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

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March 31, 2022

Senator Joseph Baldacci  
Representative Ann Matlack  
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: Classification and compensation study (“Study”) for State employees

Dear Sen. Baldacci, Rep. Matlack, Ms. Caswell, and Honorable Members of the Joint Standing Committee on State and Local Government:

It was great to speak with you earlier this month, and to provide a preliminary update on the classification and compensation study (“the Study”) currently being conducted by this Department, meant to better understand the nuances of State employee compensation.

You will be pleased to know that, since the preliminary update provided, our analysts have completed additional work that indicates even more progress than initially reported, with State employee wage growth of 10.32 percent just since this effort was initiated, and of 13.63 percent under this Administration. This is part and parcel with our commitment to adequately and fairly compensating State employees for their meaningful contributions to the wellbeing of Maine people.

Despite the impacts of the pandemic, we are proud of the progress made – and proud that this Administration has been able to avoid State worker layoffs, furloughs, and/or pay freezes. At the outset of this Administration, we prioritized State employees – and the important programs and services that depend upon them. That commitment has been – and remains – steadfast.

## **The Goals**

The goals of the Study are to, on a micro-level: Review the State’s methods for classifying, compensating, and rewarding employees, comparing the State’s methods with models from other States and comparable public and private employers, and examining the competitiveness of State employment by comparing State employee wages with those at other public and private employers in the labor market with whom the State competes for talent.

And, on a macro-level: to attract and retain qualified employees; ensure positions performing work with similar levels of complexity, responsibility, knowledge and skills are treated equitably; provide compensation commensurate with assigned duties and market conditions; provide recognizable compensation growth; and be poised to meet the needs and demands of a modern workforce.

## **Context**

As the basis for the Study, a Market Pay Report (“the Report”) synthesized State pay data and benchmarked it against 10 government sector employers, including several New England states and some large Maine municipalities, and utilized published data sources to serve as a proxy for private sector data. Findings were compiled by an independent third-party, The Segal Group.

In addition to the Report, in order to gain insight into the condition of our current job classification system, the Segal Group conducted a substantial survey of Executive Branch employees. Responses were analyzed by the Segal Group, who then provided recommendations to streamline and simplify our current catalog of 1,180 job classifications.

The Report was completed on data farmed at the onset of the pandemic, in summer 2020, and indicates that salaries for those employed by the State of Maine, then, were on average 15 percent below market for similar positions, and, maybe more relevant for our purposes: 11 percent below market, on average, when compared with other public sector employees. Though this Report did not take into account all job types (or “classifications”), it did identify discrepancies in employee pay, with some classifications being compensated well above market value and some well below.

## **Progress**

Nonetheless, recognizing that State employees were being paid less, on average, than even their public sector counterparts: This Administration raised pay for State employees by three percent at the onset of this Administration, in September 2019. Then, since receipt of the Report, we have deployed resources that improve pay for bargaining unit employee positions by an effective rate of 9.26 percent, making significant progress to closing the worker pay gap. This included:

- Raising pay for State employees by four percent, on average, in January 2021
- Raising pay for State employees by two percent in December 2021
- Raising pay for State employees by an additional four percent in July 2022

<b>Date</b>	<b>Raises for Maine State Employees (Bargaining Unit Positions)</b>	<b>Cumulative Maine State Employee Wage Growth amid this Administration</b>	<b>Maine State Employee Wage Growth -- since report</b>
2019	3.00%	13.63%	included in Report
2020	4.00%		10.32%
2021	2.00%		
2022	4.00%		

State of Maine employee wages have grown by an average of 13.63 percent amid this Administration. And *since the Report*, Maine State employee wages have grown by an average of 10.32 percent – making substantial progress to bridging the respective 15- and 11-point employee wage gaps identified in the Report.

Even as we all struggle to keep pace with global inflation, we are pleased to report that, based on figures updated since the presentation to you earlier this month, Maine State government wage growth of 13.63 percent is keeping pace with the inflation rate of 13.26 percent as forecasted by Maine’s independent Consensus Economic Forecasting Commission.

