

ICMA Compensation Survey of Local Government Chief Appointed Officials

Although there have been examples reported over the past year of compensation amounts that are arguably not in line with public sector compensation in general and local government compensation expectations in particular, the results of the *ICMA Compensation Survey for Local Government Chief Appointed Officials, 2011* show salaries and benefits that have remained relatively stable over the past decade with expected moderate increases in average salaries.

The ICMA salary and compensation survey was sent to all local governments in the ICMA database for which we have a name in the Chief Appointed Officer (CAO) position. The initial survey was mailed in February 2011, and a follow-up survey was mailed to non-respondents in April 2011. It was clear from some of the responses that the clerk or an elected official were reporting for themselves. In those instances, those records were excluded from the final analysis. With those records excluded, the survey response rate is 36%, with 2,556 surveys submitted from among 7,084 mailed.

The percentage of respondents from council-manager cities (42%) is higher by approximately 10 percentage points than the response from mayor-council and commission forms of government. Among counties, the response rate is highest from those with the council-administrator form of government. This is not surprising, given that we surveyed only those local governments for which we had a name for the CAO position, which would reflect ICMA's membership and, therefore, be higher for council-manager cities and council-administrator counties.

Executive Summary

The survey results often show the highest levels of salary and benefits in the Pacific Coast division, which comprises Alaska, Washington, Oregon, California, and Hawaii. In several instances, when the data are examined by state, the California responses pull up the average. Of the 355 local governments responding in the Pacific Coast division, 186 are in California.

Average salaries in California have always been higher than those of other states, and this remains true today. CAO respondents from California local governments also show higher levels of some benefits than CAOs overall in the rest of the country. In particular:

- Of the local governments reporting salary caps, 5 of the top 10 highest salary caps reported are in California.

- Both California and Washington State respondents show a majority being able to cash out/buy back unused vacation. The highest amount of cash out/buy back reported is \$130,000 in California.
- California respondents were disproportionately high in the number reporting executive leave as a benefit, compared to Washington and Oregon. Of the 83 who can cash out executive leave, 46 (55%) are in California. Other states in the Pacific Coast division report just a few respondents having this benefit, so this seems particular to California.

At the same time, only 31 out of 178 (17%) California respondents report eligibility for a bonus, compared with 25% overall, and only 66 out of 179 (37%) are eligible for a merit increase, compared with an overall average of 52%.

Overall Survey Highlights

- A plurality of respondents (46%) indicates that elected officials take the lead in negotiating the manager's compensation.
- Ninety-five percent of respondents report that the council approves the manager's compensation.
- Only 12% of local governments report that they are required to post employee compensation on a state website.
- Among the population groups, there is a consistent decline in average salary as population size decreases—from a high of \$223,831 among local governments with populations of more than 1 million to \$66,120 in those under 2,500 population.
- The vast majority (96%) of respondents do not receive additional compensation for attending meetings outside of the workday.
- Seventy-eight percent of respondents report that they receive an annual performance evaluation.
- 62% report that their salary is tied to performance.
- Fifty-one percent of respondents receive a salary review.
- Forty-one percent of respondents report an annual cost-of-living increase.
- Approximately one-third of respondents indicate that the COLA is included in their employment agreement.
- Sixty percent of respondents indicate that a COLA is received by all staff.
- Fifty-two percent of respondents report eligibility for a merit increase.
- Only 25% of respondents report that they are eligible for a bonus.
- Two retirement benefits are most prevalent—a defined benefit plan (60% report) and deferred compensation (47% report).
- A majority of respondents receive life insurance (80%), professional association memberships (70%), and car expenses/allowance (60%).
- Forty-four percent overall report being able to buy back unused vacation.
- A much smaller percentage (25%) report being able to buy back unused sick leave.

- Only 20% of respondents report executive leave. Only 83 respondents indicated that they can cash out executive leave.
- Survey results show an average of 22 days of annual leave each year.
- Survey results show an average of 14 days of sick leave each year.
- Forty-two percent of respondents indicate that they can cash out unused sick leave if they leave the local government.
- Overall, 84% of respondents report an employment agreement or contract.
- A formal contract is by far the most often reported form of agreement (78% report).
- Seventy-seven percent of respondents report that they are eligible for severance pay, with the majority eligible if they involuntarily leave their position for reasons other than malfeasance or moral turpitude.

Table 1 below compares the benefits reported in ICMA's 2002 *State of the Profession-Fringe Benefit Survey* to those reported in the 2011 *ICMA Compensation Survey for Local Government Chief Appointed Officials*.

