Alaska State Legislature

DURING SESSION
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SENATOR CON BUNDE
District P

Senate Bill 106
Sponsor Statement

On January 29, 2009 the Alaska State Officers Compensation Commission, created by the passage of HB 417 in 2008, released its findings and recommendations following its review of the executive branch, executive department head and legislative salaries.

Some recommendations were that:

- the Governor's salary increase from $125,000 to $150,000;
- the Lieutenant Governor's and heads of principal executive departments' salaries be set at 90% ($135,000) of the governor's salary;
- Legislator salaries be equalized at $50,400 for all legislators, a change from variable compensation which now ranges from $24,000 to $48,000; and
- the source of variation in legislative pay, long term per diem, be eliminated.

The language of the bill also dictated that unless legislation was introduced and passed by the Legislature within 60 days of the aforementioned date disapproving ALL its recommendations, the Commission's recommendations would go into effect on the first day of the next legislative session for legislators, and on the first day of the fiscal year (following the fiscal year in which the recommendation was submitted, so 2010) for the Governor, Lieutenant Governor and Executive Branch heads.

There has been suggestion that if legislative salaries were higher, Alaska would be served by more "ethical" legislators. I strongly reject that notion. In my view, ethics and honesty are in no way connected to one's pay grade. However, good arguments can be made both for supporting and/or rejecting the Commission's recommendations. With that in mind, I have introduced this bill as a vehicle to allow committee hearings to discuss their merits, to allow public testimony and provide the opportunity for legislators to vote "yes" or "no" on passing the recommendations. I strongly feel that neither the Legislature, nor Alaskans, would be well-served by allowing these pay raises to occur without a public debate and a deliberate vote by its legislators. SB 106 will allow that process to happen.

As outlined in the report, this bill must be passed and signed by the Governor by March 30, 2009 to reject these recommendations or they are enacted into law by default; time is of the essence, and I urge expeditious hearings of SB 106 and hope for a thoughtful discussion on legislative compensation.

SENATE BILL NO. 106

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY SENATOR BUNDE

Introduced: 2/11/09
Referred: Labor and Commerce, Judiciary, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act disapproving all recommendations of the State Officers Compensation**
2 **Commission relating to the compensation, benefits, and allowances of state officers; and**
3 **providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:
7 DISAPPROVAL OF THE STATE OFFICERS COMPENSATION COMMISSION'S
8 RECOMMENDATIONS. The recommendations contained in the final report of the State
9 Officers Compensation Commission relating to the compensation of members of the
10 legislature, the governor, the lieutenant governor, and each principal executive department
11 head, made available under AS 39.23.540(d) to the governor and presiding officers of each
12 house of the legislature during the First Regular Session of the Twenty-Sixth Alaska State
13 Legislature, are disapproved.
14 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB106**
() Publish Date:

Identifier (file name):	SB106-LEG-SAL-03-16-09	Dept. Affected:	Legislature
Title	"An Act disapproving all recommendations of the State Officers Compensation Commission relating to..."	RDU	Legislative Council
		Component	Salaries and Allowances
Sponsor	Senators Bunde, Therriault		
Requester	Senate Labor and Commerce	Component Number	776

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services	(1,013.6)						
Travel	180.0						
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**(833.6)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	(833.6)						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**(833.6)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

Funding for the increase in salary and decrease in interim per diem for Legislators is included in the Legislature's FY10 budget request. If this legislation passes these amounts will be reversed resulting in a decrease in the FY10 budget request.

The recommendations of the State Officers Compensation Commission resulted in an increase of $833.6 requested in the FY10 budget. This represents the increase for a six month period based on the effective date of the salary increase and per diem decrease. In FY11, the budget would increase an additional $383.6 over FY10 ($1,013.6 salary minus $630.0 interim per diem). This represents the additional six month salary increase and interim per diem decrease for a full year in FY11.

There will be efficiencies realized in Legislators and staff time not spent completing interim per diem forms and in Accounting staff not processing the interim per diem payments.