Then, above and beyond all that progress, not reflected in the computations are additional compensation improvements made during the same period, which when considered, make wage growth even more impressive for State employees, including:

- Issuing a one-time \$2,000 payment to employees in December 2021 (this was prorated for seasonal, part-time, and/or intermittent employees; payment will be issued March 2022 for law enforcement positions)
- Eliminating the bottom salary step, ensuring that no employee will be hired at that minimum rate moving forward
- Improving longevity pay for workers with over ten years of service
- Increasing base pay to \$15 per hour

This final move alone – to increase base pay to \$15 per hour – positively impacted 382 employees to the tune of almost \$1 million per year, representing an average pay increase of 9 percent for the lowest paid positions in the State workforce, and an increase of more than 21 percent for those who had previously been earning the minimum wage.

Or, to put it another way, let us examine the case study of a State employee making \$14 per hour. When considering the time period through and following the publication of the Report, from July 1, 2020 through June 30, 2022, a State employee working for the State of Maine, beginning at \$14 per hour, would have benefited from effective wage growth of 11.43 percent, compared to wage growth in neighboring New England States of just over 2 percent to just over 6 percent.

This chart reflects the minimum wage in all jurisdictions and takes into consideration Maine’s improvement of base pay to \$15 per hour for State employees:

**Example: Annual compensation of a State employee starting at \$14 per hour**

	<b>ME</b>	<b>VT</b>	<b>NH</b>	<b>MA</b>
Mid 2020	\$ 29,120.00	\$ 29,120.00	\$ 29,120.00	\$ 29,120.00
Late 2021	\$ 31,200.00	\$ 29,775.00	\$ 29,458.00	\$ 30,445.00
Mid 2022	\$ 32,448.00	\$ 29,775.00	\$ 29,800.00	\$ 31,054.00
<b>Totals</b>	<b>11.43%</b>	<b>2.25%</b>	<b>2.34%</b>	<b>6.64%</b>

This means that pay for a State employee making \$14 per hour has improved relative to the pay of peers in neighboring states by an impressive 5 to 9 percent – through and following the publication of the Market Pay Report.

Similarly, let us examine the case study of a State employee making \$16 per hour. When considering the time period through and following the publication of the Report, from July 1, 2020 through June 30, 2022, a State employee working for the State of Maine, beginning at \$16 per hour, would have benefited from effective wage growth of 10.32 percent, compared to wage growth in neighboring New England States of just over 2 percent to just over 6 percent. This chart offers more detailed information:

**Example: Annual compensation of a State Employee starting at \$16 per hour**

	<b>ME</b>	<b>VT</b>	<b>NH</b>	<b>MA</b>
Mid 2020	\$ 33,280.00	\$ 33,280.00	\$ 33,280.00	\$ 33,280.00
Late 2021	\$ 35,303.42	\$ 34,028.80	\$ 33,666.05	\$ 34,794.24
Mid 2022	\$ 36,715.56	\$ 34,028.80	\$ 34,056.57	\$ 35,490.12
<b>Totals</b>	<b>10.32%</b>	<b>2.25%</b>	<b>2.33%</b>	<b>6.64%</b>

Based on this example, pay for a State employee making \$16 per hour has improved relative to the pay of peers in neighboring states by just under 4 percent to just over 8 percent – just over the last two years.

As a reminder, that Report had put Maine State employee wages 15 percent below market for similar positions and 11 percent below market, on average, when compared with other public sector employees. Relatively speaking, we are likely to have completely closed the pay gap when compared to peer State employers – and come close when considering the private sector.

Additionally, some states, including Maine, have made lump sum payments during this period. Here is an accounting of those payments:

	<b>ME</b>	<b>VT</b>	<b>NH</b>	<b>MA</b>
Lump Sum	<b>\$2,000</b>	<b>\$1,400</b>	[none]	1.5% of base or <b>\$1,500</b> , whichever is higher

The generosity of Maine’s lump sum payment exceeded peer states by between \$2,000 and \$500.

It is also worth noting (and this is likely true for all states): For an employee making, for instance, \$55,000 per year, the cost to the State for that same employee is well above \$55,000 – in fact, the State must budget close to \$100,000 for a \$55,000 position; this trend is consistent across all wage levels and is evidence of the impressive investments in culture and benefits that State government makes on behalf of its employees.

In addition, unrelated to this classification and compensation survey but part and parcel with our commitment to Maine State employees, this Administration continues to evaluate positions one-by-one to ensure State employees are paid at the classification matched to their work efforts.

As a result, this Administration has improved the base pay rate – above and beyond any across the board wage increases outlined above – for nearly 15 percent of Maine State employees in the past three years – more than 1,600 reclassifications, reorganizations, and/or range changes.