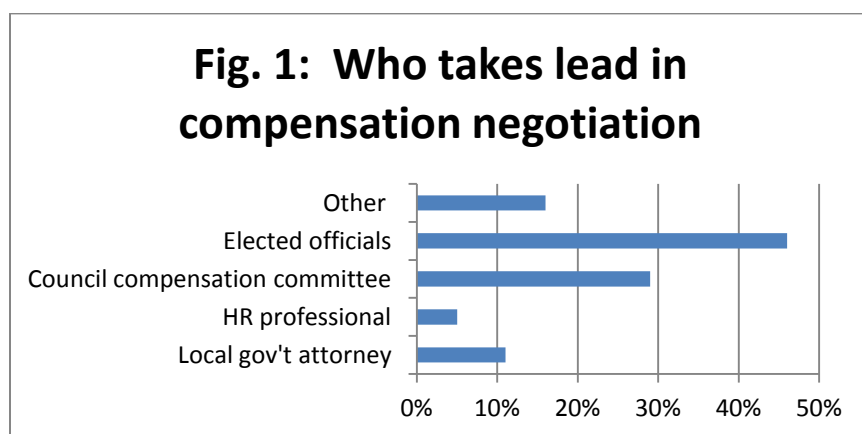
Table 1: Comparison of Benefits in 2002 and 2011

	Percent reporting in 2002	Percent reporting in 2011
Cap on CAO salary	16%	15%
Compensation for job-related meetings outside of the regular workday	5%	4%
Eligible to receive severance pay	69%	77%
Average maximum weeks of severance pay	25	28
Average days of annual leave per year	18	22
Average days of sick leave per year	15	14
Car allowance	87%	60%
Cell phone (Cell phone and PC were separate questions in 2002)	79%	44%
Personal computer	81%	
Life insurance	90%	81%
Housing assistance	4%	1%
Life insurance	90%	81%

Compensation Negotiation and Decision Making

Lead in Negotiating Manager's Compensation

A plurality of respondents (46%) indicates that elected officials take the lead in negotiating the manager's compensation (Fig. 1). It is clear from the responses that in a few cases there is an additional participant, such as a local government attorney, compensation committee of the council, or an "other" individual or group. A number of respondents indicated under "other" that the manager took the lead in negotiating his/her compensation—sometimes alone, sometimes with involvement of the council or another participant.



There is variation in the responses by population group and geographic division. The percentages reporting a compensation committee increase among smaller local governments, with 37% of those under 2,500 reporting use of a compensation committee. Forty-four percent of respondents in the Mid-Atlantic division also report a compensation committee of the council—the highest percentage among geographic divisions.

The most meaningful variation may be by form of government. A majority of town meeting and representative town meeting localities report that elected officials take the lead (73% and 64%, respectively). For these forms of government, the higher percentages reporting that elected officials take the lead is not surprising. Mayor-council (34%), council-manager (30%), and commission forms show slightly higher than average percentages reporting a compensation committee of the council.

Approval of the Manager's Compensation

Ninety-five percent of respondents report that the council approves the manager's compensation. In a few instances, the chief elected official was reported in conjunction with the council.

State Requirement to Post Employee Compensation on Website

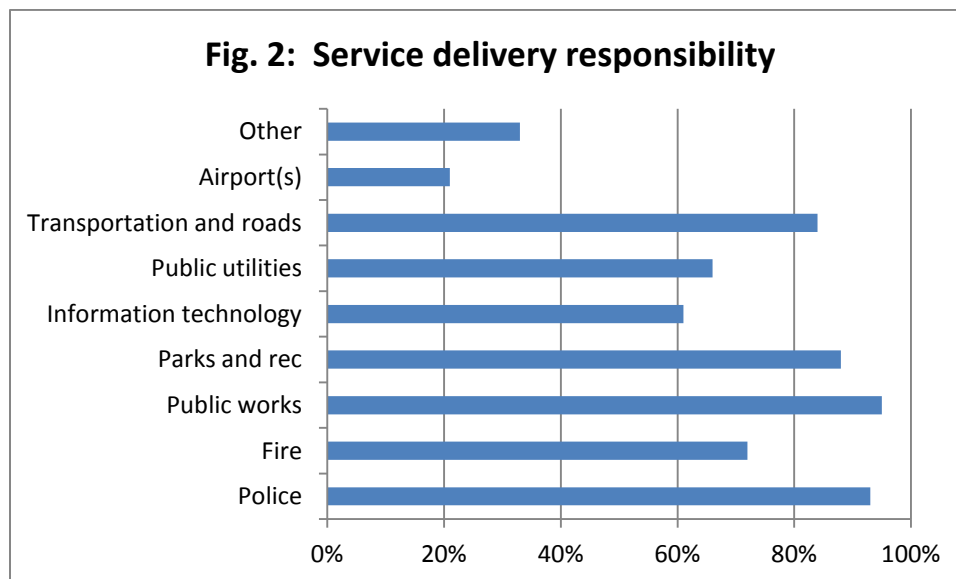
Only 12% of local governments report that they are required to post employee compensation on the state website. The most variation is seen in responses from the Pacific Coast, in which 44% report the

requirement. Higher than average responses indicating the requirement are also seen by form of government, with 13% of council-manager, 16% of county council-administrator, and 14% of county council-elected executive forms reporting the requirement. Presumably it's geographic division (state) that's the determinant, and these happen to be the predominant forms in those states.

