



# Analytics

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**RE:** Supplemental pay in Delaware state government: benign neglect?

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As the failed gubernatorial recall in Wisconsin and other recent referendums evidence, citizens are waking up to the fact that politicians have made pension commitments for public employees that can't be sustained. Delawareans should be equally concerned about the overuse of supplemental pay by the state.

Supplemental pay consists of overtime, shift differential compensation, uniform allowances, and other such catch alls. In the private sector supplemental pay, excluding bonuses, averages 2.8% of wages plus benefits. Approximately 10% of private civilian workers receive supplemental pay.

Supplemental pay to active Delaware state employees averages 6.5% of wages plus benefits and is received by 68% of all state workers. For 2010 supplemental pay added more than \$146 million to the approximately \$1.6 billion of state salaries...a boost of over 9%.

Despite this huge annual compensation outlay, neither the Delaware Department of Finance, the state Office of Management and Budget, nor the Governor's office systematically reviews the use of supplemental pay.

With almost 56,000 persons receiving compensation from the state in 2010, would tracking the potential abusers of supplemental pay be overwhelming? Absolutely not.

First, all state payroll records are maintained electronically and are easily sorted by any parameters put into the payroll software.

Second, the overuse of supplemental pay is very concentrated. One-third of all supplemental pay in 2010 went to just 5% of all state employees while two-thirds went to just 15%. During 2010, just 422 state workers received supplemental pay more than triple their salaries and supplemental pay more than doubled the salaries of just 906 workers.

While no one in the Governor's office received supplemental pay, every employee in the Department of Safety and Homeland Security did.

Persons approaching retirement typically experience a surge in supplemental pay, thereby boosting their pension income. Sick days are often correlated to overtime pay as workers skip a regular shift and yet accept an overtime shift.



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**Even though the use of supplemental pay for Delaware state employees is excessive relative to private industry, there may be no abuse. Yet leaving \$146 million of employee compensation unmonitored strikes one as either careless management or intentional benign neglect.**

**Dr. John E. Stapleford, Director  
Center for Economic Policy and Research**

