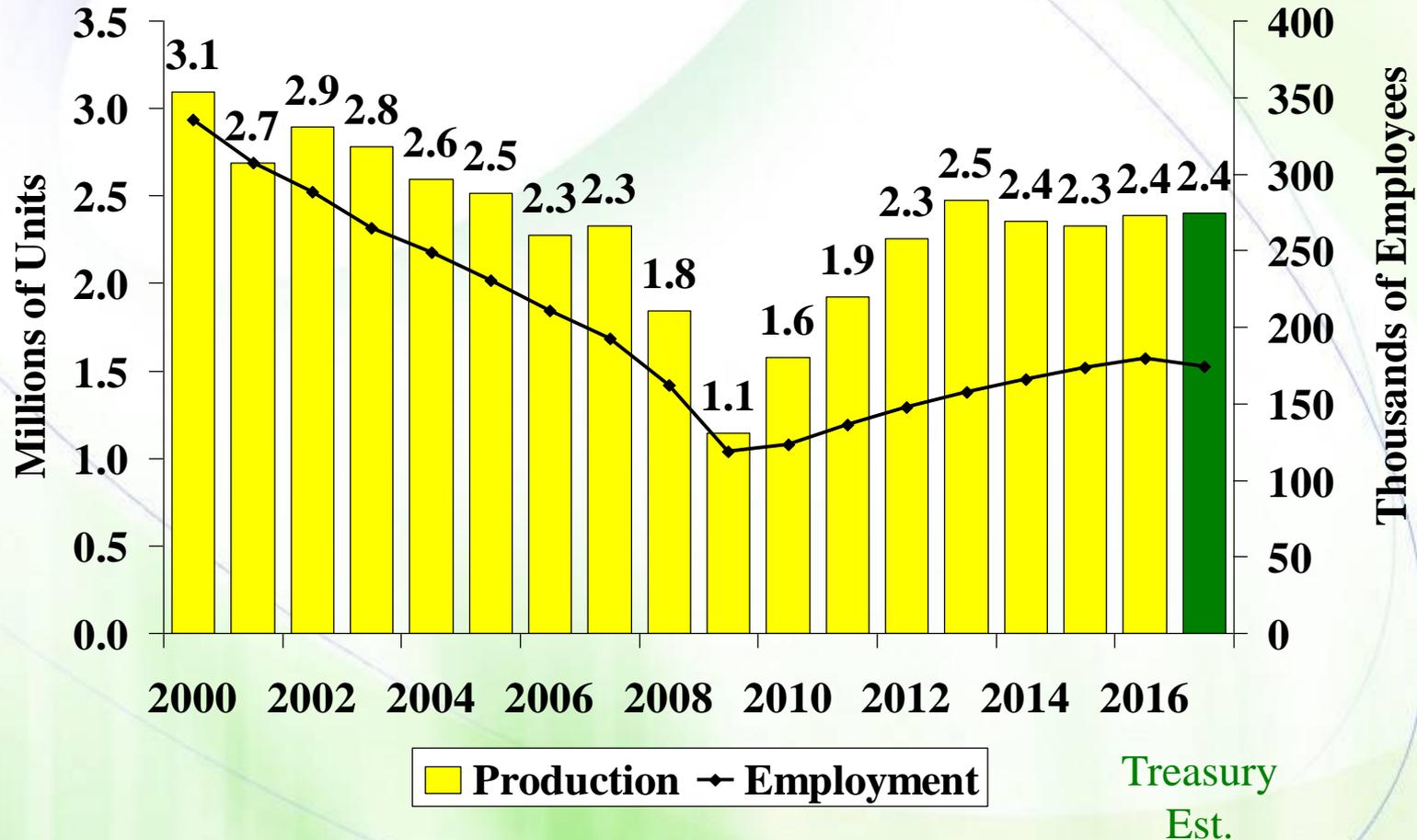
# Michigan Per Capita Personal Income

Michigan Per Capital Personal Income in 2016 was \$44,347, up from \$42,833 in 2015

The 2016 growth rate in Per Capita Personal Income was 10th highest in the nation



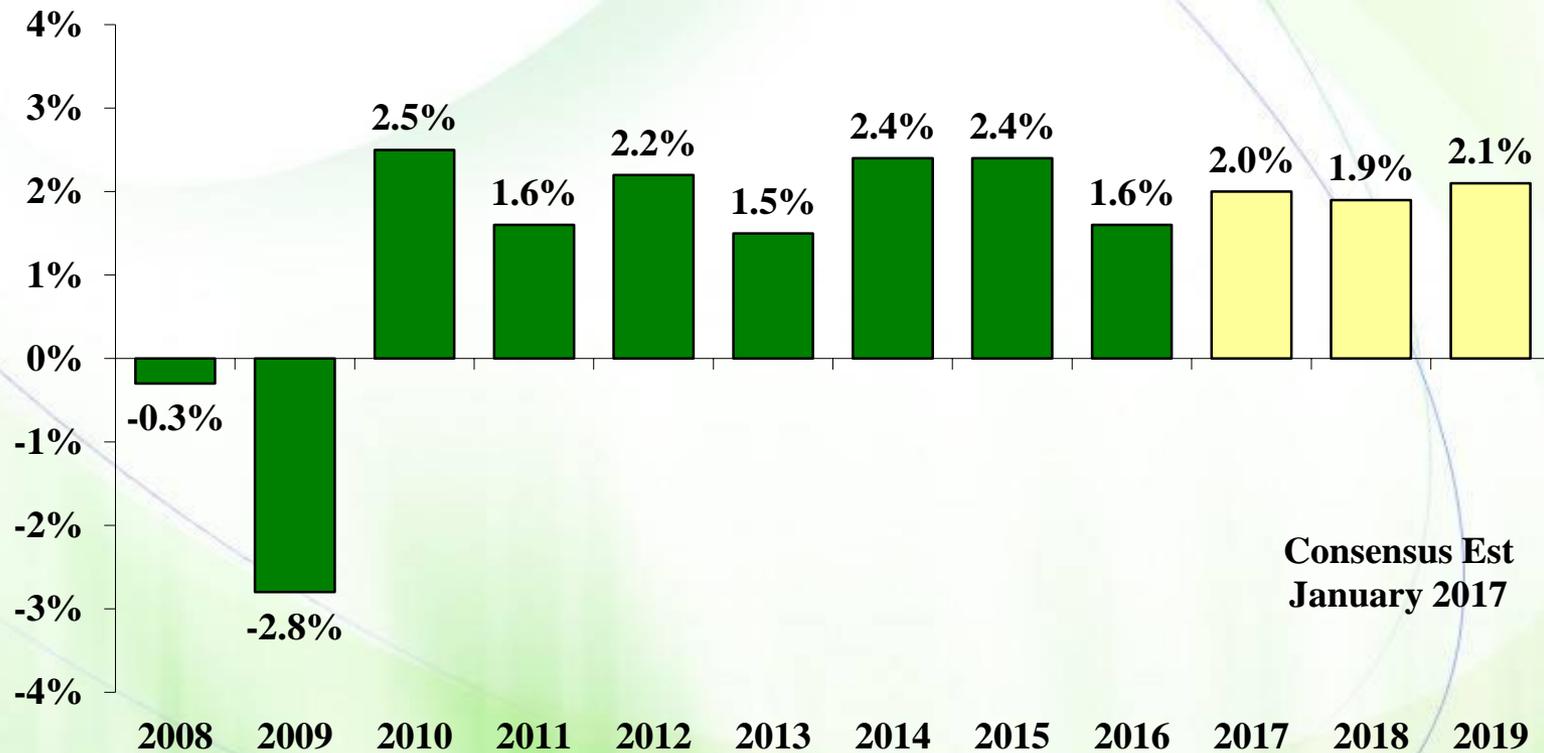
# Michigan Motor Vehicle Production & Employment Stabilize