It is interesting to note that in California, for example, although a majority (149) report that they are required to post compensation, 32 from California report that they are not required to do so. This may be because at the time the survey was first conducted, this type of requirement was not in effect. Inconsistencies occur in Oregon as well, although not as pronounced, with only a few respondents indicating the requirement.

Salary

Salary is determined by many factors, from size of the local government to the services delivered, to tenure of the manager, experience of the manager, level of responsibility, cost of living in the community, and other influential characteristics of the community or the manager. Figure 2 shows the service delivery responsibilities reported by survey respondents. These functional areas represent major, complex activities, requiring significant managerial expertise. Salaries need to reflect the level of managerial complexity in order to attract the best-qualified candidates.



Note: Public works includes solid waste and refuse collection.

The average base salary is \$108,687, and the median is slightly lower at \$101,000, which indicates a positive skew to the average salary, with higher salaries bringing up the average (Table 2).

Among the population groups, there is a consistent decline in average salary as population size decreases—from a high of \$223,831 in local governments with populations of more than 1 million to \$66,120 in those under 2,500 population. This holds true for the median salary as well.

Table 2: Average CAO Salary (includes city and county managers)

Classification	No. reporting	Average base salary (\$)	Median base salary (\$)
	2,467	108,687	101,000
Population group			
Over 1,000,000	9	223,831	237,000
500,000-1,000,000	17	210,342	222,600
250,000-499,999	39	181,490	176,000
100,000-249,999	102	168,692	164,586
50,000-99,999	159	150,522	148,730
25,000-49,999	275	140,687	137,000
10,000-24,999	567	117,795	115,000
5,000-9,999	506	97,684	94,748
2,500-4,999	476	80,789	79,000
Under 2,500	317	66,120	62,500
Geographic division			
New England	204	93,555	93,365
Mid-Atlantic	219	99,574	92,442
East North-Central	439	98,744	93,000
West North-Central	341	91,786	89,000
South Atlantic	505	112,510	105,900
East South-Central	64	93,367	93,150
West South-Central	180	113,103	106,000
Mountain	179	116,117	110,000
Pacific Coast	336	144,806	138,912
Metro status			
Central	225	165,314	162,000
Suburban	1,452	109,484	103,505
Independent	790	91,094	89,502
Form of government			
Mayor-council	598	86,584	83,165
Council-manager	1,452	116,297	108,770
Commission	25	107,750	100,300
Town meeting	86	86,890	80,290
Representative town meeting	11	101,416	102,612
County commission	52	85,074	88,000
Council-administrator (manager)	202	130,083	125,000
Council-elected executive	41	134,336	124,000

When the data are arrayed by geographic division, the highest average salary is in the Pacific Coast division (\$144,806), followed by the Mountain (\$116,117), West South-Central (\$113,103), and South Atlantic (\$112,510) divisions. Within the Pacific Coast division there is variation by state, with the average CAO salary in California at \$182,757, compared with the average CAO salaries in Oregon (\$91,061) and Washington (\$121,238).

The average salaries of the county council-administrator form of government and the county council-elected executive form of government are the highest at \$130,083 and \$134,336, respectively. Council-manager cities report the highest average salary among cities at \$116,297, reflecting the higher level of responsibility held by this position.

These patterns follow the patterns seen in surveys that ICMA conducted several years ago.

Cap on Manager's Salary

Only 15% (387) of local government respondents report a cap on the manager's salary. The percentage reporting a cap is higher in local governments with populations of more than 1 million (67% reporting).

Among the geographic divisions, the highest percentage reporting a cap on the manager's salary is in the West North Central division (28%) and the Mountain division (20%), followed closely by the Pacific Coast and East South Central divisions, both at 19%.

Variation in form of government responses shows the highest percentages reporting a cap on the manager's salary in mayor-council localities (22%), county commission (25%), and county council administrator (23%).

Type of Cap

Of those local governments with a cap on the manager's salary, 371 reported the type of cap. Eighty-nine percent report a dollar amount, compared with 10% reporting the cap as determined by a percentage of another salary.

Dollar Amount of Cap

In reviewing the amounts reported for caps, although in many instances the base salary reported is identical to the cap, in only two instances is the base salary higher than the cap. This may be because the cap was instituted after the case salary reached that amount. The highest average amount of the cap is for the population group over one million at \$233,069, followed by the 250,000-499,999 population group at \$224,109. Otherwise, the average amount of the cap decreases as population group size decreases. The highest individual cap reported is \$307,840 by a California respondent, and the base salary for that local government manager is \$274,498. Of the top ten highest salary caps, 50% (n = 5) are reported by California respondents.