For example, in this Administration’s supplemental budget proposal alone, currently being considered by the Legislature, there is proposed funding to the tune of \$1.56 million (\$1.17 million ongoing) in reclassifications and related activities, all wage increases, improving the pay of 86 State employees.

We empathize with all Mainers, State employees included, who are battling against pandemic-induced inflation and supply chain issues, and we believe these incremental improvements are more than fair when balanced against our obligation to taxpayers. This is especially the case when considering that State employee wage growth is a generous 13.63 percent amid this Administration and is drastically outpacing the progress of neighboring states.

### **Value of Public Service**

It is a delicate balance – and salary is important, but so is public service and job growth. With a job in State government, there are career ladders and other progression opportunities among and between Departments that allow folks to hone and expand skillsets while retaining access to our high-value, low-cost health plan and retirement pension, among other benefits. To use an analogy: State government, as an employer, is like a big university rather than a small liberal arts school – employees can change their major and take classes in other disciplines without needing to transfer.

To that end, and part and parcel with the effort to improve employee pay, we have also been working in earnest to further improve our workplace culture – despite the fact that the Report had already put State government employees on even footing with their public sector counterparts on matters such as pay schedule design, promotion policy, non-monetary perquisites, hiring rates, supplemental benefits, and a number of other categories.

We know from national talent acquisition surveys that employees focus first and foremost on workplace culture, followed closely by career progression (including progression of their peers), benefits, and then compensation.

This is why we are so proud to have recently earned the distinction, for the second year in a row, as one of the country's best large employers by *Forbes* magazine, based upon an anonymous survey of 60,000 workers nationwide. We are pleased to join a small handful of other Maine employers on this list, including MaineHealth, L.L.Bean Inc., the University of Maine, and Jackson Laboratory.

Nonetheless – not ones to rest on our laurels – we have made many non-monetary improvements to employee culture since the Report was published, including but not limited to:

- Working tirelessly to ensure employees feel appreciated and valued – expressed in myriad ways, including events and increased communication, as well as through formal occasions, such as the Governor's message to our teams on State Employee Recognition Day: <https://vimeo.com/543780546/5a9240a872>
- Providing the first-ever framework for State employees to partake in non-emergency telework opportunities, based on climate goals, operational need, and employee preference
- Improving paid parental leave, initially established by this Administration, from two weeks to four weeks
- Expanding the eligibility criteria for the childcare reimbursement program
- Extending a premium holiday on health insurance premiums for two months
- Fronting annual sick leave accruals in 2021 and 2022, which can also be used to care for children whose school/day care is closed due to COVID-19
- Carrying over all vacation hours above and beyond the maximum accrual amounts into 2021 and 2022
- Allowing up to 80 hours of paid leave per calendar year, in 2021 and 2022, 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
- Offering paid leave for accessing COVID-19 vaccination and/or booster doses
- Instituting work rules to keep everyone safe
- Conducting contact tracing and/or case investigations as recommended by public health officials
- Shifting the vast majority of State employees to remote work as operationally feasible
- Deploying on-site and off-site vaccination clinics
- Making significant changes to administrative procedures to replace paper processes with electronic processes to minimize the number of employees required to be on site
- Procuring and providing more than \$4 million in PPE for State employees – and counting – providing, at minimum, two cloth face coverings for each employee along with access to KN95, surgical masks, hand sanitizer and sanitizing wipes, and more specialized equipment as job duties dictate
- Minimizing contact among workers, clients, and customers by replacing face-to-face meetings with virtual communications when feasible and discontinuing nonessential travel
- Creating re-entry guidance, including a video, for employees who must return to the workplace and continually offering resources for remote management and training
- Providing resources and a work environment that promotes personal hygiene, such as tissues, no-touch trash cans, hand soap, alcohol-based hand rubs and disinfectants, and disposable towels for workers to clean their work surfaces

- Improving air quality by installing bipolar ionization systems in 12 State-owned and leased buildings
- Completing mechanical equipment replacements and upgrades to improve air circulation in nine State buildings
- Upgrading to higher density (MERV 13) air filters in air handling equipment to capture more virus particles
- Investing in and installing 69 air purifiers for buildings without central air systems, as requested by agencies
- Making retrofits to office and retail spaces throughout the State
- Adding plexiglass, cubicle wall extenders, and space separators to existing work spaces
- Redesigning work spaces to allow for social distancing
- Adding signage to entrance doors, restrooms, hallways, elevators, and all other high traffic areas
- Installing hand sanitizer stations
- Increasing cleaning protocols for State-owned buildings and amended contracts for leased space to secure additional janitorial services or, where this was not possible, we've hired replacement cleaning companies. Additionally, we have made the commitment to hire third-party, specialized firms, rather than utilizing State employees, to conduct disinfecting in instances of a confirmed case of COVID-19 within our facilities.