# Economic Outlook

# U.S. Real GDP Forecast

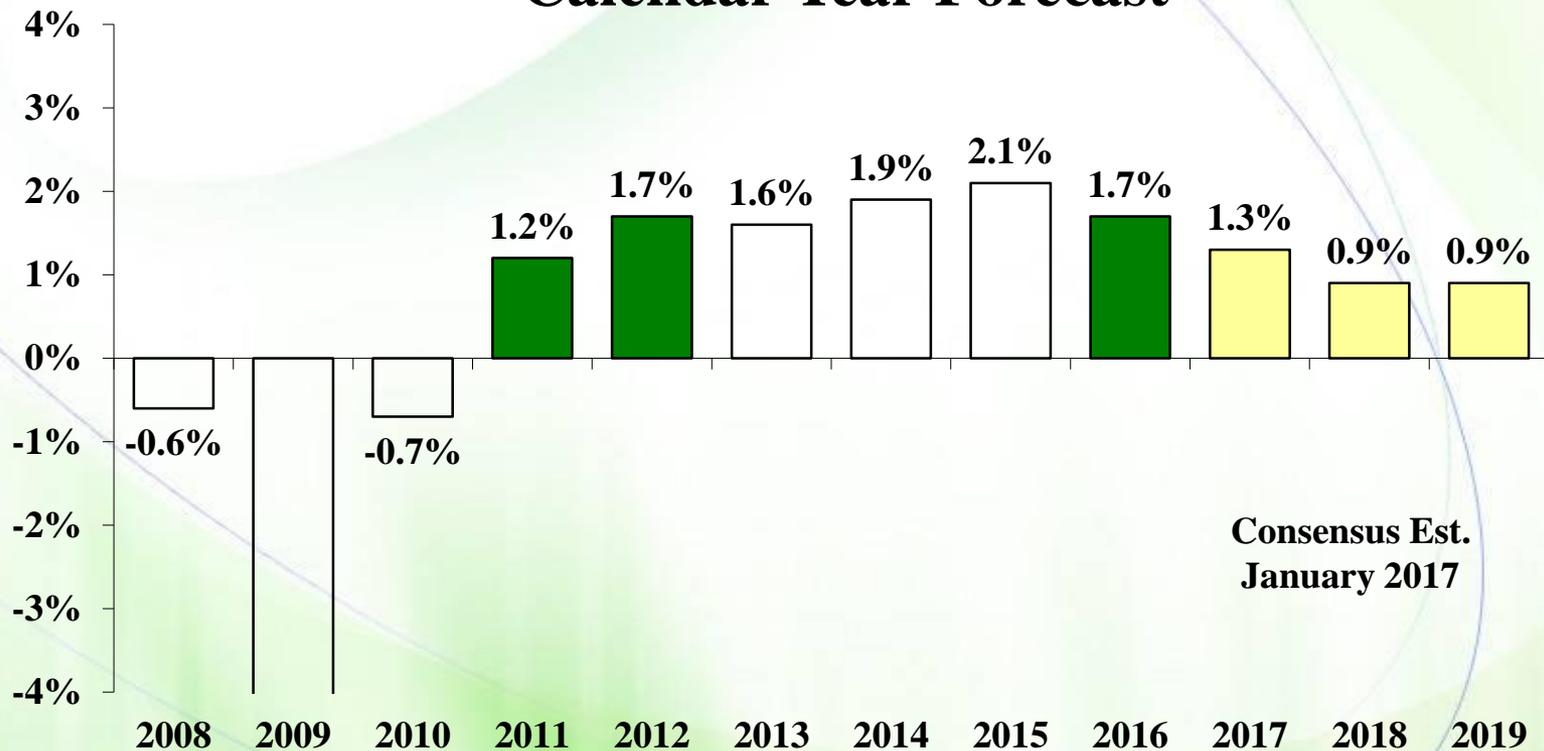
## Calendar Year Forecast



Consensus Est  
January 2017

# U.S. Payroll Employment Expected To Continue To Increase

## Calendar Year Forecast



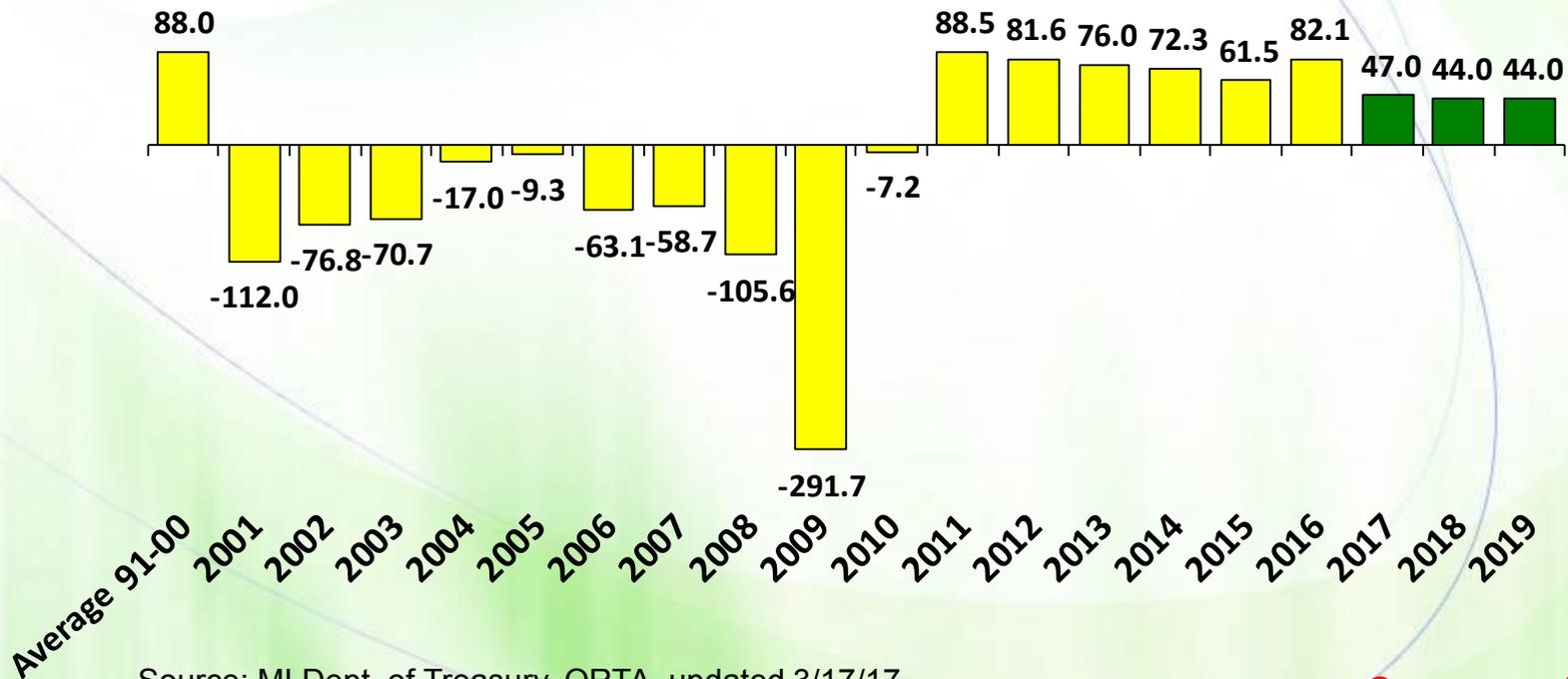
Consensus Est.  
January 2017