Prepared by:	Karla Schofield, Deputy Director	Phone	465-6626
Division	Legislative Affairs Agency	Date/Time	3/16/09 4:54 PM
Approved by:	Pamela Varni, Executive Director Legislative Affairs Agency	Date	3/16/2009

(Revised 9/10/2008 OMB)

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: **SB106**
() Publish Date:

Identifier (file name): **SB106-DOA-DOP-03-16-09**
Title "An Act disapproving all recommendations of the State Officers Compensation Commission..."
Sponsor Sens. BUNDE, Therriault
Requester (S)L&C

Dept. Affected: Administration
RDU Central Administrative Services
Component Personnel
Component Number 56

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill will have no fiscal impact on the Department of Administration.

Prepared by: Nicki Neal, Director
Division Personnel & Labor Relations
Phone 465-4429
Date/Time 3-16-09 / 10:00am

Approved by: Kevin Brooks
Deputy Commissioner
Date 3/16/2009

(Revised 9/10/2008 OMB)

STATE OF ALASKA

Rick Halford, Chair

STATE OFFICERS COMPENSATION COMMISSION

P.O. BOX 110201
JUNEAU, ALASKA 99811-0201
PHONE: (907) 465-4430
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January 27, 2009

The Honorable Gary Stevens
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, Alaska

Dear Senate President Stevens:

On behalf of the State Officers Compensation Commission, and in accordance with AS 39.23.540, I respectfully submit the Commission's report of findings and recommendations as to the rate and form of compensation, benefits, and allowances for legislators, the governor, the lieutenant governor, and each principal executive department head.

Respectfully submitted,

Rick Halford
Chair

cc: Alaska State Senators

Alaska State Officers Compensation Commission

Findings and Recommendations

January 10, 2009

Certification

The following findings and recommendations accurately represent the conclusions and findings of the State Officers Compensation Commission.

Rick Halford, Chair

Mike Miller

Gordon S. Harrison

Thomas J. McGrath

Rick R. Koch

Dated: 1·10·09

Alaska State Officers Compensation Commission

Final Report of Findings and Recommendations

January 10, 2009

Introduction

The Alaska State Officers Compensation Commission was created by legislation adopted during the last legislative session.[1] Unlike previous salary commissions in Alaska's history, which were advisory to the legislature, this commission has unusual power: its recommendations take effect unless the legislature passes a bill to disapprove them.

There are five unpaid commission members, all appointed by the governor. One appointee must be from a list of at least two nominees submitted by the speaker of the Alaska House of Representatives, and another must be from a similar list submitted by the president of the Alaska Senate. None of the commissioners may be an employee of the state or of the University of Alaska, a member of any other state board or commission, an elected municipal official, or a person who has held in the previous four years an office covered by the commission's recommendations.

The commission is directed by statute 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)).[2] The law stipulates that the commission is to prepare preliminary findings and recommendations for public comment. It directs the commission to present final recommendations to the legislature within the first 10 days of the session.

The commission met for the first time on November 21, 2008 in Anchorage. It elected Rick Halford as chair, discussed its statutory mandate, and reviewed background data prepared by staff. Commissioners requested staff to compile certain additional background information. The commission members were appointed on November 14, 2008, so it was impossible to meet the November 15 deadline for a preliminary report of findings and recommendations. However, contingent upon advice from the Department of Law, the commissioners decided there was adequate time to draft a preliminary report, solicit public comment, and submit final recommendations and findings to the legislature within the first 10 days of the next session,

[1] SCS CSHB 417 (FIN). The commission's statutes are AS 39.23.500-599. The full text of HB 417 is available on the commission's website, http://www.state.ak.us/local/akpages/ADMIN/dop/socc/home.html, along with other pertinent background information.

[2] The term "benefits" does not include health, retirement, disability or death benefits (AS 39.23.560).

scheduled to convene January 20, 2009. With this objective in mind, the commission scheduled a series of meetings and hearings in December and January so that sufficiently advanced public notice could be made for the solicitation of comments.

The commission met on December 13, 2008 in Anchorage. Staff presented additional background information (most of which had been distributed to commissioners prior to the meeting in electronic format). Staff reported that the Department of Law concurred with the commission's decision to proceed with its work despite its late start. The commission adopted preliminary recommendations, and it drafted a summary statement of the recommendations for public distribution. The preliminary recommendations attracted immediate and widespread attention in the media.

By the end of the business day on December 15, 2008, a website for the commission was operational. All of the written information that the commissioners received from staff and other sources was posted on the website. The website had a link that allowed a person to send an email to the commissioners. A report explaining the rationale of the commission's preliminary recommendations, *Preliminary Findings and Recommendations,* was posted on the website December 17, 2008.

