

EXECUTIVE OFFICE



INTER-COMMUNICATION

*Give to Karen Linnman
OO: PVP*

C

From: DONALD LINKY
COUNSEL

To: HONORABLE BRENDAN BYRNE
GOVERNOR

(Institution or Department)

Date: SEPTEMBER 21, 1981

RE: Salary Survey of State Governments by Hay Associates

The attached memo reviews the recent report by Hay Associates which provides comparative data on salary levels among state governments and between government and the private sector.

You might want to skim the summary on page six. This indicates that New Jersey salary levels are below state government national averages for relatively lower-level positions, but that we are above the national average for most upper-level positions. We also rank for all job classifications as significantly below the private sector national average. You might also note the discussion of the level of the Governor's salary at the end of the memo. I have also sent you a separate memo which reviews another Hay Associates report on gubernatorial salary levels.

As you requested, we have draft legislation ready to be introduced when the Legislature returns to increase the Governor's salary to \$105,000.

DL

DL

c: Harold Hodes

DL:AH



From: Stephen Schoeman
Policy & Planning Specialist

To: Donald Linky, Director
Governor's Office of Policy ..
(Institution or Department)
and Planning

Date: September 16, 1981

Re: 1982 Salary Survey of State Governments, Hay Associates

You asked me to summarize New Jersey's comparative position. There are two basic types of comparison. One is a comparison between the 46 benchmark state government positions. The other is a comparison between 46 benchmark state government positions and the private sector.

46 BENCHMARK STATE GOVERNMENT POSITION
COMPARISONS

<u>JOB TITLE</u>	<u>NATIONAL AVERAGE</u>	<u>NORTH EASTERN REGION</u>	<u>5,000,000 to 10,000,000 STATE POPULATION</u>	<u>N.J.</u>
Governor	55.1	56.3	58.3	65.0
Secretary of Public Welfare	49.0	49.1	54.0	56.0
Secretary of Education	49.8	54.1	47.6	56.0
Attorney General	46.0	45.4	50.3	56.0
Director of Public Works or Secretary of Transportation	49.5	49.1	49.0	56.0
State Police Commissioner	43.1	44.3	44.1	55.3
Secretary of Agriculture	42.7	41.1	44.1	56.0
Director of Budget or Budget Secretary	47.0	47.2	46.2	55.5
Commissioner of Corrections	45.7	45.2	46.2	56.0
Insurance Commissioner	40.8	42.9	43.7	56.0
Secretary of Banking	40.2	43.2	41.5	56.0
Deputy Secretary for Environmental Protection	38.4	42.3	41.3	43.0
Director Mental Hospital Medical	53.0	50.8	52.8	55.5
Director of Personnel	42.6	42.8	44.0	50.0
Highway District Engineer III	35.0	36.0	35.5	41.5

<u>JOB TITLE</u>	<u>NATIONAL AVERAGE</u>	<u>NORTH EASTERN REGION</u>	<u>5,000,000 to 10,000,000 STATE POPULA- TION</u>	<u>N.J.</u>
Superintendent of Correctional Institutions	35.3	33.8	33.8	39.6
Attorney VI	38.6	41.7	41.4	55.5
State Parks Dir- ector	35.1	36.2	32.6	43.0
Materials Engineer VI Animal Industry	32.6	34.3	38.2	35.8
Director	34.3	32.4	37.1	42.4
Director of Sanitary Engineering	34.8	37.0	37.8	47.4
Psychologist IV	33.4	32.8	31.9	35.8
State Librarian	35.8	36.6	34.9	38.7
Civil Engineer V	32.6	30.8	33.0	33.9
Purchasing Director	36.7	37.7	37.2	41.8
Personnel Manager Classification Pay	33.0	36.0	36.7	43.6
Chief Budget Analyst	33.3	36.5	35.7	48.0
Accounting Executive III	27.0	30.6	30.3	-
State Police Major	32.8	34.5	32.6	40.5
Director of Civil Defense	31.8	31.4	28.0	-
EDP Manager III	36.1	35.9	38.0	48.0
Rehabilitation Super- visor III	26.3	26.0	26.1	31.0
Environment Security Manager III	25.5	25.4	20.6	29.8
Accountant IV	23.6	24.9	20.2	25.5
Rehabilitation Super- visor I	22.5	23.0	22.2	23.8
Corrections Officer III	17.8	18.8	18.4	22.9
Occupational Thera- pist II	17.1	18.8	17.2	16.3
Transportation Plan- ning Director	38.2	38.5	39.7	55.5
Librarian I	16.4	14.9	14.8	13.7
Rehabilitation Coun- selor I	18.5	16.9	17.2	16.2
Senior Classifica- tion Pay Analyst II	22.1	22.1	21.8	21.9
Sr. Social Worker	17.5	18.1	18.2	17.7
Transportation Planner II	22.4	21.4	22.7	22.8
Director of Nursing	27.3	26.4	26.1	29.5
National Resources Specialist I	18.9	15.6	24.7	-
Sr. Environmental Engineer	25.1	24.9	25.6	19.7

COMPARISON BETWEEN THE 46 STATE BENCHMARK POSITIONS
AND THE
PRIVATE SECTOR

Two caveats are in order:

1. Hay Associates do not indicate which jobs in the private sector are being compared with the 46 benchmark state government positions.
2. Hay Associates do not indicate the value or points assigned to the "complexity" of the New Jersey state government benchmark positions being compared. It was necessary, therefore, to get this information from Joseph Delacia, Director of Classification and Compensation, Civil Service. This information is necessary in order to compare these 46 benchmark state government positions with the private sector in any general way.

