December 17, 2003

The Honorable James E. McGreevey  
Governor of the State of New Jersey  
State House  
P.O. Box 001  
Trenton, New Jersey 08625

The Honorable Deborah T. Poritz  
Chief Justice, Supreme Court of New Jersey  
Hughes Justice Complex  
25 West Market Street, P.O. Box 970  
Trenton, New Jersey 08625

The Honorable John O. Bennett  
Co-President of the State Senate  
41 Center Street  
Freehold, New Jersey 07728

The Honorable Richard J. Codey  
Co-President of the State Senate  
449 Mount Pleasant Avenue  
West Orange, New Jersey 07052

The Honorable Albio Sires  
Speaker of the General Assembly  
303 58th Street  
West New York, New Jersey 07093

The Honorable Paul DiGaetano  
Assembly Minority Leader  
71 Union Avenue  
Rutherford, New Jersey 07070

Re:  Final Report of the Public Officers Salary Review Commission

Dear Sirs/Madam:

Enclosed please find the final Majority and Minority Reports issued by the members of the Public Officers Salary Review Commission. The Commission has asked that I formally transmit their Reports to you.

Very truly yours,

Mark J. Fleming  
Deputy Chief Counsel to the Governor

scp  
Enclosure
REPORT OF THE PUBLIC OFFICERS SALARY

REVIEW COMMISSION TO THE GOVERNOR AND LEGISLATURE

December 17, 2003

Pursuant to N.J.S.A. 52:14 - 15.115, the following represents the report required on the Commission’s review of the statutorily specified salaries and its proposed recommendations concerning changes in some of those salaries.

The Commission met on December 8 and 15 in Trenton to hear testimony, review written submissions, and consider its recommendations, and on December 17 by telephone conference call to adopt this report.

The Commission adopts and reiterates the "findings" set out in the December 7, 1999 Report of its predecessor Commission that are attached as Exhibit A.

Judicial and Executive Branch salaries were last increased in January 2002 based on recommendations made in 1999. By statute, this Commission will not be convened again until 2007 so that, absent proposed recommendations in this report, the specified public officials face the prospect of not receiving a salary change over a period of six years, an undesirable outcome.

The Commission received substantial testimony regarding judicial salaries and, for the following reasons, recommends that the salaries for Superior Court trial and tax court judges be set at $158,100, for Assignment Judges at $166,000; for Appellate Division Judges at $170,750; for Associate Justice of the Supreme Court at $180,250; and for the Chief Justice at $186,600; all such salaries to be effective July 1, 2004.

- Parity with Federal District Court judges has long been a guideline for state court trial judges’ compensation and the Commission finds this a desirable and appropriate goal. Federal District Court Judges will earn $158,100 effective January 2004.

- Although New Jersey’s trial judges rank 4th among the States in current salaries, when those salaries are adjusted for relative costs of living, New Jersey judges rank 37th in compensation. It is estimated that, in real dollars adjusted for inflation, trial judges today earn 20% less than they did in 1970.

- New Jersey is one of only four states whose judges may not engage in any outside income generating activities. That prohibition is embedded in our State Constitution and is deemed by this Commission to be a desirable restriction. However, it puts our judges at a compensation disadvantage relative to their peers in other states and to their colleagues on the federal bench.
While we believe comparisons with other judicial personnel are directly relevant, we also recognized that judges are compensated far less well than attorneys in private practice or in corporate settings.

The New Jersey bench is among the most widely respected in the country. Its reputation serves to engender public respect for the rule of law and creates an environment beneficial to our citizens and to businesses located in our State.

New Jersey judges work hard. On a national basis, they have the 4th highest rate of filings per judge and yet they have decreased the backlog of cases from 57,700 in 1999 to 28,952 in 2003. They are clearly a productive Judiciary.

A number of other officers have generally been compensated on a relative scale to trial court judges, and we recommend that, effective July 1, 2004, their salaries reflect the current ratio to trial court salaries:

- County prosecutors at $158,100
- Administrative Law Judges at $134,400 (85% of $158,100)
- Workers' Compensation Judges at $134,400 (85% of $158,100)

With respect to the Legislative Branch, the Commission recommends that effective July 1, 2004 their salaries be adjusted by an amount which is equal to the increase in the 2003 Northeast Regional CPI over 2002 and on July 1 of each year thereafter the salary be adjusted by a comparable amount.

With respect to the Executive Branch, the Commission recommends that salaries be set as follows effective July 1, 2004:

- Governor: up to $200,000
- Members of Cabinet: up to $158,100 (to maintain their current parity with trial court judges)
- President and Members of Board of Public Utilities: up to $151,800
- Casino Control Commission: no changes are recommended as it appears that current compensation is already well below that which is authorized.

In conclusion, this Commission is mindful of the challenges currently confronting the Legislature and the Governor with respect to the State Budget. We do not regard it as within our statutory purview to advise them on the means to achieve the recommended salaries. It is also not within our purview to make recommendations with respect to county officials; that is a matter for the Governor and Legislature to determine. That said, we believe that the
recommended salary revisions are absolutely critical to ensure fairness and equity in the compensation of our public officials.