# Continued Job Growth Expected in Michigan (thousands)

**812,100 jobs lost 2001-2010**

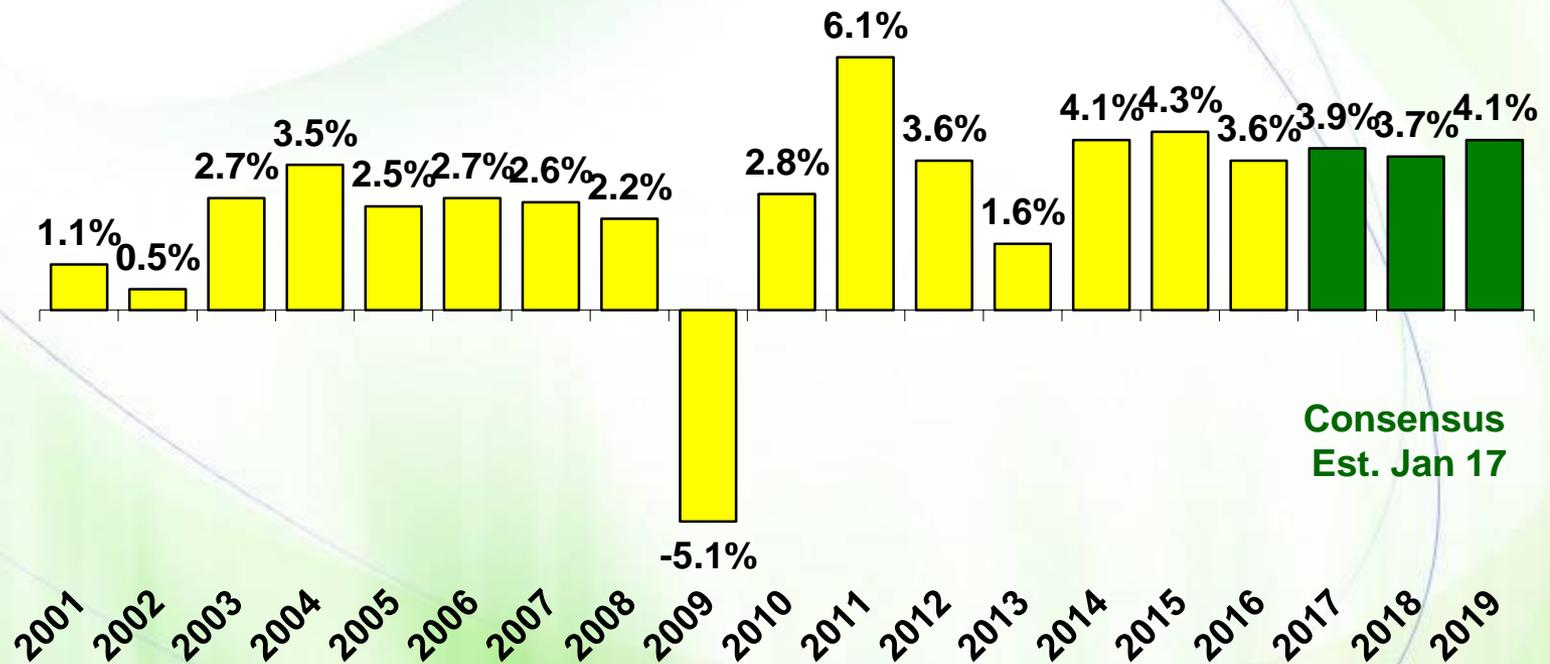
**597,000 job gain expected 2011-2019**

**215,100 below 2000**

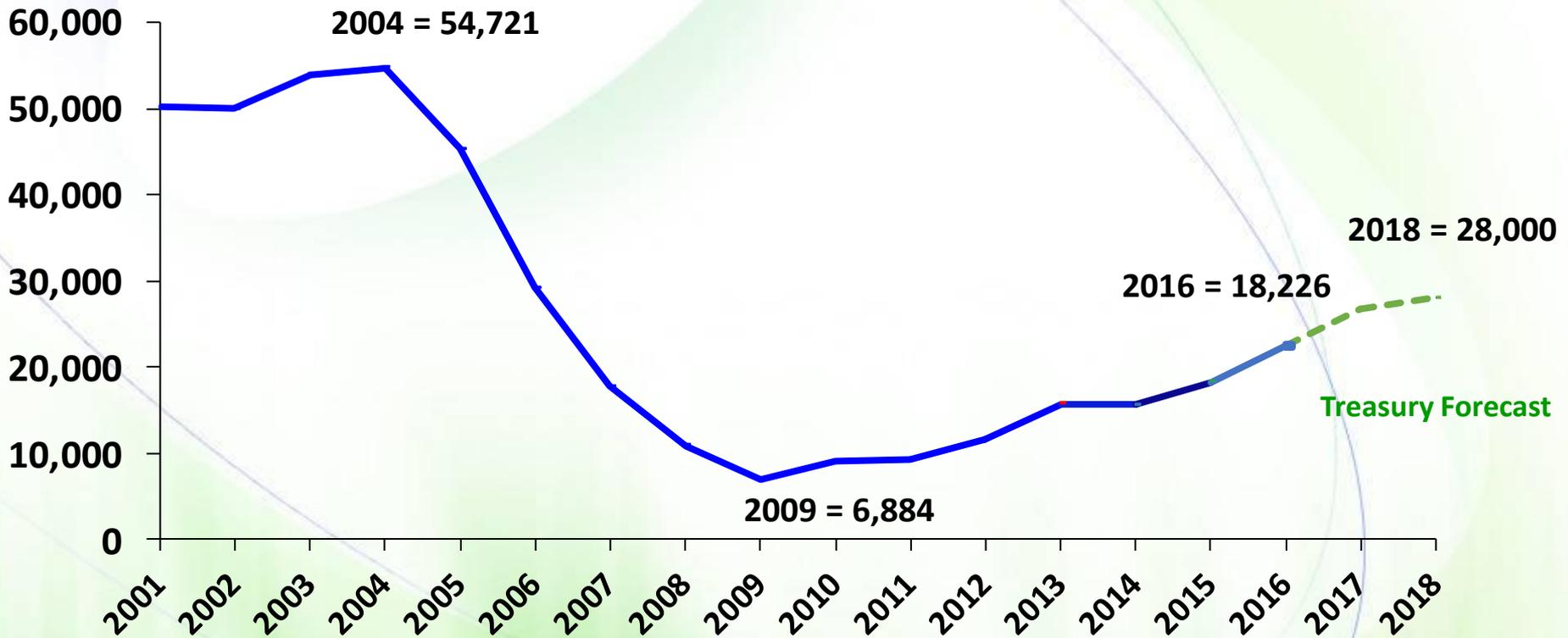


# MI Personal Income Expected to Grow About 4.0% in 2017 - 2019

## Michigan Personal Income Year-Over-Year % Change

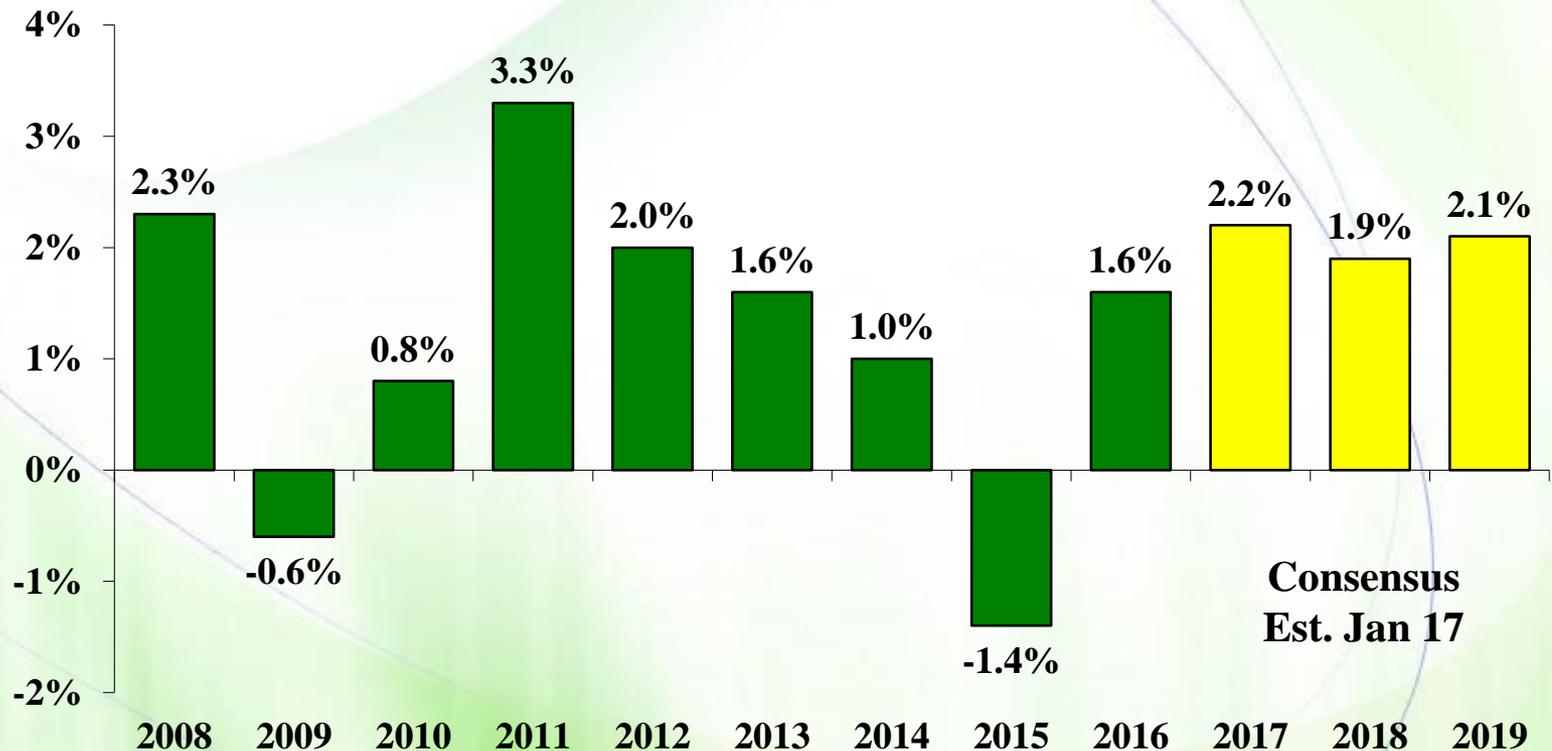


