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Alaska Senate rejects pay raises for top officials

By BECKY BOHRER

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Sen. Kevin Meyer, R-Anchorage, speaks on the floor of the Alaska Senate on Monday, Feb. 10, 2014, in Juneau, Alaska. Meyer spoke in favor of a bill rejecting pay raises for top state officials, saying this is not the budget environment for raises. Also shown, seated, are Sens. Dennis Egan, D-Juneau, left, and Bert Stedman, R-Sitka, right.

BECKY BOHRER — AP Photo

JUNEAU, Alaska — The Alaska Senate passed legislation Monday rejecting pay raises for top state officials, with a Democrat saying the increases were not deserved.

"In the real world, you get paid for your performance," said Sen. Bill Wielechowski, D-Anchorage. "We had a \$17 billion surplus. The policies of this administration have left us with a \$2 billion deficit this year and \$2 (billion) to \$3 billion deficits into the foreseeable future."

The salaries were rejected on a vote of 19-0. The bill still must go to the House for consideration.

The increases would take effect July 1, unless a bill disapproving all the recommendations is enacted within 60 days after the recommendations are submitted, the director of the state Division of Personnel and Labor Relations has said. The final report was submitted late last month.

The State Officers Compensation Commission, created to review salaries, benefits and allowances for top office holders and legislators, proposed raising the salaries of the governor, lieutenant governor and department heads, mainly referred to as commissioners, to catch up with pay increases for other executive-branch employees.

It called for raising the governor's salary from \$145,000 a year to \$150,873, and the lieutenant governor's salary from \$115,000 to \$119,658. It proposed giving each another 2.5 percent increase beginning July 1, 2015.

The commission also called for raising the salaries of the main department heads from \$136,350 to \$146,143, with an increase of 2.5 percent beginning July 1, 2015.

In December, after the raises were first proposed, Gov. Sean Parnell said he would decline an increase for himself in light of budget issues, but said he believed an increase in pay for commissioners was warranted.

Sen. Kevin Meyer, who carried the bill on the floor, said he believed the recommendations had merit. "It's just that, in these times of tight budgets and deficit spending, we cannot afford these recommendations at this time," the Anchorage Republican said.

The state Revenue Department called lower-than-expected oil prices the "single-most influential contributor" to the lower-than-expected revenues projected in a report last fall. Alaska relies heavily on oil revenues to fund state government.

Other factors cited included lower oil production, residual effects of the former tax system, like closeout of credits, and higher-than-expected deductible lease expenditures. Unrestricted general fund revenues have been forecast at \$4.9 billion this year, down from \$6.9 billion last year. It is forecast at \$4.5 billion for fiscal year 2015.

Wielechowski is a critic of the new oil tax system, major provisions of which took effect Jan. 1. His reference to the surplus is money that had been put into savings.

According to the Legislative Finance Division, there is projected to be about \$15 billion in the constitutional and statutory budget reserve funds at the end of the current fiscal year.

The Parnell administration has said the state will need to be restrained in spending and use savings to help get by while oil prices are lower. Supporters of the new tax law have said they believe it will lead to more production, but critics question that.

Online:

SB125, bill rejecting the raises: <http://bit.ly/1jrkLjE>

Recommendations of State Officers Compensation Commission: <http://doa.alaska.gov/dop/soccc/>

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