Among the geographic divisions, the highest average cap is shown in the Pacific Coast division at \$146,861. The average cap among county council-administrator forms of government is \$155,024, and

for the county council-elected executive, it is \$167,976. These are the highest average caps by form of government.

Additional Compensation for Job-Related Meetings Held Outside the Regular Workday

The vast majority (96%) of respondents do not receive additional compensation for attending meetings outside of the regular workday. In population groups of 250,000 and above, none of the respondents report receiving additional compensation. The highest percentage (11%) reporting additional compensation is in the population group under 2,500.

Performance and Salary Review

Annual Performance Evaluation

Seventy-eight percent report that they receive an annual performance evaluation. In general, the percentages reporting an evaluation are slightly higher among the larger population groups.

Among the geographic divisions, the Mid-Atlantic and East South-Central divisions show the lowest percentages reporting annual evaluations at 47% and 54%, respectively. The highest percentages reporting an annual evaluation are in the Pacific Coast division (88%), followed closely by the Mountain (87%) and New England (86%) divisions.

When the responses are arrayed by form of government, the council-manager, town meeting, and representative town meeting forms show the highest percentages reporting annual evaluations. Mayor-council and county commission respondents show the lowest percentages reporting annual evaluations at 69% and 46%, respectively.

Salary Tied to Performance

Overall, 62% report that their salary is tied to performance. This is the case in all local governments with a population of more than 1 million, and generally there is a slight decrease in the percentages reporting salary tied to performance among the smaller population groups.

There is fluctuation among the geographic divisions, with the highest percentage (74%) reporting salary tied to performance in the Mountain division, and the lowest in the East South Central division at 54%, a difference of 20 percentage points.

The distribution by form of government shows percentages clustering around 60% except for the commission (72%) and representative town meetings (70%) forms. However, only 18 respondents with commission form of government answered the question, and only 10 with representative town meeting answered, so those numbers are too low to be of consequence. Sixty-four percent of respondents in council-manager cities report that salary is tied to performance.

Salary Review

Barely a majority (51%) of respondents receive a salary review. The percentages reporting a salary review in larger localities are slightly higher than those in smaller communities, with a high of 75% among those with populations of more than 1 million, and 65% of those in localities with a population between 500,000-1,000,000, compared with 46% of those in places with a population under 2,500.

The Mid-Atlantic and East South Central divisions show percentages that are well below average reporting salary reviews at 37% and 33%, respectively. At 67%, respondents in the Mountain division show the highest percent reporting a salary review.

Respondents from counties that operate under the county commission form of government report having the lowest percentage (24%) of annual salary reviews, and those in representative town meeting jurisdictions report the highest percentage (74%). Only 11 of respondents that operate under the latter form, however, answered the question.

Frequency of Salary Review

Eighty-four percent report that the salary review is annual. In the written answers under “other,” the phrase “as needed or as requested” appears frequently. Several wrote in “when the contract expires.” A few commented that they had not had a salary review in a long time and/or they had received no increase.

Fifty-seven percent indicate that the frequency of the review is stated in their contract; 30% report that the frequency is not stated in their contract, and 13% report that it is not applicable because they have no contract/employment agreement.

Annual Cost-of-Living Increase

Forty-one percent of respondents report an annual cost-of-living increase (COLA), with the percentages increasing slightly among smaller population groups. Respondents in the New England geographic division show 53% reporting an annual COLA, which probably reflects the higher proportion of smaller local governments in New England. Fifty-three percent of respondents in the West North-Central division also show an annual COLA. These two represent the highest percentages reporting. Only 27% of respondents from the Mountain division report an annual COLA—the lowest percentage. Respondents in the Mountain division show the highest percentage (66%) reporting a salary review, so that may be related to the lack of a COLA.

Among forms of government, those reporting the highest percentage of respondents that receive a COLA also had the fewest survey respondents, so the data are not meaningful.

COLA in Employment Agreement

Approximately one-third of respondents indicate that the COLA is included in their employment agreement, and 20% report that it is negotiated outside of the employment agreement. Forty-seven percent reported “other,” and many of them wrote in that it’s an across-the-board increase for all employees.

COLA for All Staff

Sixty percent of respondents indicate that a COLA is received by all staff, with slightly higher percentages of smaller localities reporting a COLA for all staff. The New England, West North Central, and Pacific Coast divisions show the highest percentages reporting COLA for all staff at 74%, 70%, and 69%, respectively.

Seventy-seven percent report that the staff receive the same COLA that the manager receives.

Merit Increase

Fifty-two percent of respondents report eligibility for a merit increase, although a noticeably smaller percentage (33%) of the nine local governments with populations of more than 1 million report that possibility. The percentages are more varied among the geographic divisions, with the highest percentages of respondents reporting eligibility in the Mountain (67%) and South Atlantic (65%) divisions and the lowest percentages in the East South Central (38%) and Pacific Coast (40%) divisions.