# Michigan Housing Starts Are Improving



# Detroit CPI Forecast

## Calendar Year Forecast

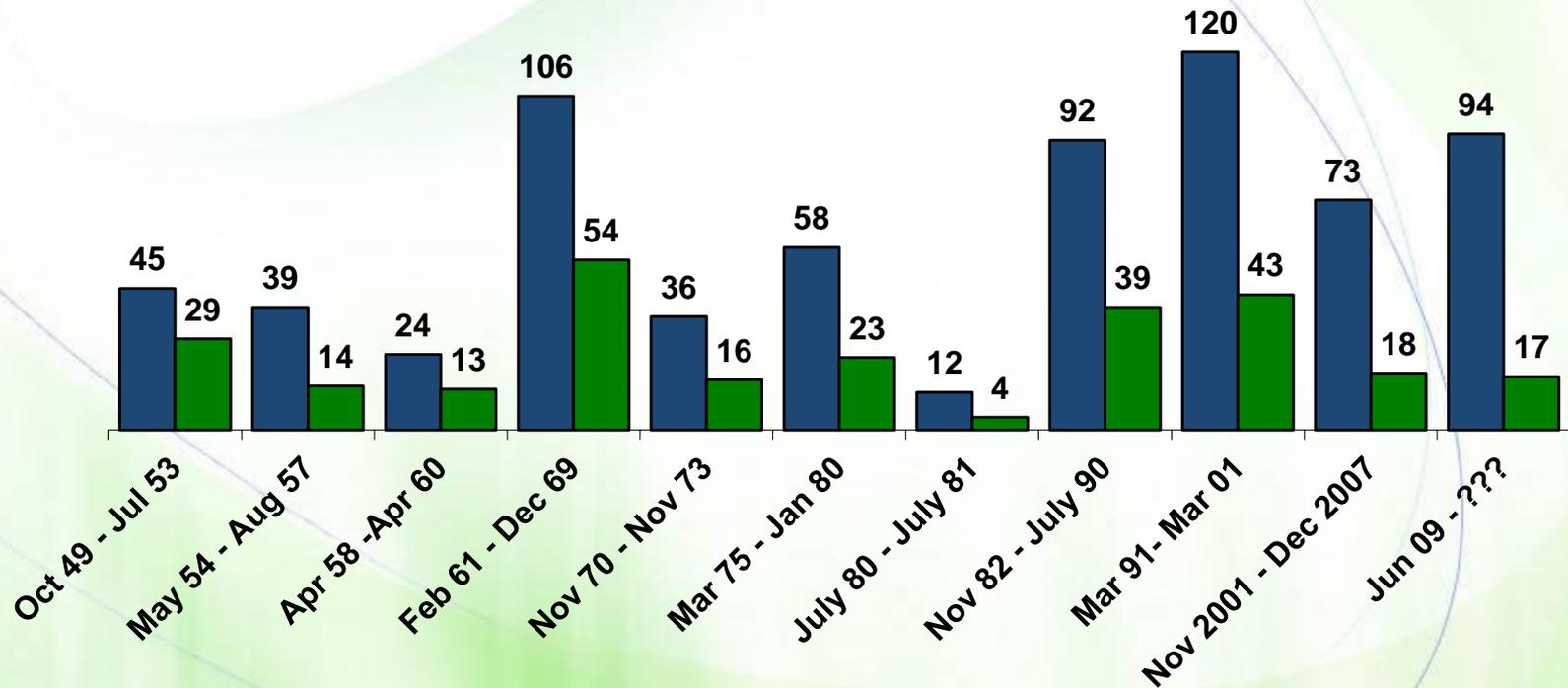


Consensus  
Est. Jan 17

# Current expansion is relatively long, but weak by historical standards

Blue Bars: Length of Expansion in Months

Green Bars: % Growth During Expansion (RGDP)

