

# **Comparison of Alternative Measures for Setting Legislative Salaries**

# Salary and Per Diem Minnesota House and Senate

- Current Level
  - Salary = \$31,141
  - Per Diem = \$7,686 (H), \$10,014 (S)
  - Total = \$38,827(H), \$41,155 (S)

*Total Senate salary and per diem exceeds House salary and per diem by \$2,328 per year because Senate per diem rate is \$86 per day while House rate is \$66 per day*

*Per diem calculated using average number of days in regular session since 1999. No adjustment was made for special sessions or post session activities.*

# Other Benefits for Minnesota House and Senate Members

- Pension Contribution – Defined Contribution 6%
- Health Insurance
- Group Life Insurance
- Lodging expenses for members residing more than 50 miles from the Capitol
- Auto expenses

# Assumptions for Comparisons

- Compare only total (salary plus per diem)
- Per diem rates continue at 2016 levels
- Comparisons based on House level -- Senate level can be estimated by adding \$2,328 per year
- Auto expenses and communications expenses reflect actual costs of services
- Lodging reimbursements reflect actual costs
- Health and life insurance benefits in Minnesota are similar to those in other states
- Pension benefits similar to those in other states

# Adjust Only for Inflation

- Adjust for CPI inflation from 1999 levels
  - New Salary & Per Diem = \$54,257
  - New Salary = \$46,570
  - Salary Increase = \$15,429
  - Pct Change = 49.5%
- Adjust for PCE inflation from 1999 levels
  - New Salary & Per Diem = \$51,416
  - New Salary = \$43,779
  - Salary Increase = \$12,589
  - Pct Change = 40.4%

# Problems With Inflation Adjustments

- Assumes base year level (1999) is correct
- Legislators' wages as a proportion of average wage in state decrease over time because there is no adjustment for productivity increases, only changes in cost-of-living

# Hold the Percentage of Median Household Income Constant

- Median Household Income
  - 1999 \$47,035
  - 2015 \$68,730
  - 46.1% Change (1999-2015)
- Adjust for increase in Median Household Income from 1999
  - New Salary & Per Diem = \$55,030
  - New Salary = \$47,344
  - Salary Increase = \$16,203
  - Pct Change = 52.0%

# Problems with Income Based Adjustments

- Assumes base year level (1999) is correct
- Assumes legislative productivity tracks average productivity



# Adjust to Keep Same Percentage of U.S. Congressional Salaries

- U.S. Congressional Salaries
  - 1999 -- \$136,700
  - 2016 -- \$174,000
  - 27.29%
  - Last increase was in 2009
- Adjust for increase in Congressional Salaries
  - New Salary & Per Diem = \$47,938
  - New Salary = \$40,252
  - Salary Increase = \$9,111
  - Pct Change = 29.3%

# One-third of Governor's Salary

- Current Governor's Salary = \$127,629
- New Legislative Salary & Per Diem = \$42,543
  - New Salary = \$34,857
  - Salary Increase = \$3,716
  - Pct Change = 11.9%

# Set at Average for County Commissioners in Large Counties

## 5 TC Metro Counties (avg) = \$62,741

- New Legislative Salary & Per Diem = \$62,741
  - New Salary = \$55,095
  - Salary Increase = \$23,594
  - Pct Change = 76.9%

## 5 Regional Center Counties (avg) = \$40,972

- New Legislative Salary & Per Diem = \$40,972
  - New Salary = \$33,286
  - Salary Increase = \$2,145
  - Pct Change = 6.9%

# Set at Average for County Commissioners in Large Counties

10 Counties (avg) = \$51,856

- New Legislative Salary & Per Diem = \$51,856
  - New Salary = \$44,170
  - Salary Increase = \$13,029
  - Pct Change = 41.8%

# **Set Salary and Per Diem at a Percentage of State Policy Managers**

- Average Salary for 11 High Level Policy Managers was \$116,222 in 2015
- Salary & Per Diem at 70 percent of Managers' salary
  - New Salary and Per Diem = \$81,355
  - New Salary = \$73,669
  - Salary increase = \$42,528
  - Percent change = 136.6%

# Set Salary and Per Diem at a Percentage of State Policy Managers

- Average Salary for 11 High Level Policy Managers was \$116,222 in 2015
- Salary & Per Diem at 60 percent of Managers' salary
  - New Salary and Per Diem = \$69,233
  - New Salary = \$62,047
  - Salary increase = \$30,906
  - Percent change = 99.2%

# Set Salary and Per Diem at Level Paid in Other Similar States

## Iowa

- Salary = \$25,000
- Per Diem = \$160 per day (\$120 per day for Polk County residents) for 105 days = \$12,600
  - Assume difference reflects lodging costs
- Salary and Per Diem = \$37,600
  - New Salary = \$29,914
  - Salary increase = (\$1,227)
  - Percent change = (3.9%)

# Set Salary and Per Diem at Level Paid in other Similar States

## Wisconsin

- Salary = \$50,950
- Per Diem = \$88/day Senate (\$44 Dane County residents) \$138/day Assembly if overnight (\$69 no overnight) limit 90 days
- Assume higher rates reflect actual lodging costs
- Non lodging per diem is \$3,960 Senate and \$6,210 House



## Wisconsin (continued)

- Total Wisconsin Salary and Per Diem
- Senate = \$54,910
- New Salary and Per Diem = \$54,910
  - New Salary = \$47,224
  - Salary increase = \$16,083
  - Percent change = 51.6%

## Wisconsin (continued)

- Total Wisconsin Salary and Per Diem
- Assembly = \$57,160
- New Salary and Per Diem = \$57,160
  - New Salary = \$49,474
  - Salary increase = \$18,333
  - Percent change = 58.9%

# Set Salary and Per Diem at Level Paid in other Similar States

## Washington

- Salary = \$46,839
- Per Diem \$120 per day, average \$9,900
- Total salary and per diem \$56,739
- No adjustment for lodging expenses

## Washington (continued)

**Assume lodging cost is \$44 per night**

- Non lodging per diem is \$76 per day
- Salary + non lodging per diem = \$53,109
- New Minnesota Salary and per diem = \$53,109
- New Salary = \$45,423
- Salary increase = \$14,282
- Percent change = 45.9%

# Washington (continued)

**Assume lodging cost is \$60 per night**

- Non lodging per diem is \$60 per day
- Salary + non lodging per diem = \$51,789
- New Minnesota Salary and per diem = \$51,789
- New Salary = \$44,103
- Salary increase = \$12,962
- Percent change = 41.6%

# Summary

| Item                  | Salary   | Percent Change |
|-----------------------|----------|----------------|
| Current               | \$38,827 | N.A.           |
| CPI                   | \$46,750 | 49.5%          |
| PCE                   | \$43,779 | 40.4%          |
| Med Hhold Income      | \$47,334 | 52.0%          |
| Congress              | \$40,252 | 29.3%          |
| 1/3 Governor (\$127k) | \$34,857 | 11.9%          |

## Summary (continued)

| Item                      | New Salary | Percent change |
|---------------------------|------------|----------------|
| County Comm (Metro)       | \$55,095   | 76.9%          |
| County Comm (Reg'l Ctr)   | \$33,286   | 6.9%           |
| County Comm (Met & Reg'l) | \$44,170   | 41.8%          |
| Iowa                      | \$29,914   | (3.9)%         |
| Wisconsin (A)             | \$49,474   | 58.9%          |
| Wisconsin (S)             | \$47,224   | 51.6%          |
| Washington (44)           | \$45,423   | 45.9%          |
| Washington (60)           | \$44,103   | 41.6%          |