Points of value are assigned on the basis of three major common factors and their subfactors found in all jobs.

1. Know-How:
 - a) specialized, technical or practical;
 - b) managerial;
 - c) interpersonal
2. Problem-Solving:
 - a) thinking latitude;
 - b) job impact and results;
3. Accountability:
 - a) freedom-to-act;
 - b) job impact and results;
 - 1) remote
 - 2) contributory
 - 3) shared
 - 4) primary
 - c) magnitude

Hay Associates provides national private sector comparisons at designated check point intervals. In other words, jobs of a certain value in terms of their complexity are worth so much in the job market. For example, as the following chart indicates, a job with 250 client points would be worth on a national average \$18,600 to industrial companies and \$14,800 to service companies, \$14,400 to financial companies, and \$16,600 to state government.

NATIONAL PRIVATE SECTOR COMPARISONS AT DESIGNATED
CLIENT POINT INTERVALS AS OF MAY 1, 1981

CLIENT POINTS	250	500	750	1000	1500	2500	3750
Industrial Companies	18.6	28.3	37.7	47.0	64.2	98.8	145.5
Service Companies	14.8	23.5	28.4	34.5	52.9	79.9	127.0
Financial Companies	14.4	23.2	32.3	41.3	59.1	97.2	142.4
State Government & National Average	16.6	22.9	29.2	34.9	42.6	-	-

The 46 benchmark state government positions have the following values or points.

<u>Title</u>	<u>Points</u>
Governor	5,872
Secretary of Public Welfare	3,352
Secretary of Educa- tion	3,056
Attorney General	3,072
Dir. of Public Works	
Secy of Trnsp	3,192
State Police Com- missioner	1,728
Secretary of Agri- culture	2,556
Dir. of Budget or Budget Secy	2,456

<u>Title</u>	<u>Points</u>
Commissioner of Corrections	2,912
Insurance Commissioner	2,556
Secretary of Banking	2,556
Dep Secy for Environmental Protection	1,450
Director Mental Hospital	1,560
Director of Personnel	2,056
Highway District Engr III	1,108
Supt of Correctional Inst	1,292
Attorney VI	2,228
State Parks Director	1,418
Materials Engineer VI	864
Animal Industry Dir.	1,262
Dir. of Sanitary Engineering	1,720
Psychologist IV	920
State Librarian	1,216
Civil Engineer V	920
Purchasing Director	1,096
Personnel Mgr. Classif. Pay	1,182
Chief Budget Analyst	1,312
Accounting Executive III	-
State Police Major	1,142
Dir. of Civil Service	1,026
EDP Manager III	1,358
Rehabilitation Supvr III	800
Employment Security Mgr. IV	775
Accountant IV	677
Rehabilitation Supvr. I	568
Corrections Officer III	462
Occupational Therapist II	417
Transportation Planning Director	1,578
Librarian I	363
Rehabilitation Counselor I	332
Sr. Classification Pay Anal. II	634
Senior Social Worker	404
Transportation Planner II	588
Director of Nursing	700
Natural Resources Specialist I	-
Senior Environmental Engr.	464

A comparison of these 46 benchmark state government positions with the private sector shows that:

1. New Jersey is below the state government salary national average in benchmark positions with a value of 250 to about 750;
2. New Jersey is above the state government salary national average in benchmark positions with a value of about 750 to 1500 and above;
3. at all client point levels, New Jersey is significantly below the private sector national average;
4. New Jersey tends to parallel the private sector national average although at a significantly lower level while the state government salary national average tends to fall off at an increasing rate the higher the value of the benchmark position.

"CONTINUING PROBLEM OF LOW SALARY LEVEL FOR GOVERNORS"

Please see my memo to you dated September 16th regarding the comparative position of the salary of the Governor of New Jersey under the draft bill with the salaries of the other Governors. The memo summarizes the Hay Associate position that a Governor of a state of the size of New Jersey should be receiving a minimum of \$125,000 per year. The Governor's Hay Associate rating of 5872 points indicates, however, that a comparable job in the private sector would be worth at least \$250,000.

Hay Associates argues that Governors' salaries are a serious problem because they impose a de factor or de jure "ceiling" on state management salaries, and pose "the most serious deterrent to realistic management salaries".

"With very minor exceptions, the Governor's salary level has a definite negative impact on the salaries paid to all management positions and to a large extent to senior professional and technical positions." The national average dollar separation between the Governor's job (55,100) and a Chief Budget Analyst (\$33,300) is only \$21,800. This relatively narrow separation tends to wedge in jobs of "intervening complexity and responsibility." Consequently, there are insufficient incentives through competitive salaries for professional careers in state government.

(Page 64).