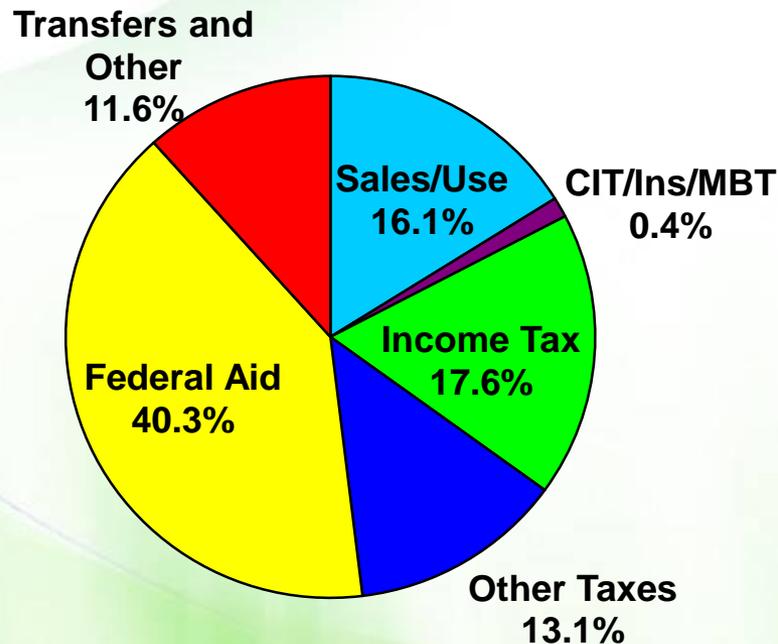


# State Government Revenue

# Michigan's Total Revenue & Major Sources

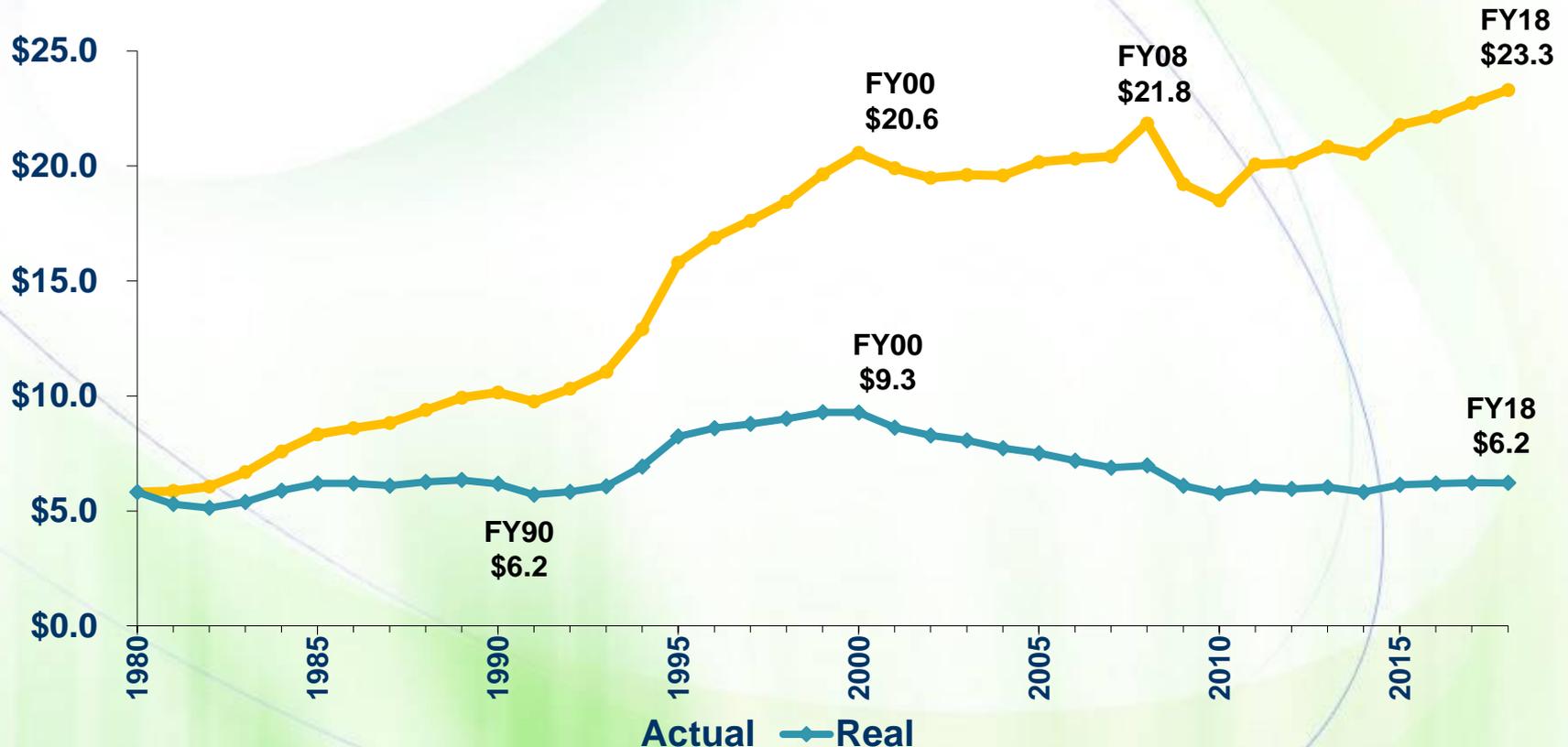
## FY 2018 Total Revenue Estimated at \$57.3 Billion

*Taxes provide 48% of total state revenues, while 40% comes from the Federal government.*



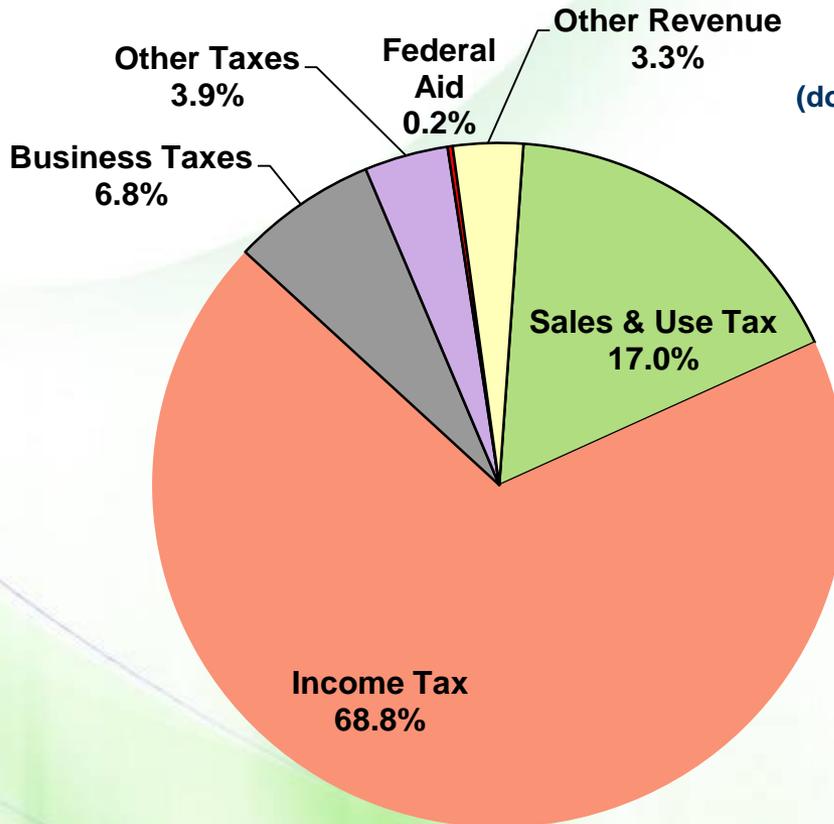
# FY18 GF-GP & SAF Rev Rising, Inflation Adjusted Same As FY90

(GF-GP & SAF Revenue, millions)



# General Fund Revenue Sources

FY 2018 Est. Revenue: \$10.523 Billion

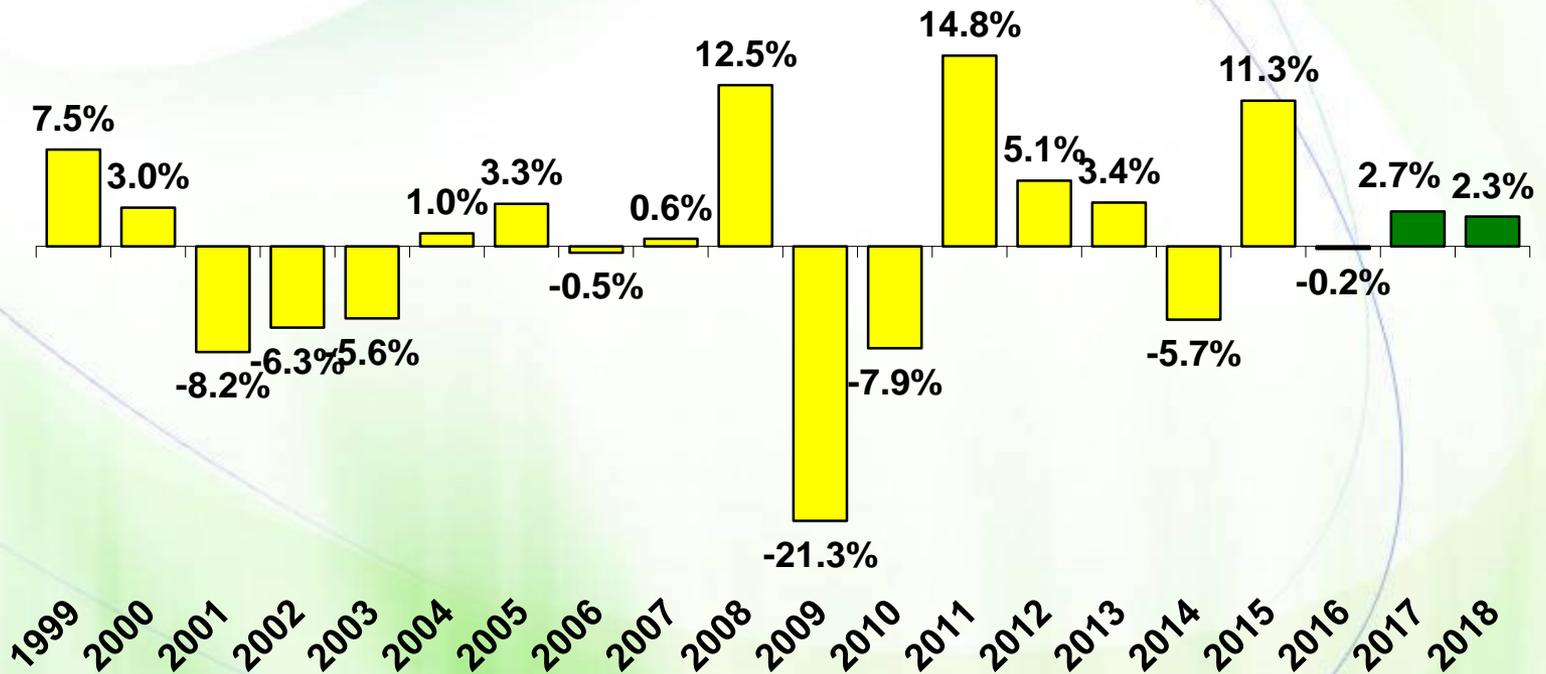


**January 2017 Consensus Estimates**  
(does not include beginning balance or other revenue not included in consensus estimates)