These additions join our already impressive benefit offerings, which include:

- **Work-Life Balance:** Rest is essential and State employees are able to take time for themselves using 13 paid holidays, 12 days of sick leave, and 3+ weeks of vacation leave. Vacation leave accrual increases with years of service, and overtime-exempt employees receive personal leave.
- **Health Insurance Coverage:** The State of Maine pays 85 to 100 percent of employee-only premiums (at an annual value of \$9,893.52 to \$11,057.52), depending on salary.
- **Health Insurance Premium Credit:** Participation decreases employee-paid premiums by 5 percent.
- **Dental Insurance:** The State of Maine pays 100 percent of employee-only dental premiums (an annual value of \$350.40).
- **Retirement Plan:** The State of Maine contributes generously to the Maine Public Employees Retirement System (MainePERS), on behalf of the employee.
- **Gym Membership Reimbursement:** State employees can improve overall health with regular exercise and receive up to \$40 per month to offset this expense.
- **Health and Dependent Care Flexible Spending Accounts:** State employees can set aside money pre-tax to help pay for out-of-pocket health care expenses and/or daycare expenses.
- **Public Service Student Loan Forgiveness:** The State of Maine is a qualified employer for this federal program.
- **Living Resources Program:** State employees can navigate challenging work and life situations with our employee assistance program.
- **Voluntary Deferred Compensation:** State employees save additional pre-tax funds for retirement in a MaineSaves 457(b) account through payroll deductions.
- Additional generous wellness benefits for State employees are outlined at the [Office of Employee Health and Wellness](#).

Nonetheless – despite this full body of work – we have forged ahead on the classification compensation front.

### **Classification and Compensation**

First, we established a Steering Committee, to lead the project from a macro perspective. The Steering Committee is comprised of the following members:

- Mary Anne Turowski, Office of the Governor, Senior Policy Advisor
- Heather Perreault, C.P.A., DAFS, Deputy Commissioner of Finance
- Breena Bissell, DAFS, Director, Bureau of Human Resources
- Tom Feeley, Esq., Maine Service Employees Association, Chief Counsel
- Joseph Gribbin, Esq., Maine Service Employees Association, Counsel (formerly Anne Macri)
- Sue Garcia, DAFS, Procurement Analyst II
- Kelsie Lee, DAFS, Director of Human Resources Programs
- Thaddeus Cotnoir, DAFS, Public Service Coordinator
- Scott Helmke, DAFS, Senior Compliance Analyst

Under the guidance of the Steering Committee, and with the work of Segal in hand as a starting point for data, the Compensation and Classification Team at the Bureau of Human Resources is completing the day-to-day work.

We are incredibly proud of the progress made to date by the Compensation and Classification Team, especially considering the heightened workload of our human resources professionals amid the pandemic and as bargaining with five labor unions has been extended through the better part of the last 12 months – with our final agreement just finalized last month.

As a reminder: Segal provided recommendations and data on our current catalog of 1,180 job classifications. At first blush, it is fair to say that all (both Steering Committee members and the Compensation and Classification team) were a bit overwhelmed by the sheer volume of the data, and considerable time was dedicated at the fore of the effort to figure out how to understand the data and how to organize the effort. Everyone was struggling with how to review and catalog recommendations.

But, they figured it out. After careful consideration – and consultation with Segal – the Steering Committee adopted the recommendation by the Compensation and Classification Team to consider the data on a Department-by-Department basis, at least to start. As a result, the Compensation and Classification Team has held specific “classification” meetings with approximately half of the units within the Executive Branch of State government since the summer of 2020, including:

Maine Department of Transportation, Department of Public Safety, Department of Environmental Protection, Department of Education, Office of the State Auditor, MaineIT within the Department of Administrative and Financial Services, Maine Revenue Services within the Department of Administrative and Financial Services, Maine State Library, Maine State Museum, Department of Agriculture Conservation and Forestry, Baxter State Park Authority, and the Department of Veterans and Emergency Management.