Respondents from council-manager cities show the highest percentage (56%) reporting eligibility for a merit increase, provided we disregard the few respondents from representative town meeting governments because only 11 respondents from jurisdictions with this form responded to the survey.

Bonus

Seventy-five percent of respondents are not eligible to receive a bonus. Of the overall 25% who are eligible for a bonus, those in the South Atlantic (37%) and Mountain (38%) divisions show the highest percentages eligible for a bonus, and those in the New England, West North Central, and Pacific Coast regions show the lowest percentages with eligibility (between 15% to 18%).

Thirty percent of managers in council-manager communities are eligible for a bonus, which is the highest percentage by form of government.

Benefits

Retirement Benefits

Defined benefit plan (60%) and deferred compensation (47%) are the two most prevalently reported retirement benefits (Table 3). There are some variations in percentages within these two plans, and it is clear that more than one plan is available in some instances. The most striking variation is seen in the

percentages reporting the IRS section 401(k) plan, which shows an overall percentage of 8% reporting, but the South Atlantic division shows 21%, and the Mountain division shows 18% reporting this plan. Of the 107 in the South Atlantic division reporting a 401(k) plan, 65 also report a defined benefit plan. Of the 33 in the Mountain divisions who report a 401(k) plan, 19 also report a defined benefit plan.

Table 3: Retirement Benefits

Retirement benefits	Percent reporting
Defined benefit plan	60%
Deferred comp (IRS Section 457 Plan)	47%
Pre-tax defined contribution plan	22%
IRS Section 401(k) Plan	8%
Savings Plan IRS Section 401(a) Plan	6%
Defined contribution plan maximum matched percentage	5%
Post-tax defined contribution plan	3%
SERP (Supplemental Executive Retirement Plan)	0%

Other Benefits

A majority of respondents receive life insurance (80%), professional association memberships (70%), and car expenses/allowance (60%) (Table 4). The next highest percentage (44%) report technology expenses, such cell phone, etc., followed by long-term disability insurance (41%). Housing assistance in the form of a loan or down-payment assistance is reported by the smallest percentage (1%).

While there is variation within population size and geographic division and form of government, none of the data appear to be significant.

Table 4: Other Benefits

Other benefits	% reporting
Life insurance	81%
Professional association memberships	70%
Car expenses/allowance	60%
Technology allowance (cell phone, computer, etc.)	44%
Long-term disability insurance	41%
Professional development expense allocation	37%
Short-term disability insurance	34%
Supplemental/excess long-term disability insurance	21%
Moving expenses	21%
Educational expenses	19%
Social club memberships	16%
Excess life insurance	10%
Housing assistance in the form of loans	1%
Housing assistance in the form of down-payment assistance	1%

Cash Out/Buy Back of Unused Vacation

Forty-four percent of respondents overall report being able to buy back unused vacation, with a majority of those reporting that they are able to do so falling in the four population groups from 50,000-1,000,000. When the data are arrayed by geographic division, only the respondents in the Pacific Coast division show a majority (66%) receiving this benefit. Within the Pacific Coast states, respondents in California and Washington both show 65% reporting being able to buy back unused vacation. Alaska respondents show 73%, but there are far fewer respondents from Alaska.

Respondents in council-manager cities show the highest percentage (48%) reporting this benefit.

Of the 327 that reported the amount of the unused vacation buy back, the average amount of the cash out/buy back is \$7,920. The lowest cash value is \$132, and the highest, \$130,000.

Cash Out/Buy Back of Unused Sick Leave

A much smaller percentage (25%) report being able to buy back unused sick leave than report being able to buy back vacation. There is variation among population and geographic division, but none of the percentages approach a majority.

Among the 159 who reported the cash value of the sick leave buy back they took, the average amount is \$5,592. The smallest amount is \$218 and the largest, \$75,000.

Executive Leave

Only 20% of respondents report executive leave. Respondents in the Pacific Coast division reported the highest percentage (64%) of individuals who received executive leave, an anomaly. Respondents in council-manager communities showed the highest percentage receiving executive leave at 25%, which is slightly above average. Ten days of executive leave is the average amount of executive leave reported.

Only 83 respondents indicated that they can cash out executive leave. Of these 83, 46 are in California. Overall 25 states show respondents reporting executive leave in the other states; three is the highest number of respondents in any state report being able to cash out executive leave.

Days of Annual Leave Each Year

Survey results show an average of 22 days of annual leave each year.

Days of Sick Leave Each Year

Survey results show an average of 14 days of sick leave each year.

Cash Out Unused Sick Leave—CAOs

Forty-two percent of respondents indicate that they can cash out unused sick leave if they leave the local government. The percentages reporting this benefit are higher among the larger local governments, generally more than 50%, and in the East North Central (50%) and Mountain (49%) divisions.