***69% of general fund revenue comes from Personal Income Tax.***

# GF-GP Revenues Expected to Grow in FY17 & FY 18

## GF-GP Revenues Year-Over-Year Percent Change



# Major Taxes: Projected Growth Rates for FY17 & FY 18

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u> <u>Est.</u>	<u>FY 2018</u> <u>Est.</u>
Sales Tax	-1.9%	0.7%	2.6%	2.5%
Withholding	5.5%	6.8%	3.6%	3.3%
MBT/CIT	139.6%	-88.4%	437.7%	7.9%
RETT	10.7%	12.0%	5.5%	1.5%
SET	3.0%	2.1%	1.9%	2.9%
Tobacco	1.4%	-0.7%	-1.3%	-0.9%

# FY17 Tax Collections Thru February

- Tax Collections & Lottery Revenue are on track with the consensus revenue estimate.
  - So far in FY17, \$7.4 billion has been collected.
  - Collections are slightly above target.
  - FY17 revenue will be revised at May 2017 CREC.
- Major Taxes:
  - Income & sales taxes and lottery are above target.
  - Business taxes are below target.

# Risks to the Economic and Revenue Projections

- Interest Rates: Uncertainty over speed the Fed will raise Fed Funds Rate.
- Weak U.S. Exports: World economic growth slows due to China, Brexit, dollar value increases.
- Federal Government Policy: More than normal uncertainty about fiscal, monetary and trade policy.
- Auto Production: Weakness caused from higher rates, higher incentives, and lower used car prices
- Housing Activity: Continued employment growth, low mortgage rates could boost housing market.

# BUDGET OUTLOOK

# Fiscal 2017 Budget on Target

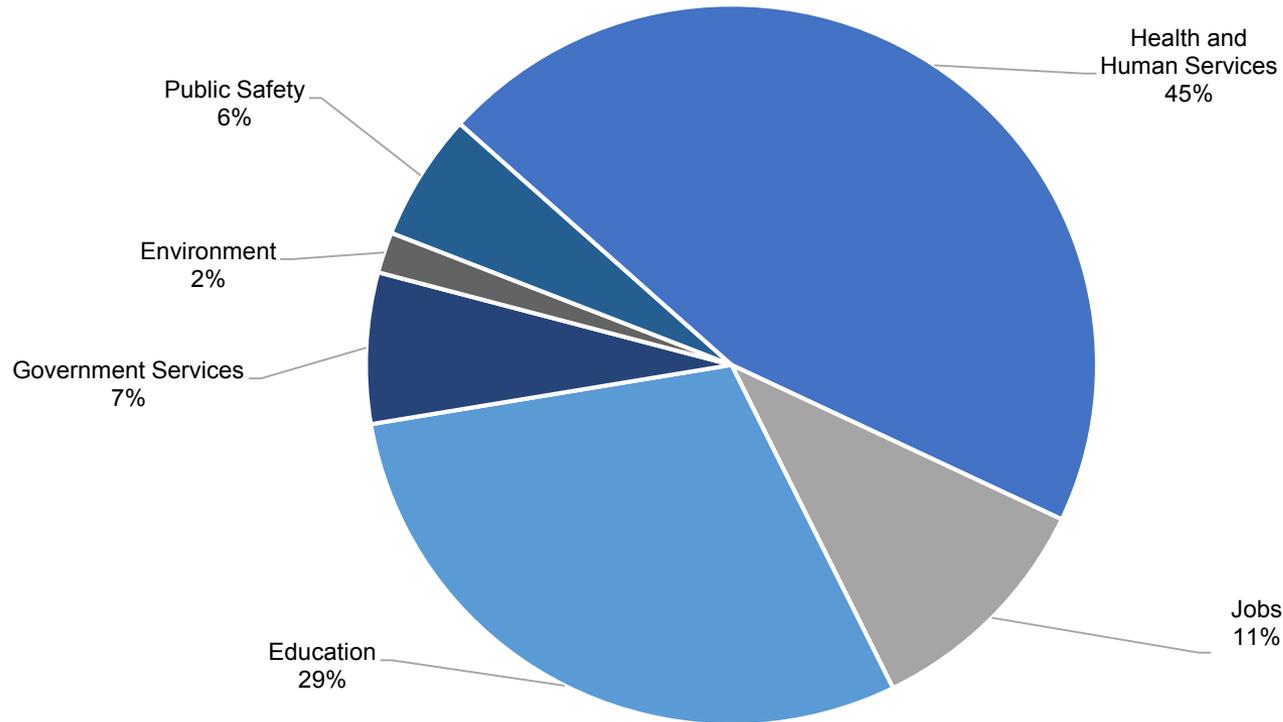
- General Fund is structurally balanced – ongoing revenue exceeds ongoing spending
- One-time resources used for one-time purposes
- Estimated \$366 million year-end balance supports recommended one-time spending for Fiscal 2018

# Fiscal 2018 Proposed Budget

- Total budget is \$56.3 billion – up 2.5%, or nearly \$1.4 billion mainly due to School Aid and federally funded programs
- General Fund portion of budget is \$10.1 billion – up \$174 million from Fiscal 2017, a 1.7% increase

# Fiscal 2018 Budget Plan

Almost Three Quarters of the Total Budget is Dedicated to Education and Health and Human Services



**Total FY 2018 Recommended Budget: \$56.3B**

# Investing One-Time Resources for Long-term Gains

<b>Budget Stabilization Fund</b>	<b>\$266.5M</b>
<b>Education Investments</b>	<b>\$51.7M</b>
<b>IT Upgrades</b>	<b>\$28.4M</b>
<b>Other Reserves</b>	<b>\$55.0M</b>
<b>Talent and Economic Development</b>	<b>\$29.0M</b>
<b>State Parks Maintenance and Trail Development</b>	<b>\$15.0M</b>
<b>Training New Public Safety Employees</b>	<b>\$10.6M</b>
<b>Other One-Time Investments</b>	<b>\$48.9M</b>
<b>Total One-Time Investments (GF/GP + SAF)</b>	<b>\$505.1M</b>

# Strategic Investments

- Lower the assumed rate of return on investments from 8% to 7.5%, reducing risk for our retirement systems
- Continue education as a priority for additional funding - foundation allowance, at-risk students, university operations, student financial aid programs
- Raise trooper level to highest in 15 years; expand State Police crime fighting and emergency response efforts
- Increase Medicaid mental health direct care worker wages; improve services for elderly and disabled; maximize federal food assistance

# Strategic Investments (cont'd)

- Increase skilled trades training; encourage new businesses; revitalize communities; attract persons needed for high-demand jobs and talent shortages
- Continue the path to fixing Michigan's roads and bridges; develop best solutions to meet water, transportation, energy, and communication needs
- Continue to build reserves, bringing Rainy Day Fund to \$1 billion balance by end of Fiscal 2018

# Budget Pressures

- Roads Funding Package, reducing General Fund available for other priorities due to earmarked funding and property tax relief (\$800 million total impact when fully phased in)
- Healthy Michigan Plan - Medicaid expansion, increasing state match costs (still net savings compared to budget prior to HMP implementation)
- Michigan Infrastructure: remaining funding needs
- Federal Actions: could cause higher state costs
- Building Reserve Funds
- New Investments: education, public safety, etc.

# Questions?



Testimony to the State Officers Compensation Commission  
Chief Justice Stephen Markman  
May 19, 2017

Thank you very much for the opportunity to speak to the Commission this morning. I am cognizant that over the years this body has taken the time to carefully study the issue of compensation for Michigan Supreme Court Justices. As a result of these efforts, the Commission has recommended pay increases for the seven Justices of the Court in 2013, 2014, 2015, 2017, and 2018.