A public hearing on the commission's preliminary recommendations was held in Anchorage at the Legislative Information Office on December 18, 2008. The meeting was accessible by telephone through the LIO teleconference system.

A second public hearing was held on the preliminary recommendations the morning of January 10, 2009, at the Anchorage LIO. At that time the staff distributed to commissioners copies of all written comments to the commission that had been received through the website or by FAX. At 1:00 PM, the commission convened a meeting to consider the public comments and to adopt final recommendations regarding legislators' salaries in AS 24.10.100, certain reimbursable legislative expenses in AS 24.10.130, and executive salaries in AS 39.20.010(a), AS 39.20.030(a), and AS 39.20.080(a). These recommendations and the findings of the commission are set out below.

Recommendations

The annual salary of the governor shall be $125,000. (AS 39.20.010(a).)

The annual salary of the lieutenant governor shall be $100,000. (AS 39.20.030(a).)

The annual salary of the head of each principal department of the state shall be $135,000. The commissioner of the Department of Education and Early Development shall be considered the head of the department for purposes of this recommendation. (AS 39.20.080(a).)

The annual salary of legislators shall be $50,400. Legislators shall receive no additional compensation for legislative service, except that the president of the senate and the speaker of the house shall each receive an addition payment of $500. Session per diem, travel expenses, moving allowances, and office expense accounts shall not be considered compensation. (AS 24.10.100.)

The Legislative Council shall set the amount and rules governing moving expense and per diem allowances. (AS 24.10.130.)

Findings

Executive Branch

Currently, the governor's annual salary is $125,000; the lieutenant governor's annual salary is $100,000; and the commissioners' salaries are either $122,640 (11) or $127,236 (3). In 1985, Alaska ranked 4th among the states in terms of the relative amount paid the governor (only New Jersey, New York, and Texas paid their governors more). In 1989, Alaska ranked 18th. Today, Alaska ranks 27th among the states (26 states pay a higher salary, and 23 pay a lower salary).[3] Clearly, compensation for our chief executive officer has not kept pace with salary increases for this office in the rest of the nation.

Neither has the Alaska governor's salary kept pace with salaries paid in the judicial branch of government. Today, justices of the Alaska Supreme Court receive a salary of $179,520. Alaska Superior Court judges, of which there are 40, are paid $166,000.

Nor does the governor's salary compare favorably with salaries paid to the principal executive officers of the state's public corporations. The president of the University of Alaska is paid $300,000 plus a car and housing allowance; the chancellor of the Anchorage campus is paid $248,000 plus a car and housing allowance. The head of the Alaska Railroad is paid $267,000;

[3] Council of State Governments, *Book of the States*, 1984-85; 1988-89; 2007-2008.

the head of the Permanent Fund receives $267,000; the head of the Alaska Aerospace Development Corporation is paid $231,000; and so on.

Indeed, there are approximately 175 state employees who now earn more than the governor, including petroleum engineers, accountants, troopers, marine highway captains, doctors, and managers. Approximately 150 state employees earn more than the highest-paid department heads. These salaries reflect the reality of the job market today; they have been necessary to recruit and retain state employees for positions that pay well in the private sector.

It is, of course, impossible to equate the position of governor and lieutenant governor with private-sector jobs. And certainly salary is never the motivation for running for state-wide political office. However, the governor must recruit a cabinet of capable managers who are experienced and knowledgeable in their respective fields. These people have comparable employment opportunities in the private sector, and many of them are recruited from the private sector. Indeed, it is desirable that people with experience in the business world be represented in the governor's cabinet.

Public service has non-monetary compensation. For some commissioners, public service represents a form of repayment to society for the opportunities it has provided them to achieve success and prosperity. For some it has the rewards of shaping public policies about which they have strong feelings. But along with its rewards, public service also entails costs, such as the loss of privacy, exposure to public criticism, possible relocation to the capital, and interruption of a career. It many also involve financial loss, both because of a lower salary and because of conflict-of-interest regulations that require divestiture of certain assets. To make cabinet posts as attractive as possible, salary levels have to be commensurate with the heavy responsibilities of office and also reasonably competitive with private-sector employment. Members of the commission believe it is necessary to increase the salaries of department heads to make service in the governor's cabinet as attractive and feasible for as many people as possible.

