



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
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SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

JANET T. MILLS
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February 10, 2021

Senator Joseph Baldacci, Chair
Representative Ann Matlack, Chair
Joint Standing Committee on State and Local Government
c/o Legislative Information Office
100 State House Station
Augusta, ME 04333-0100

Lynne Caswell
Office of Policy and Legal Analysis
13 State House Station
Augusta, ME 04333-0013

RE: Part one of two: An update on DAFS' compensation and classification effort

Dear Sen. Baldacci, Rep. Matlack, and Ms. Caswell:

As you are the primary committee of jurisdiction for the Department of Administrative and Financial Services (DAFS), I write today with a holistic update on a matter currently in progress.

As you may recall, during the 129th Legislature, L.D. 1214, "Resolve, To Conduct a Comprehensive Study of the Compensation System for State Employees," was introduced so "[t]hat the Commissioner of Administrative and Financial Services shall commission a consultant to perform a comprehensive study of the wages and compensation system for employees of the executive branch of State Government." As that bill had a substantial fiscal note, a compromise was reached ahead of its passage, and the efforts intended to be completed as part of the bill were included in the 2019-2021 collective bargaining agreement between DAFS and Maine Service Employees Association (MSEA-SEIU 1989), the labor union representing the majority of State workers.

DAFS embarked on the effort just prior to the onset of the pandemic and in concert with a parallel effort, about which many of you received updates over the fall, meant to study telework for State employees. For both initiatives, we contracted with The Segal Group. And, in both cases, due to the unforeseen pandemic, the project has suffered delays.

Since you may have anticipated an update by now, I am submitting this iterative status report. As the project is ongoing, with the second part of the study far from complete, no recommendation is being provided at this time.

As you know, State employees have been a strong focus of this Administration since day one. The more than 11,500 public servants in the executive branch provide the services and programs integral to the fabric of our great state and so important to Maine people and Maine communities. Governor Mills deeply appreciates the efforts of State employees during these particularly challenging times – and has been proud to provide stable employment amid such uncertain times.

In 2019, this Administration bargained the first of two pay raises: a cost-of-living adjustment (COLA) that increased paychecks for all State workers by 3 percent. Then, in January 2021, a second raise for non-elected and non-appointed positions, which improved paychecks by an average of 4 percent for unionized State employees.

Additionally, it is under this Administration that we have been successful in eliminating the bottom salary step for State workers, ensuring as of 2021 that no State worker will be hired at that low rate moving forward. As part of this effort, a new top step was added at the highest end of the salary schedule, and salaries at each step were improved by equating them with the step below (e.g. the salary that was previously at step 2 is now the baseline salary at step 1, and the salary previously at step 3 is now at step 2, etc.).

Over the last year, this Administration has negotiated and implemented a new bracket for longevity pay for employees with between 10 and 15 years of service, with eligible State employees now receiving a longevity pay of \$.20 per hour. Additionally, longevity pay for those employees with more than 25 years of service has increased from \$.50 per hour to \$.60 per hour. This Administration also negotiated and implemented, as part of the employee benefits package, the State's first paid parental leave for employees, available for the initial 14 days after the birth or adoption of a child.

Recently, on behalf of the Administration, this Department negotiated with labor interests a number of pandemic paid leave options for employees. For instance, for 2021, annual sick leave accruals were fronted to employees. This sick leave can also be used to care for children whose school/day care is closed due to COVID-19. Employees are now also permitted to carry all vacation hours over the maximum accrual amounts until December 31, 2021. And, for 2021, employees may use up to 80 hours of paid administrative leave granted by the Governor for time they are out or required to quarantine due to COVID-19; eligible employees may also use this time to care for others with COVID-19 or for children whose school/day care is closed due to COVID-19.

Despite the impacts of the pandemic, we are proud that this Administration has been able to avoid State worker layoffs, furloughs, and/or pay freezes. Further, this Administration has advocated against any cuts to State programming, which can sometimes increase employee workload.

Considering this Administration's strong commitment to State employees, and as the Department dedicated to the infrastructure of State government, such as our vital human resources, DAFS approached this study and our engagement with The Segal Group with gusto. In addition to our contract with The Segal Group, I signed, on behalf of DAFS, a Memorandum of Understanding with MSEA-SEIU 1989, which formally included them in the effort. We have also worked closely with the three additional labor unions that represent State employees throughout this process – and that work continues for the foreseeable future.

The first part of the two-part effort is certainly more straightforward than the second, and is the portion that is attached today.

The findings, per The Segal Group, indicate that salaries for those employed by the State of Maine are 15 percent below market average, on average, and 11 percent below market average, on average, when compared with other public sector employees. This despite continued salary growth for State of Maine government employees in the decade from 2009 to 2019, coming in at just under 16 percent for the period, according to Quarterly Census of Employment and Wages data from the U.S. Department of Labor.

The Segal Group's effort to date, entitled "Market Study Report," takes into account the COLA raises of 2019 but does not factor in the more recent raises.

The Segal Group's qualitative assessment of "Pay Plan Information" puts State government employees on even footing with their public sector counterparts on matters such as pay schedule design, promotion policy, non-monetary prerequisites, hiring rates, supplemental benefits, and a number of other categories.

The relative value of the State of Maine's health insurance and related employer premium contribution levels were not taken into account in this effort, nor was the value of the State's pension plan for employees.

The results for this portion of the ongoing project are benchmarked against primarily New England-specific data from 10 public sector employers and from two tools, CompAnalyst and Economic Research Institute, that aggregate salary levels across thousands of job titles and multiple industries, both public and private.

The second part of the State's engagement with The Segal Group includes a long-overdue review of the State's job classification system, expected to take a considerable period of time. This next phase will allow us to consider much-needed adjustments to our 40-year-old job classification system, and may remedy idiosyncrasies within the report's line item findings by benchmark job title.

My team and I will continue this effort in good faith through to completion.

As the second largest employer in Maine, we are in a position to be a leader, and we continue to lead by example. This Administration is committed to continued partnership with State employees to ensure they are adequately compensated for their meaningful contributions to the wellbeing of Maine people.

Respectfully submitted,



Kirsten LC Figueroa
Commissioner