As a sign of continued progress and dedication to the effort, just since the verbal report to the Committee earlier this month, the Compensation and Classification Team has additionally met with: the Department of Marine Resources and the Maine State Archives bureau within the Office of the Secretary of State.

At the meetings, generally, the Classification and Compensation Team has been evaluating work across Departments and considering the alignment (or misalignment) of positions within the classification structure based on the work that is being done, including: identification of any boutique classifications that could be recommended for elimination and/or should be compensated differently based on the specialized skillset required, and reviewing Departmental classifications to consider ways that the classification structure could be simplified so that, no matter what job series, it is clear across classifications the levels of responsibility and the required job knowledge.

More specifically, as a result of these meetings:

- The Classification and Compensation Team has identified areas where level Is and IIs have been eliminated through previous reclassifications and recommended to the Steering Committee that, when a level 1 classification exists alongside a level 2, that the level 1 classification be eliminated by way of reclassification. This recognition will allow us to simplify the classification system to ensure accuracy and avoid confusion.
- The Classification and Compensation Team has identified any career ladders that exist within the units that would allow creation of a level I, II, and III where a tiered level of knowledge is required, and has discussed with the Steering Committee the possibility of leveraging these career ladders to recognize the training- and knowledge-level of incumbents and compensate them for such. The Steering Committee has expressed the need to create buy-in for such a move if and/or when such a change is initiated.
- The Classification and Compensation Team has recommended elimination of the terms “lead” and “senior” and, instead, the adoption of clear title changes to a supervisor or manager where appropriate. For example, at Maine Revenue Services, a change from a Senior Tax Examiner to Tax Examiner Supervisor would be effective. The concept has been well received by Departments where supervisory duties are assigned.
- The Steering Committee has expressed the need to create buy-in for such a move if and/or when such a change is initiated.
- The Classification and Compensation Team has proposed, in the limited instances where this has been the case, title changes from manager if the position is not actually managing employees.
- The Classification and Compensation Team has proposed changing licensed technician classifications to job titles that are reflected in the private sector. For example, a change from a Plumber II to a Master Plumber reflects the required license, thereby improving the credibility of both the employer and the employee.

## **Next Steps**

We are heartened by this steady progress on such a complex undertaking – and will continue steadfast, and our teams are committed to working in lockstep with the Steering Committee.

Next steps include:

The Classification and Compensation Team has already scheduled “classification” meetings with additional groups, all of which are set to take place within the next week: Maine’s Public Utilities Commission, the Bureau of General Services within the Department of Administrative and Financial Services, the Corporations and Elections division within the Office of the Secretary of State, the Bureau of Motor Vehicles within the Office of the Secretary of State, the Workers’ Compensation Board, and the Maine Commission on Indigent Legal Services.

Additionally, the Classification and Compensation Team will work to schedule meetings with remaining units, including: the Department of Health and Human Services, Department of Corrections, additional bureaus within the Office of the Secretary of State, Department of Professional and Financial Regulation, Department of Labor, Public Utilities Commission, and a small number of other small boards and commissions that fall under the auspices of the Executive Branch.

Following these efforts, priorities will remain requiring communication and cooperation across units. The Segal Group proposed combining classifications that cross units, for instance, and we will undertake a more thorough and dedicated review of those classifications, including ample conversations with various stakeholder groups, in considering such a complex topic. Examples of such instances are within the following classification series: contracts and procurement, administrative series, mechanics, and management analysts.

There may come a time when additional capacity will be required in order to continue progress, for instance a consultant to relieve the workload on our Human Resources teams who also have other responsibilities. We are open to that possibility and, should that be the case, a recommendation would be made to the Steering Committee.

Based on what we have learned by working on the classification portion, we anticipate that the compensation portion of the study will be equally complicated and time-consuming. We will continue to work at it – and remain committed to sharing our progress along the way. The goal is to share additional findings during the next Legislative session.

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.

Sincerely,

*Kirsten LC Figueroa*  
Commissioner

Cc:

Governor Janet T. Mills

Senator Troy Jackson, President of the Senate

Representative Ryan Fecteau, Speaker of the House

Mary Anne Turowski, Office of the Governor, Senior Policy Advisor

Heather Perreault, C.P.A., DAFS, Deputy Commissioner of Finance

Breena Bissell, DAFS, Director, Bureau of Human Resources

Tom Feeley, Esq., Maine Service Employees Association, Chief Counsel

Anya Trundy, Director of Operations and Legislative Affairs