



State officials in line for big raises

by Janie Har, The Oregonian

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Oregon corrections director Max Williams earns \$174,000 a year -- trailing only his counterparts in California and Texas in a national survey of state administrators. But wait, there's more: His pay is scheduled to climb to \$180,000 by next summer.

Over two years, he'll see an increase of 33 percent.

Williams, a former state legislator and private attorney, isn't the only one. Roughly 60 Oregon state executives will see the same increase as part of a large catch-up salary overhaul that Gov. Ted Kulongoski approved last year.

And the average Oregonian? In each of the past two calendar years, the average annual salary for all Oregonians went up 4 percent.

Kulongoski and state administrative officials defend the state pay hikes, saying state government needs to keep pace with the private sector, where top directors could earn far more. They point out that all state workers took a wage freeze in 2003 and 2004.

But with angst over a souring economy and shaky state revenue, the raises may not go over well with the public.

House Minority Leader Bruce Hanna, R-Roseburg, calls the amount and steep rate of increase "appalling."

"It slaps in the face of working Oregonians," he says. "People will be out there asking, 'What in the world are you thinking?'"

Kulongoski, a Democrat, announced an across-the-board raise that pushed up most executives' pay 22 percent last year. Cost-of-living raises and automatic salary step increases will push the total from June 2007 to June 2009 to 33 percent.

The executive raises make up a teeny fraction of the two-year state budget -- roughly \$800,000 of \$15 billion -- but the percentage increase for individuals is large.

Rank-and-file state workers negotiated raises between 13 and 16 percent for the same period. University faculty, on average, will see a 10 to 12 percent increase. All state employees get pensions and health benefits -- a growing rarity in both the public and private sector.

Lonn Hoklin, spokesman for the Oregon Department of Administrative Services, says executive pay was stagnant for some time and seriously out of whack with the private sector and even other state governments.

State directors were maxing out at \$170,000 a year, and the state's analysis showed other executives making \$435,000.

"Nobody wants to pay department directors more than what is appropriate," Hoklin says, "but you want to pay them enough to compensate them and keep them in the job."

Compensation and labor experts say executives in the private sector see larger paychecks, but their compensation also is pegged to performance. There's greater volatility and risk, too, in the private sector.

"What typically happens is the private sector sees bigger swings in their average pay. During good times, their pay will go up much faster, and during bad economic times, their pay will languish," says Art Ayre, an economist with the Oregon Employment Department.

"The public sector tends to be slow and steady. It's the tortoise, not the hare."

Oregon state executives might fare better in the private sector, but not necessarily in other states. The Council of State Governments, a group based in Kentucky, surveys states on select administrators' pay every year. The report shows:

Matthew Garrett, who oversees Oregon's 5,000-employee Transportation Department, earns \$165,000 a year. Only three states -- Georgia, Virginia and Texas -- pay more.

Employment director Laurie Warner earns nearly \$160,000, tops in the country for that category.

Roy Elicker, who heads up the Department of Fish and Wildlife, and Dick Pedersen, his counterpart at the Department of Environmental Quality, each earn \$136,000 a year, putting them in the top 10 of states.

The directors of Corrections, Revenue and Energy all went from the top 20 among states in 2007 to the top three in the most recent survey.

Agency directors didn't want to comment on their own salaries.

However, Employment Department spokesman Tom Fuller noted that his boss, Laurie Warner, does not set her own salary. He said that states set up their agencies differently and that Oregon's Employment Department, with 1,500 employees, also oversees child care centers.

Audrey Wall, who collects the numbers for the national study, says states do define the jobs differently, but the surveys provide a consistent snapshot based on job title.

The reports show that averages across the country for top state administrators hover between \$100,000 and \$125,000.

Catherine Stearns, a former bargaining representative for the Service Employees International Union, says she doesn't begrudge the executive pay hikes. And she certainly doesn't expect her salary to go up by one-third.

But Stearns, a human services worker, says she hopes the state will consider a similar keep-pace move for frontline workers.

"If this methodology is good enough for the directors, we're going to ask for that, too," she says. "We'd be crazy not to."

Last week, a compensation committee in Salem heard from several citizens critical of proposals to give pay raises to lawmakers, judges and the governor. Under the committee's recommendations, Kulongoski, who earns \$93,600 a year and free housing, would get a raise to \$130,000.

Oregon's pay hikes are coming at a time when some other states are curtailing raises.

In Washington, Gov. Chris Gregoire called off a scheduled Sept. 1 cost-of-living raise for agency directors, noting that "many families are not receiving pay raises while coping with high food and fuel prices."

Taxpayers in Louisiana revolted earlier this year when lawmakers attempted to increase their own pay from a base of \$16,000, to \$70,000 at first and then, finally, to \$37,000.

"It was explosive," says Jim Brandt, president of the Public Affairs Research Council of Louisiana, a nonpartisan think tank. "It absolutely ignited public furor."

A similar move by the Louisiana governor to hire an economic development director at \$320,000 a year also prompted an outcry, but not as loud. Brandt said people were willing to consider paying for a professional executive.

Susan Antone is not one of those people. The 61-year-old Junction City woman testified against the proposed pay raises for elected officials and says she doesn't think administrators should get them either.

"I'm sorry they can't live on \$10,000 a month," she says. "What do they think, this state is made out of money?"

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