Cash Out Unused Sick Leave—Other Employees

A higher percentage of respondents (49%) report that non-CAO employees can cash out sick leave if they leave the local government. In fact, 202 of those who reported that the manager cannot cash out sick leave reported that other staff can cash it out. The percentages reporting this benefit for other employees is also slightly higher among larger local governments.

The most interesting variation is among the geographic divisions, with the highest percentage (61%) reporting this benefit in the East North Central division, and the lowest in the East South Central division (32%).

Employment Agreement/Contract

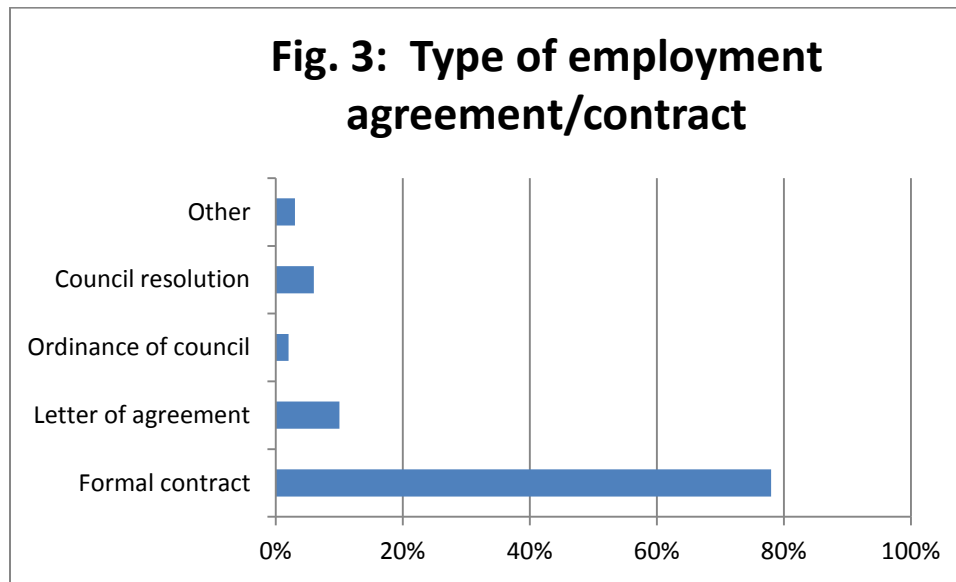
Overall, 84% of respondents report an employment agreement or contract, and this is generally consistent among all population groups with the exception of the localities with populations of more than 1 million, among which only 56% report an agreement. Among the geographic divisions, the Mid-Atlantic (72%) and East South Central (69%) show the lowest percentages reporting employment agreements.

Respondents in council-manager (89%), town meeting (91%), and representative town meeting (91%) show the highest percentages reporting an employment agreement. Seventy-five percent of mayor-

council community respondents report an employment agreement, which is close to the percentages reporting in county council-administrator and county council-elected executive forms.

Type of Employment Agreement/Contract

A formal contract is by far the most often reported form of agreement (78% report) (Fig. 3). This is true among all population groups, geographic divisions, and forms of government.



Employment Agreement—Fixed Term

A majority of employment agreements do not have a fixed term (54%), although the percentages reporting a fixed term are slightly higher among smaller population groups. Among the geographic divisions, most of the percentages reporting a fixed term are close to the average (46%), with the exception of the New England local governments, which show 73% reporting a fixed term. New England local governments typically have the highest number of town meeting and representative town meeting forms, which also show the highest percentages with a fixed-term agreement at 85% and 80%, respectively.

Length of Fixed Term

Respondents were asked to report the number of months of any fixed-term contracts. The average length is 33 months, with a high of 120 months (10 years) and a low of 12 months. The single 10-year contract was reported by someone who has been in the position for 10 years. The average duration is fairly consistent among population groups, geographic divisions, and form of government.

Closeout Contract

Only 17% of respondents report a closeout contract in which the manager is paid for the remainder of the contract if it is broken by the local government before the expiration date.

Lead in Contract Negotiation

A slight majority of respondents (53%) checked “other” as taking the lead in negotiating the contract, compared with 18% who reported it was the local government attorney, 3% who reported an HR professional, and 27% who reported the compensation committee of the council. Most of those who wrote in “other” identified the council/board of selectmen or other elected officials as taking the lead. Some wrote in the manager or CAO. There were also various combination reported, such as the manager and the council, etc.

Severance Benefits

Seventy-seven percent of respondents report that they are eligible for severance pay. The population groups reporting the highest percentages (81%-85%) with severance pay eligibility are between 10,000 and 99,999 population.

