

**Bruce Botelho
401 F Street
Douglas, Alaska 99824**

January 3, 2018

Mr. Glenn Clary, Chair
State Officers Compensation Commission
Division of Personnel and Labor Relations
Alaska Department of Administration
P.O. Box 110201
Juneau, AK 99811

Dear Mr. Clary:

I will be out of state on January 9 and therefore submit this written testimony respecting the commission's proposed recommendations to the 2018 Alaska Legislature.

Salary Recommendation

You have proposed that the salaries of legislators be reduced by 10% based on your generalized finding that "various groups within the State of Alaska are seeing reductions in areas such as wages and the Permanent Fund Dividend." You note: "While many legislators do spend more time serving the public than the 90-day session, it is important that their wages reflect some reduction to be in line with reductions found elsewhere and to assist in overall budget reductions."

For the reasons set forth below, I write to express my opposition to this recommendation.

When the legislature established the commission in 2009, it vested the commission with unprecedented authority: its recommendations would become law unless rejected by a majority of each house within 60 days. Legislators understood that it would be nearly impossible politically to reject a commission recommendation—even a grossly unfair one. For that reason the legislature relied on the good faith of its commissioners when it incorporated the following language into its statutory framework: "It is the policy of the legislature that the commission recommend an equitable rate and form of compensation."

I believe that the commission has failed in this charge. None of the data supplied by the division to assist the commission supports your recommendation. There have been no involuntary reductions in public sector salaries anywhere in the state. Private sector reductions have not been documented, by either sector, absolute amount, or as a percentage of overall wages. Anecdotal accounts, while having some probity, should not be the deciding factor. And, while it is true that there has been a reduction in the permanent fund dividend, legislators were not held harmless—they too saw the reduction.

I contrast your deliberations with those of the commission in 2009. It made extensive findings, many of which should guide you as you make your final recommendations. It began by asking the question: What is fair and reasonable compensation for legislative service? The 2009 commission concluded that there were 4 factors:

1, Time Spent in Regular and Special Session.

The 2009 Commission: “Although there is a constitutional session limit of 120 days, and a statutory limit of 90 days, the reality is that special sessions are increasingly relied upon to deal with legislation. In 2006, legislators were in regular and special session for a total of 187 days. That is almost 80 percent of a normal work year.”

2. Time Spent on Legislative Business

The 2009 Commission: “Between sessions legislators must deal with constituent’s problems, attend community meetings and events, and see to the work of their committee assignments. Legislative leaders and committee chairmen are busier than others, but no legislator escapes the multiple demands of his or her legislative responsibilities between sessions.”

3. Risk of Loss of a Citizen Legislature

The 2009 Commission: “When a generally low and ambiguous system of compensation is combined with the large commitment of time required by legislative service, the disruption of careers and family life that it often entails, the increasing use of special sessions called at all times of the year, the general decline of remunerative seasonal employment, and the increasingly stringent ethics regulations that foreclose many business opportunities for self-employed attorneys and other professional people, legislative service is not an attractive or even realistic prospect for many people. Consequently, the legislature does not represent a cross section of the Alaska public in terms of age, gender, and socioeconomic characteristics. It is heavily weighted with older, retired individuals, and those who are financially independent or without family obligations.

4. Dignity of the Legislature as a Co-Equal Branch of Government

The 2009 Commission: “The Alaska Legislature is a branch of government co-equal with the executive and judiciary, and it deserves all of the dignity and respect properly due the other branches. The current system of compensating Alaskans who serve in the legislature is unworthy of the far-reaching duties and responsibilities inherent in the institution of the legislature.”

Applying these factors and examining compensation offered other state legislatures and past adjusted salaries for Alaska legislators, the 2009 commission concluded that \$50,400 was a fair and equitable salary.

In contrast to the salary of the governor which commissioners have recommended be increased in 2009, 2011, and 2014, your recommendations to the 2018 legislature are the first to deal with legislative salaries since the inception of the commission in 2009.

None of the factors outlined by the 2009 commission supports your conclusions. If anything, the first factor—the length of session—is a greater burden today than nine years ago. If the commission acted in a manner consistent with its treatment of the governor, it would be increasing rather than decreasing salaries. The material provided the commission by its staff suggests that an adjustment for inflation would place legislative salaries at \$57,195, contrasted with a statutory adjustment under AS 39.25 at \$55,924.

Per Diem Recommendation

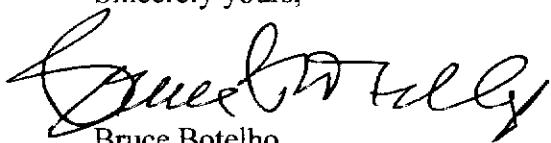
You originally recommended that legislative per diem be reduced from the federal rate to the executive branch rate, but then decided to maintain that rate, but eliminate it entirely for legislators living within 50 miles of the session. The stated justification for this action: “the lack of legislative affairs agency staff to process actual payments as well as the desire that legislators not receive per diem when staying in their own homes.”

Once again, the commission appears to have acted without any data or exploration of the expenses legitimately incurred by all legislators during the course of session, among them hosting responsibilities, a fact that the current per diem system—which sets a lower per diem rate for Juneau-based legislators—takes into account.

My overall impression is that the commission has made its proposals less to provide for equitable rates, than to make concrete its frustrations over perennial stalemate in the Alaska legislature. These frustrations are understandable, but legislators are best sanctioned at the ballot box, not by curtailing salaries and allowances. As the 2009 commission noted: “Legislators have the responsibility for decisions of momentous importance for Alaska and its citizens.” The commission plays a crucial role in creating the environment in which the most talented Alaskans, whatever their financial capacity, have a chance to dedicate their full energies to representing their fellow citizens in the state legislature.

I ask you to reconsider your actions.

Sincerely yours,



A handwritten signature in black ink, appearing to read "Bruce Botelho".

Bruce Botelho