As you are aware, however, none of those recommendations has been affirmatively acted upon by the Michigan Legislature, a step required by our Constitution for these to take effect. However, the Legislature did, I am pleased to recall, respond affirmatively to your support in 2015 for Senate Bill 56, legislation that severed the 'tie bar' relationship between the salaries of circuit, probate, district, and Court of Appeals judges, and Supreme Court Justices. With your support, this action ameliorated certain lower court judicial compensation issues, and those judges are now positioned to receive the same increases as career managers in the state civil service.

I am here today to speak to the principal remaining issue of judicial compensation, that pertaining to the pay of Supreme Court Justices. What I hope this Commission will now reflect upon is this: the compensation of Michigan Supreme Court Justices has been frozen since 2002 and will at the earliest—whatever the recommendations of this Commission—remain frozen until at least 2019, a 17-year period. That is by a considerable margin, by at least a period of six years, to the best of my knowledge, the longest such judicial pay freeze in the nation. This has presented challenges for the Court and, for a variety of reasons, should be rectified by this Commission and the Legislature joining together in support of a reasonable pay increase for the seven Justices of the Court.

Of the Court's current and recent members, I and my longtime colleague, former-Justice and Chief Justice Robert Young, who retired from the Court last month, are the only two Justices who have served long enough to have *ever* received a pay increase. Justice Young is no longer on the Court, having returned to the private sector, and my tenure will extend no longer than the end of 2019, so it is principally with my six less-senior colleagues in mind that I respectfully urge you to reflect upon the recent compensation history of the Court and communicate with some sense of urgency to the Legislature the need for a reasonable pay increase for the Justices of the Supreme Court.

In my judgment, the current 17-year freeze has had adverse consequences for the stability of the Court and for the attractiveness of service on the Court. While these consequences are impossible to quantify, I do believe that the pay freeze is now perceived as an increasingly negative aspect of the Court's work environment, one that threatens to erode

the ability of the Court to attract the broadest range of qualified individuals when vacancies arise. Although, in my judgment, no person should be viewed as falling within that qualified range who is influenced exclusively, or even predominantly, by the level of compensation, such level cannot on the other hand be viewed as entirely without relevance.

I would first note that Supreme Court Justices are the only public officers within the scope of this Commission's jurisdiction who are not subject to term limits but rather are officers for whom their position may constitute a *career*, or even a late-career, position. By placing into their Constitution term limits for the Governor and the Lieutenant Governor, the Attorney General and the Secretary of State, and all members of the Legislature, but *not* for Justices of the Supreme Court, "we the people" of Michigan have made it reasonably clear they wish that individuals elected to term-limited positions maintain other principal careers and that their public service should constitute only a temporary professional commitment. Concerning service on the judiciary, however, in particular on the Supreme Court, there is a much-different expectation. Career service and experience, and stability of institutional decision-making, are distinctively valued, as these considerations are by almost all other state and federal jurisdictions. The current 17-year pay freeze increasingly is transforming these constitutional premises and devaluing service on the Court.

I emphasize as strongly as I can that there is no Justice of whom I am aware who would suggest that compensation levels for the Court be set at levels comparable to those within those quarters of the private sector from which Justices have typically been drawn. Such levels would simply not be reasonable when transformed to the public sector. At the same time, the current 17-year pay freeze is unreasonable, not in comparative terms with the private sector, but in comparative terms with other public sector judicial positions.

Let me briefly take a moment to elaborate upon the duties of the Supreme Court Justice. Perhaps most importantly, those duties encompass the just resolution under the law of some 150-250 appeals per month arising from the 83 counties of our state, appeals involving criminal, civil, domestic, and federal and state constitutional matters. Michigan is a state in which there is a *single* high court with the fullest and most plenary realm of jurisdiction. In the course of this decision-making, it is our responsibility to give faithful regard to the policy determinations of city councils, county commissions, administrative agencies, the state legislature, and sometimes the Congress; it is our responsibility to clarify those laws and to render these compatible and consistent; it is our responsibility to ensure that those laws are in accord with the requirements of both the United States and the Michigan constitutions; and it is our responsibility in the course of deciding these matters to resolve many of the most intractable and challenging disputes and 'cases and controversies' arising within our state. It is the further responsibility of the Court to develop the "common law" of our state, the *customary* and non-statutory law of Michigan, dating back in some instances several hundred years to English laws predating even our nation's colonial period. It is the Court's responsibility to superintend the judiciary of Michigan, its 560 judges, 242 trial courts, and its more than three million judicial decisions undertaken each year in pursuit of the rule of law in Michigan. Further, the Court is tasked with establishing rules of evidence and procedure and probate, selecting

chief judges, establishing and enforcing rules of judicial discipline, administering the operations and the integrity of state courts through our State Court Administrative Office, providing programs of judicial education, assisting on matters of courtroom and courthouse security, and generally ensuring that the courts of this state are serving the people to the best of our ability. It is further the Court's responsibility to superintend the 42,000 members of the bar through the State Bar of Michigan, the state's bar examination, and the establishment and administration of rules of professional conduct and lawyer discipline. My larger point in recalling these parts of the Court's decision-making and administrative responsibilities is only that it is *more* than a full-time job; it is a job that must be carried out with great conscientiousness; and it is a job whose responsible exercise has a far-reaching impact upon all of the people, all of the businesses, and all of the public agencies of our state. The Court's work defines in significant respects, and on a near-daily basis, the health and safety environment, the legal environment, the criminal justice environment, the business environment, the regulatory environment, and the constitutional environment of our state. It is in *truth* a seven-day-a-week job for every Justice, and to the best of each of our abilities, we *do* seek to perform our responsibilities honorably and effectively, in every instance in support of the guarantee of the equal rule of law.

The Supreme Court has also sought to act as a responsible steward of the public till, reducing the number of judges within the state, implementing technologies to enhance court efficiency, re-engineering courtroom operations to minimize waste and to limit unnecessary expenses imposed upon those who routinely testify in our courtrooms, such as the law enforcement community, and generally to facilitate measures that enable cases to be heard and resolved in a more timely fashion. One of these initiatives, for example, involved an analysis of the case-load of each court in our state, as a result of which we have made recommendations to the Legislature to *increase* the number of judges where case-loads are growing, but also-- remarkably for an institution of government-- to *reduce* the number of judges where case-loads have come down. The net outcome of this process has been the net elimination of 31 judges with further plans to cut 14 additional judgeships, initially saving taxpayers an estimated \$19.5 million through the end of this year with similar savings in years going forward. A second initiative involves the installation of video-conferencing systems within courtrooms that has reduced by more than \$18 million the costs borne by the Michigan Department of Corrections in transporting incarcerated inmates for routine hearings that can now be done electronically.

Permit me now to suggest several factors that might appropriately be considered by this Commission in determining what would constitute a reasonable pay increase for the seven Justices of the Court. I offer these for your consideration as the expert agency in this realm, charged by our Constitution with recommending specific pay increases for elected state officers, and, not incidentally, removing this Court from the politics of the compensation process. In the final analysis, it is your judgment that must be brought to bear in proposing a pay increase to the Legislature and we will, of course, respect that judgment. Nonetheless, we

believe that the following are illustrative of some of the critical factors arising out of the ongoing pay freeze that should be taken carefully into consideration.

First, there is the relevant factor of trends in the cost of living. Since the Court's last pay increase in 2002, giving rise to the current level of Supreme Court compensation of \$164,610, the Consumer Price Index has risen 35 percent. While the absence of any cost of living increase since 2002 only amounts to a percent or two during several years of this period, the cumulative and compounded impact is considerable and growing.

Second, there is the relevant factor of the increase in the *average* salaries of state Supreme Court justices nationally since 2002. At that time, the average state Supreme Court salary was \$123,525 and the range in the fifty states was between \$89,381 to \$170,319. Today, the average state Supreme Court salary is \$169,325 and the range is between \$130,136 to \$233,888. Thus, the overall average has increased by 37 percent. It is also noteworthy that while our Court was near the top of the salary range in 2002, it now falls well below average, ranking 31<sup>st</sup> and certain to decline further over the next two years during which the freeze will continue.

