



Alaska State Officers Compensation Commission

**Findings
and
Recommendations**

January 27, 2014

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Introduction

The Alaska State Officers Compensation Commission is directed by law to “review the salaries, benefits, and allowances of members of the legislature, the governor, the lieutenant governor, and each principal executive department head and prepare a report on its findings at least once every two years, but not more frequently than every year.” [AS 39.23.540(a)] The commission is to prepare preliminary recommendations by November 15, and, after soliciting public comment, submit final recommendations to the governor and legislature by the tenth day of the next legislative session.

On January 10, 2009, the commission recommended salary adjustments for legislators and department heads and on January 26, 2011, the commission recommended salary adjustments for the governor and lieutenant governor. These salary increases were not rejected by the legislature, and they became law according to AS 39.23.540(d).

On October 15, 2013 and November 6, 2013 the commission met in Anchorage to consider recommendations for 2014. With regard to legislative salaries, the commission decided not to make any recommendations. With regard to executive salaries, the commission adopted preliminary findings and recommendations at their November 6, 2013 meeting. A report was issued on November 14, 2013. The commission held a public hearing on December 4, 2013. At the close of the public hearing the commission convened a meeting and adopted the following final findings and recommendations.

Recommendations

- The governor’s salary shall be \$150,872.79 per annum effective July 1, 2014 with an additional increase of 2.5% effective July 1, 2015.
- The lieutenant governor’s salary shall be \$119,657.73 per annum effective July 1, 2014 with an additional increase of 2.5% effective July 1, 2015.
- The salary of department heads shall be \$146,142.67 per annum which includes the 1% increase granted under secs. 11 and 20, ch. 47, SLA 2013 effective July 1, 2014.
- Department heads shall receive geographic pay differentials commensurate with other state employees in accordance with AS 39.27.020.
- The salary of a deputy commissioner who accepts the office of department head with the same department with no break in service, if paid a salary higher than the salary authorized for the department head, shall retain his or her current salary with subsequent statutory increases, while holding the position of department head.

Discussion

The commission finds that a pay increase is warranted for the offices of governor and lieutenant governor. Currently the salaries for these positions are \$145,000 and \$115,000 respectively. Since the salary of these positions were last adjusted, the statutory salary schedule (AS 39.27.011) has increased by 3% and will increase by another 1% effective July 1, 2014 and 2.5% effective July 1, 2015. The table below illustrates the application of the statutory increases to the governor's and lieutenant governor's current salary and represents the methodology used to arrive at the salary the commission determined appropriate.

Application of AS 39.27 Salary Increases			
Fiscal Year	Governor	Lt. Governor	AS 39.27 Salary Increases
2011	\$145,000.00	\$115,000.00	
2012	\$147,900.00	\$117,300.00	2.0%
2013	\$149,379.00	\$118,473.00	1.0%
2014	\$150,872.79	\$119,657.73	1.0%
2015	\$154,644.61	\$122,649.17	2.5%

The commission also finds that a pay increase is warranted for principal executive department heads. Currently the salary of department heads is \$136,350.00. The commission increased the salary of department heads to \$135,000 effective July 1, 2009 and through legislation, the salary of this office was increased by 1% effective July 1, 2013, and is scheduled to increase by another 1% on July 1, 2014 and 2.5% on July 1, 2015. The commission's recommended salary for department heads includes the 1% increase effective July 1, 2014. As above, the table below illustrates the application of the statutory increases to the salary of department heads since the commission's last recommended adjustment and represents the methodology used to arrive at the salary the commission determined appropriate.

Application of AS 39.27 Salary Increases		
Fiscal Year	Department Heads	AS 39.27 Salary Increases
2009	\$135,000.00	
2010	\$137,700.00	2.0%

2011	\$140,454.00	2.0%
2012	\$143,263.08	2.0%
2013	\$144,695.71	1.0%
2014	\$146,142.67	1.0%
2015	\$149,796.24	2.5%

Under the commission's recommendations, commissioners will receive geographic differential commensurate with the majority of state employees and in accordance with AS 39.27.020. At this time, this represents a 5% differential for the four commissioners located in Juneau.

Today 13 of 23 deputy commissioners are receiving salaries higher than the department head and the salary of seven of these deputy commissioners exceeds the commission's proposed salary for department heads. To ensure salary does not deter a deputy commissioner from accepting the office of department head, the commission is recommending that the salary of a deputy commissioner who assumes the office of department head with the same department, with no break in service, retain his or her current salary while holding the position if his or her current salary exceeds the authorized salary for the department head. Subsequent statutory increases authorized for department heads will be granted.

The recommended increases are consistent with increases received by the majority of state employees, including those covered by collective bargaining agreements, for the applicable time period.

Fiscal Impact

The Office of Management and Budget calculates the additional cost of the commission's recommendations for salary increases for the governor, lieutenant governor and principal executive department heads to be \$227,515 for fiscal year 2015 and \$8,675 for fiscal year 2016.