There is greater fluctuation in the geographic divisions with the lowest at 49% in the East South Central division reporting eligibility for severance pay, followed closely by 52% in the Mid-Atlantic division. The highest percentages are reported by Mountain and Pacific Coast division respondents, with 85% and 86% respectively.

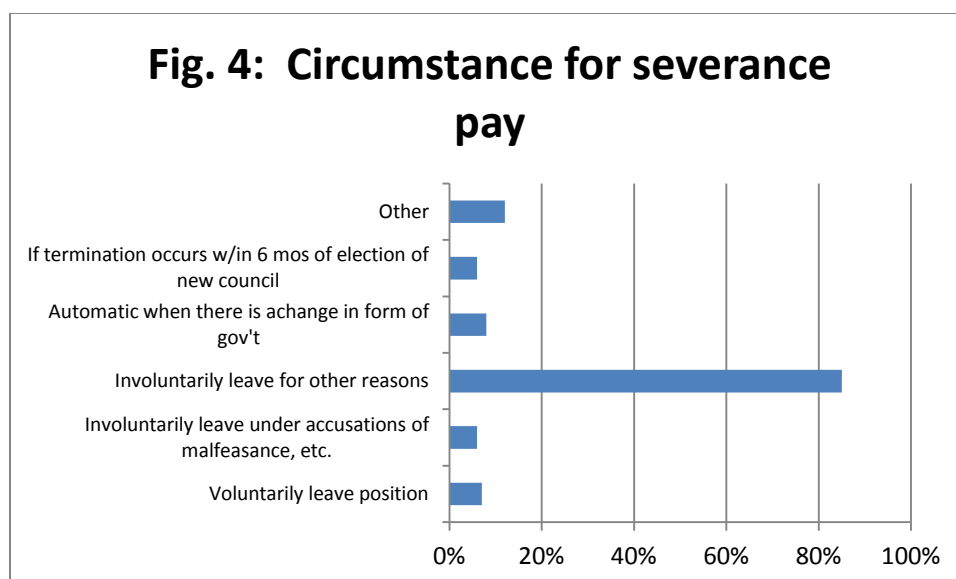
Respondents in council-manager cities show the highest percentage (83%) reporting eligibility for severance pay, followed closely by those in representative town meeting (82%), but there are few respondents in this group.

Circumstance for Severance Pay

Eighty-five percent of respondents indicate that they are eligible for severance pay if they involuntarily leave their position for reasons other than malfeasance or moral turpitude (Fig. 4). These percentages are generally consistent among population groups, geographic divisions, and form of government. There are a few variations that appear under other circumstances that are worth noting. Twenty percent in the population group 250,000-499,999 report eligibility to receive severance if they left voluntarily. This is also true for 11% in the Mid-Atlantic division and 13% in the West North Central division.

Seventeen percent of those in the population group 500,000-1,000,000 report eligibility if fired under accusations of malfeasance or moral turpitude, and 25% in this population group report that severance is automatically triggered if there is a change in form of government, as do 19% in the East South Central division (the highest percentages).

Under “other,” the primary reason is if fired without cause.



Sliding Scale for Severance Pay

Eighty percent report that severance pay is not based on a sliding scale. This is fairly consistent across population groups, geographic divisions, and form of government.

Severance Pay Specified in Contract

Ninety percent of respondents report that severance pay is specified in the contract. The greatest variation seems to be in the Mid-Atlantic division, where 71% indicate that it is specified in the contract and in the East South Central division, where 78% report the amount is specified in the contract. These are the lowest percentages.

Maximum Number of Weeks of Severance Pay Provided

The average number of weeks of severance pay is 28 weeks.

The average number of weeks is higher among larger localities. Among the geographic divisions, it fluctuates between an average high of 34 weeks in the West South Central division to a low of 20 weeks in the Mid-Atlantic division. The average number of weeks of severance is also higher in council-manager cities and county council-administrator localities.

Minimum Number of Weeks of Severance Pay Provided

The average is 22. In many instances the minimum and maximum number of weeks of severance pay provided are identical.

Weeks of Service Required to Receive Minimum Severance Pay

The average is 36 weeks. Of service required in order to receive severance pay. There are 323 respondents who reported, and the reported minimum weeks of service show a low of one week up to 260 weeks of service required.

Summary

The overall survey results are consistent with previous survey results and reflect the influence of population size and the related local government characteristics of services delivered, budget, number of employees, and other factors. In addition, CAO compensation is affected by tenure, experience, and education level. Local governments with particularly challenging problems may have to offer more robust compensation packages to attract highly skilled managers, and cost-of-living in the community will be a factor in determining the package.

ICMA will conduct this survey on an annual basis and make summary results available.

ICMA Guidelines for Compensation

Maintaining public trust and integrity in local government requires both effective governance and management of the organization. The following guidelines are intended to establish a best practice for establishing and negotiating compensation for local government executives and staff and to clarify the roles and responsibilities of the governing body, local government manager, and employee.