Third, there is the relevant factor of an increase in state employee compensation generally since 2002 in Michigan. Despite the economic challenges that Michigan has faced during this era, state employee salaries have risen 33 percent over the past 15 years, with employees slated to receive a 3 percent increase this year and an additional 2 percent increase next year.

Fourth, there is the relevant factor of increases in compensation for *federal* judges. In this regard, there is a rapidly and substantially widening gap between the compensation for the Michigan Supreme Court Justice and compensation for federal appellate and trial judges. As noted, the salary of a Michigan Supreme Court Justice was \$164,610 in 2002, a time at which the salary of the federal Court of Appeals judge—the intermediate tier of the federal judicial system—was \$159,100. Today, the Michigan Supreme Court Justice earns exactly the same as in 2002, while the salary of the federal Court of Appeals judge now stands at \$217,600, which does not include a one-time \$25,000 bonus the court's judges received that was designed to compensate for a past pay freeze. Essentially, the federal Court of Appeals pay level represents what Michigan Supreme Court Justices would be paid if they had been granted cost-of-living increases since their last pay increase in 2002.

Fifth, for purposes of background and context, there is the factor of attorney compensation in the *private* sector. Let me highlight only a few aspects of this comparison. Viewing matters nationally, the average compensation for partners at the largest 200 law firms is \$877,000, while in the corporate world the average compensation for general counsel at smaller companies is \$438,661. In Michigan, the average salary for equity partners in any size firm is \$300,921 with the top five percent of partners earning an estimated \$750,000. The average salary for in-house counsel is \$167,194 while the top five percent of practitioners earn

\$400,000. Viewing only solo practitioners, average compensation is \$120,929, while the top five percent of solo practitioners earn \$325,000 annually. I focus on the upper echelons of professional practice only because these fairly define, at least in some part, the universe of legal practitioners among which the people of Michigan have often recruited those who would carry out judicial service on the highest court of their state.

I emphasize again, however, what I said earlier that it would *not* be reasonable—indeed, it would be entirely *unreasonable*—for a body such as this Commission, charged with recommending compensation levels for *public* officers, to think in terms of any form of public and private equality in terms of Supreme Court compensation. The figures are merely offered for purposes of context and background, as a single factor perhaps to be taken into some consideration in your overall process of assessment as to what would constitute a reasonable level of compensation under the present circumstances.

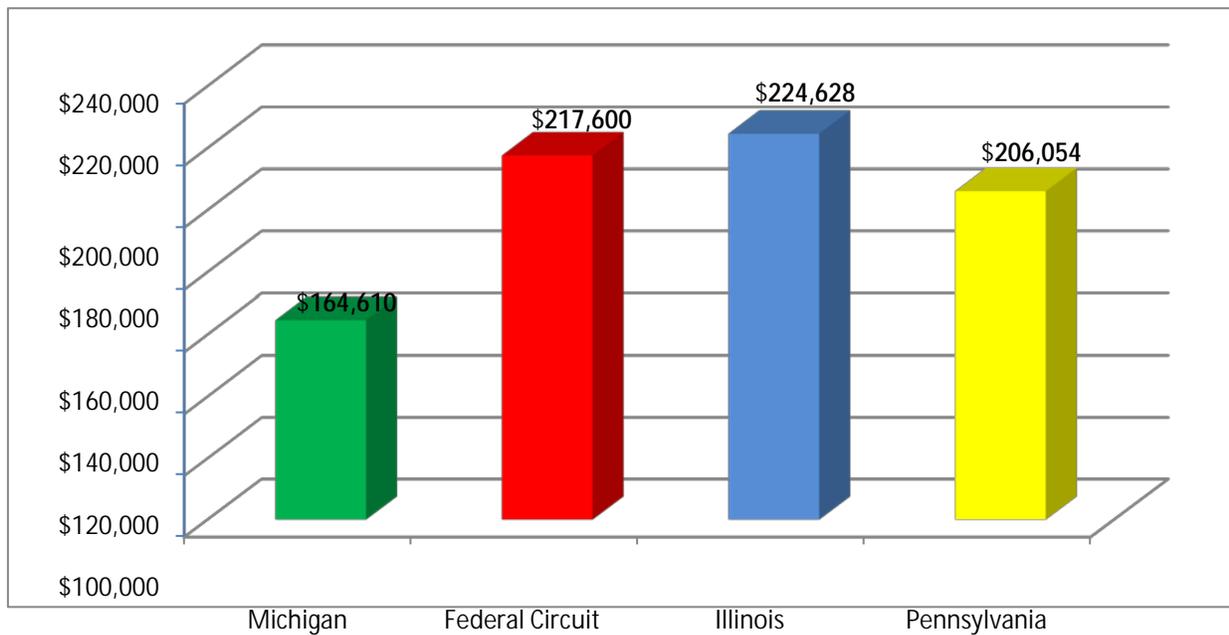
Sixth, and finally, I believe that it is worth noting as a relevant factor in your considerations that there is increasingly broad support across the political spectrum for an end to the 17-year judicial pay freeze on the Supreme Court, encompassing such groups as the Michigan Chamber of Commerce, the Michigan Association for Justice, the Michigan Association of Realtors, and the Mackinac Center. While none has opined as to a specific level of increase, each has recognized the need for an end to the current freeze. This support is, I believe, reflective of the fact that a recommendation by this Commission to end the current pay freeze would constitute sound public policy-- fair for the Justices of the Court and in the best interests of the people of Michigan.

In conclusion, the Court respectfully requests that the Commission undertake on the basis of the factors that I have summarized this morning, and on the basis of other factors it deems relevant, to end the 17-year pay freeze on the pay of Supreme Court Justices. The Commission should determine in place of that freeze what would now constitute a new and reasonable level of compensation, one that is fair for the Justices and one that would enhance the competitiveness of the Court in the present judicial marketplace. Furthermore, we respectfully request that, if this course is agreed upon by the Commission, you *assist* this Court in communicating to the Legislature the equitable and other imperatives in *support* of your recommendations. We are very much in need of *both* a favorable recommendation *and* for your strongest expression of support for those recommendations—why such an increase is deserved and well-merited—to the final decision-makers in this process, the elected representatives of the people. Thank you very much for taking this matter under consideration.

# Michigan Supreme Court Salaries...by the numbers

Average increase for Supreme Court Justices Nationwide (2002-2017)	<b>37%</b>
Cost of Living Increase (CPI, 2002-2017)	<b>35%</b>
Salary Increase for State of Michigan Employees (2002-2017)	<b>33%</b>
Salary Increase for Michigan Supreme Court Justices (2002-2017)	<b>0%</b>

## State Supreme and Federal Court Salary Comparison



**NOTES:**

1. Any change to Michigan Supreme Court salaries cannot be effective until 2019.
2. State of Michigan employees are slated to receive a 3% increase for FY 2018 and a 2% increase for FY 2019.
3. Federal judges receive annual cost of living increases.

## Supreme Court Compensation Comparison to Private Sector Salaries

National Average Compensation for Law Firm Partners (2016, MLA Partner Compensation Survey of large firms)	\$877,000
Michigan Compensation for Top Five Percent of Equity Partners (State Bar of Michigan, Economics of Law Practice 2014)	\$750,000
National Average Compensation for General Counsel (Barker-Gilmore 2016 Report, firms less than \$100 million annual revenue)	\$438,661
Michigan Compensation for Top Five Percent In-House Counsel (SBM, Economics of Law Practice 2014)	\$400,000
Michigan Compensation for Top Five Percent Solo Practitioners (SBM, Economics of Law Practice 2014)	\$325,000
Michigan Average Compensation for Equity Partner (SBM, Economics of Law Practice 2014)	\$300,921
National Median Base Salary for a sixth-year associate at a law firm (2015, NALP, all size firms included)	\$165,000
Michigan Supreme Court Salary (2002-2017)	\$164,610
National Median Base Salary for a first-year associate at a law firm (2015, NALP, all firms)	\$135,000
Michigan Average Compensation for Solo Practitioner (SBM, Economics of Law Practice 2014)	\$120,929

### Sources

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