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Testimony of the Boston Municipal Research Bureau

Before the
City Council Committee on Government Operations

February 20, 2002

Regarding: the Compensation Advisory Board's 2002 Recommendations

The Research Bureau is pleased to present testimony today before the Committee on Government Operations in response to the Mayor's order regarding the Compensation Advisory Board's (CAB) recommendations on compensation for selected department heads and elected officials. The Research Bureau has been involved with city compensation issues for many years. Based on a Bureau report and recommendations in 1986, the CAB was established by ordinance to review and recommend changes in the salary of elected officials and the salary ranges for those department heads whose salaries are set by ordinance. This year, the CAB made a series of recommendations that include increases in the salary ranges for department heads, and a 20% increase in the salaries for the Mayor and City Councilors. The CAB also recommended a significant increase in the salary of the Police Commissioner to lessen the effects of compression, and suggested review or reclassification of several other positions. The Research Bureau recognizes that increasing salaries for elected officials is one of the most politically difficult tasks in government. Raising salaries for senior management officials is not much easier, particularly during a time of economic slowdown. In the past, the Bureau has advocated for periodic adjustments in salaries. We recognize that if salary adjustments are not made now, it is not likely there will be a willingness to address this issue in the next few years due to anticipated financial constraints. Philosophically, the Bureau believes that salaries of elected officials should not take effect until January 1 of the year after any salary increases are approved. As a matter of public policy, the Bureau believes that salary increases for elected officials should not be tied to an income index, but should be publicly discussed and voted on by the City Council.

Salaries for Elected Officials

The CAB recommended that the Mayor's salary be increased from \$125,000 to \$150,000, and that salaries for City Councilors be increased from \$62,500 to \$75,000. These are both 20% increases over current levels. Salaries for elected officials were last increased in 1998, when the Mayor's salary was increased from \$110,000 to \$125,000, or 14%, and Councilors' salaries increased from \$54,500 to \$62,500, or 15%. The Bureau has held the position that the salaries of elected officials should be adjusted more frequently than every six to eight years, which has been the typical experience in Boston. Periodic change would help alleviate the public debate and rancor that normally occurs when larger increases are proposed after several years of no change.

Salary Ranges for Department Heads

The Bureau supports the recommendation to increase the salary ranges for department heads in the amounts recommended by the CAB. Increasing the salary ranges will give the Mayor needed flexibility in setting the salaries for department heads. However, we believe that any salary increases within the ranges decided by the Mayor should be based on the development and use of a performance-based evaluation standard. While salary ranges for department heads have not increased since 1998, their salaries within those ranges have generally increased by 3% each year, with few exceptions. In fiscal 1999 and fiscal 2000, department heads received salary increases determined by an informal performance-based process utilized by senior administration officials. In fiscal 2001, the Mayor returned to the straight 3% increase for department heads. As a result, over 60% of the department heads are being paid 90% or more of their maximum allowable salary. This limits the Mayor's ability to increase salaries and still remain within the limits established by ordinance. Increasing ranges to levels recommended by the CAB would bring average salaries down to about 75% of the maximum allowable salary. With this added flexibility, the Mayor will have more discretion regarding salaries for department heads, which should be set utilizing an overall performance-based evaluation standard. Adopting the new salary ranges would bring the salaries of two positions up by a total of \$9,042 to meet the minimum salary of their ranges. Any other salary increases would be up to the discretion of the Mayor.

Salary Compression

Salary ranges should be increased as recommended to address the problem of compression, in which department heads earn less than the top managers they supervise. This situation currently exists in four city departments when base salaries are considered. When the full range of benefits is factored in, compression becomes even more prevalent.

This is particularly true in the Police Department, where 168 officers earn more than the Commissioner as a result of overtime, paid detail and the adoption of the Quinn Bill. The Bureau agrees with the CAB's recommendation that the Mayor should significantly increase the Police Commissioner's salary within the proposed new salary range for category IA. The Bureau further encourages the Mayor to rectify compression problems in other departments. →

Upgrade MIS Position

The Bureau supports the CAB's recommendation to upgrade the position of Director of Management Information Services from its current category II status to category IB. This upgrade will allow the City to offer a salary that reflects the high level of responsibility of this critical position and will make the City more competitive in the marketplace. The current salary of the MIS Director falls within the new range and would not require an immediate increase in salary. This recommendation is not currently in the Mayor's order.

Review of Positions Covered by Ordinance

The Bureau agrees with the CAB's recommendation that positions that are covered by the ordinance, but not filled, be reviewed and eliminated if warranted. Other staff members in their respective departments, who are covered by the MM Compensation Plan, are currently filling the functions of these positions. While these positions are not represented by the Salaried Employees of North America (SENA), they generally receive annual salary increases commensurate with increases negotiated by the union. This recommendation also is not in the Mayor's order.