The foregoing represents the position of the majority of the Commission members (Ms. Farber, Mr. Critchley, Mr. Degnan and Mr. Horn).
Report of the Public Officers Salary Review Commission

FINDINGS

1. The issue of compensation in any large organization is an extremely complex one. In the public sector, the complexity becomes compounded by the fact that decisions are made in the political arena, and ultimately a political consensus must be developed in support of any action.

2. The nature and scope of every position under review by the Commission has the capacity to impact the lives of the citizens of the State of New Jersey in a significant and material way. Incumbents in these positions decide what the law shall be, who is tried for crimes, who is sent to prison, who is taxed, etc.

3. The positions under consideration all have become more difficult and demanding in the past few years. In the recent past, our society has rapidly evolved technologically, economically, and socially, toward greater complexity. As a result, the demands on the incumbents in these positions have all increased dramatically.

4. It is difficult, but not impossible, to compare management positions in the private sector with those in the public. When such comparisons are made, it is clear that those in policy-making roles in the public sector in New Jersey serve at deep compensation discounts from their counterparts in the private sector.

5. There has been a real decline in purchasing power for our senior public officials. The willingness to accept, at time of appointment, the "public sector discount", mentioned above, is one thing. Requiring our public officers to sustain an additional and ongoing "inflation discount" on their salaries, seems truly unfair.

6. New Jersey is one of only three states that does not permit its judges to earn income outside of their appointed positions. County Prosecutors and Members of the Casino Control Commission are likewise restricted. Most, if not all of the positions examined also have stringent post-employment restrictions. The Commission views these restraints as fully appropriate but they must be factored into the compensation equation.

7. With all due respect, the Commission finds compensation administration practices for public officials in our state to be inappropriate. Long periods of time pass (in many cases years) between increases, cost of living or otherwise. Then, seemingly large increases are granted for "catch up purposes". This approach pleases no one, taxpayers or incumbents. The issue of compensation for senior officials must remain in the public arena, but it needs a context and more systematic approach, like those typically found in the private sector.
8. Our current approach to compensation administration for public officers practically requires senior officials to campaign for salary increases. It is at best unifying to have our judges, prosecutors, and other senior officials petitioning for raises either to this Commission, the Legislature, or the Public. We must find a better process to solve this problem. New Jersey can do better.

9. Compensation levels for our senior officials ultimately influence salary levels for all those in State service. We believe our senior people are inappropriately underpaid. This inevitably leads to “compression” of salaries of all those in subordinate positions. We should all be concerned when qualified people turn down promotions because they are earning more in a subordinate position.
PUBLIC OFFICERS SALARY REVIEW COMMISSION

MINORITY REPORT

FILED BY CLIFFORD GOLDMAN, CHAIR

RICHARD GOLDBERG, MEMBER

RICHARD KAMIN, MEMBER
The Salary Commission is asked to review the compensation of specific high-level positions in the three branches of State government.

The Commission is instructed by the statute to review comparable pay arrangements in the public and private sector and to consider the state of the economy.

The testimony, presented in person and in written submissions, described the high level of skill and effort and the dedication to the public service of those officials. We agree.

The Executive and Legislative branches did not seek salary increases.

The focus of the Commission's discussions was whether to raise the salaries of State judges to parity with federal judges. The majority agreed. From that, it followed that those other positions related to the judges by statute or precedent should enjoy commensurate increases. These would include the Workmen's Compensation judges, the Administrative Law judges, and the prosecutors. Although there was little or no discussion of the relative value of the State cabinet officers, they were recommended for raises because, otherwise, the Attorney-General would earn less than a County prosecutor. Because of the tradition in New Jersey that all cabinet officers earn the same salary, all cabinet officers, including the Board of Public Utilities, were then recommended for equal raises. In turn, the Governor's salary was recommended to rise to $200,000.

We disagree.

The evidence showed that New Jersey's salary structure is already at or near the high-end of the scale in comparison with other states. New Jersey judges fare very well in comparison with judges in other states, including New York and Pennsylvania. We do not see the basis for establishing a parity with federal judges. There is no consideration of parity between State cabinet officers and the federal cabinet or between State legislators and the Congress. This is not to say that judges and the other positions should not receive salary increases, reflecting inflation and higher performance, at any time during the next four years when the State can afford to give them, but more thought must be given to the matter than this Commission was able to do in its deliberations, curtailed as they were so that a report could be presented to the lame duck session of the Legislature.

Our disagreement with the recommendations of the majority rests on the weight to be given to economic conditions. To us, common sense says that the statutory requirement to consider the state of the economy must go to the question of whether the State can afford to raise top-level salaries, which would lead inexorably to higher subordinate salaries as well. The Commission did not consider the ripple effect from judicial salary increases on local property taxes. The salaries of various County government officials are statutorily tied to those of Superior Court judges. These costs were not computed or considered.
From the information presented to us, we conclude that the fiscal integrity of the State has been seriously eroded over a long-period of time. Even after stringent budgets of recent years, the State’s expenditures exceed its current revenues by a very large amount. The gap between expenditures and revenues is so great that it cannot be filled by any conceivable rate of economic growth in foreseeable future and will no doubt require austere budgeting instead.

Without in any way meaning to derogate the valuable public service of those whose compensation we are studying or the esteem in which we believe they should be held, we find that the State cannot afford to pay higher salaries in the current economic situation and we believe that the statute establishing the Commission requires us to say so.