The Principles

Compensation and personnel matters should be guided by the core principles of the ICMA Code of Ethics. ICMA affirms that the standard practice for establishing the compensation of local government managers be fair, reasonable, transparent, and based on comparable public salaries nationally and regionally. ICMA members should act with integrity in all personal and professional matters in order to merit the trust of elected officials, the public and employees. Local government managers have an ethical responsibility to be clear about what is being requested and to avoid excessive compensation.

Elected officials perform a critical governance role providing oversight of the management of the organization. To that end, they must be engaged in establishing the process for determining the compensation for all executives appointed by the governing body.

Compensation should be based on the position requirements, the complexity of the job reflected in the composition of the organization and community, the leadership needed, labor market conditions, cost of living in the community, and the organization's ability to pay.

The Process for Negotiating Executive Compensation

To establish fair and reasonable compensation, the governing body operating as a committee of the whole or as a designated evaluation and compensation subcommittee, should design and

implement the methodology for setting the compensation of the local government manager and any other appointees of the governing body.

Compensation benchmarks should be established based on comparable local government or public sector agencies.

The governing body should engage experts whether contracted or in house as necessary to provide the information required to establish fair and reasonable compensation levels.

All decisions on compensation and benefits must be made by the entire governing body in a public meeting.

Compensation Guidelines for Local Government Executives

A starting point for the elected officials and local government manager in any salary negotiation should be to:

1. Determine the requirements of the job and the experience needed to successfully perform the job duties.
2. Examine market conditions to learn what comparable public sector executives earn. A best practice would be to gather information using pre-determined comparable benchmark local governments or public sector agencies.
3. Understand the services provided by the local government along with the nature of the current issues in the organization and in the community, and then compare these with the individual's expertise and proven ability to resolve those issues.
4. Identify the local government's current financial position, its ability to pay, and the existing policies toward compensation relative to market conditions.
5. Weigh factors such as the individual's credentials, experience and expertise when setting salary.
6. Consider additional compensation in areas where the cost of living is high and the governing body wants the manager to reside within the community. In addition, other unique and special circumstances may be taken into consideration, such as difficult recruitment markets and the particularly challenging needs of the public agency.
7. Seek legal advice as needed and appropriate during periods prior to the beginning of employment when terms and conditions are being negotiated and finalized.

Severance

Severance provisions established in the employment agreement must be both reasonable and affordable so that the cost of the severance is not an impediment to fulfilling the governing body's right to terminate a manager's service, if desired, but is consistent with the role and expectations of the position. The ICMA Model Employment agreement recommends a one year severance but recognizes that the length of service with an organization may justify a higher severance.

Compensation changes

1. Benefits and salary increases should be reasonably comparable to those that local government executives receive within the designated benchmark or regional market area and generally consistent with other employees.

2. Merit adjustments or bonuses should be contingent upon performance and the overall financial position of the local government to afford additional compensation payments. Provisions regarding consideration of periodic merit adjustments in salary should be pre-determined.
3. Local government managers must recognize and effectively manage conflicts of interest inherent in compensation changes. Managers should avoid taking steps regarding pension and other benefits where they will be the sole or primary beneficiary of the change. Examples include:
Dramatically increasing salary thereby leading to pension spiking.
Recommending or implementing single highest year to determine retirement benefits.
4. An individual should receive a single salary that recognizes all duties and responsibilities assigned rather than different salaries for different assignments.
5. Local government managers should not put their personal compensation interests before the good of the overall organization and that of the citizens.

Transparency

1. Local government managers should provide their total compensation package to the governing body when requesting compensation changes so that the governing body has a comprehensive view of the compensation package.
2. In the interest of fairness and transparency, there should be full disclosure to the governing body, prior to formal consideration and approval, of the potential cost of any benefit changes negotiated during employment.
3. When the terms and conditions of employment are being renegotiated with the employer and at the end when the employment is being terminated, ICMA members have a duty to advise the elected officials to seek legal advice.
4. In the interests of transparency, the salary plan and salary ranges for local government positions, including that of the manager, should be publicly accessible on the agency's website.

General Compensation Guidelines for all Employees

1. Each local government should establish benchmark agencies which are determined using set criteria, such as, but not limited to:
 - Close geographic proximity
 - Similarity with regard to the nature of the services provided
 - Similarity in employer size/population size
 - Similarity in the socio-economic makeup of the population
 - Other similar employers in the immediate area
2. The local government should develop appropriate compensation levels that are in line with their labor market. Doing so will enable the organization to establish and maintain a reputation as a competitive, fair, and equitable employer as well as a good steward of public funds.
3. When considering any salary or benefit changes, the immediate and anticipated long-term financial resources of the organization always should be taken into account.
4. Appropriate financial practices should be followed to both disclose and properly fund any related future liability to the local government.