In its preliminary recommendations and findings, the commission advocated the positions that the governor should be paid more than department heads, and that the salaries of the lieutenant governor and department heads should be expressed as a fraction of the governor's salary. That is, the commission sought a structure of compensation that linked the salaries of all of the state's chief executive officers. Thus, the commission sought to determine a reasonable and appropriate salary for the governor.

The Commission looked to governor's salaries in other states. In the range of salaries paid to governors—from a low of $70,000 in Maine to a high of $212,000 in California—Alaska's current salary of $125,000 is only the 39th percentile. The Commission members concluded that an appropriate salary for Alaska's governor should be equal to at least the 75th percentile of all state gubernatorial salaries. This amount is $150,000 per year. Ninety percent of this amount for

the lieutenant governor and commissioners is $135,000 per year. These amounts were the preliminary recommendations of the commission.

After the preliminary recommendations were released, the governor announced that she would not accept a salary increase. Also, it was pointed out in public testimony that while it may be a laudable objective to pay the governor more than the cabinet members, it may be an unrealistic one because of the different expectations about pay for statewide elected officials and appointed commissioners. That is, we generally expect greater sacrifices for the public service of elected statewide officials than we do of the professional people appointed to head the principal departments of government. With these considerations in mind, the commission decided not to implement at this time the preliminary recommendation for a salary increase for the governor and lieutenant governor. The timing of salary increases for the governor and lieutenant governor will be subject to further study by the commission, although all members believe that an increase in the salary of the office of governor is appropriate.[4]

The commission decided that commissioner's salaries should be increased at this time even if the governor's salary is to remain unchanged. The commission recommends that the salaries of all of the heads of the principal departments be set at $135,000. Whether a differential among commissioner's salaries is warranted, based on their respective responsibilities, and whether commissioners should receive longevity increments for years of service, will be subjects for additional study and deliberation by the commission. Although the recommendations of this commission are silent on the matter of benefits within the purview of the commission under AS 39.23.560, it is the intent of the commission to leave existing benefits unchanged.

Legislative Branch

Recommendations of the commission with regard to the legislative branch of government are intended to bring transparency and equity to the matter of legislative salaries, as well as to provide fair and reasonable compensation for legislative service.

Currently, there are two components of legislative compensation: one is a salary of $24,012, which was set in 1991; the other is a stipend of $150 per day for attending meetings or performing certain other legislative duties when the legislature in not in session—i.e. during the interim. The stipend is known as long-term per diem. The Legislative Council determines the amount of this payment and also the rules governing it. Legislators must submit a claim for long-term per diem, and the amount claimed varies dramatically among them.

Table 1 illustrates the wide disparity in claims for long-term per diem and the resulting disparity in total compensation paid to individual legislators. In 2000, total legislative pay varied among

[4] Recommendations of the commission pertain to the office of governor and lieutenant governor, not to the individuals holding these offices. That is, the salary recommendations are not and should not be regarded as performance bonuses for the incumbents.

legislators from a low of $24,012 to a high of $34,542; average compensation was $27,928. In the year 2000, the long-term per diem rate was $50, and the average claim was $3,916. Seven years later, in 2007, when the per diem rate was $150, the average claim for long-term per diem was $11,641. Total compensation in 2007 ranged from a low of $24,012 to a high of $46,632, and the average was $35,653.

Table 1

Legislative Compensation*, 2000, 2005, 2007

Year	Per diem rate	Low	High	Average	Average Per Diem
2000	$50	$24,012	$34,542	$27,928	$3,916
2005	$150	$24,012	$48,207	$34,130	$10,118
2007**	$150	24,012	$46,632	$35,653	$11,641

*Compensation is defined as base salary of $24,012 plus long-term per diem.
**Vic Kohring and Wes Keller excluded from 2007 data set because of partial terms.

Source: Legislative Affairs Agency, Alaska Legislature, *Salary and Expense Report*, 2000, 2005, 2007.

Disparity in claims for long-term per diem is only partially explained by differences in the amount of interim legislative work performed by legislators. Most of the disparity is explained by the varying degrees of reticence on the part of legislators to claim it. Some legislators regard long-term per diem receipts as a political liability in their bids for reelection. This is an important consideration to legislators in competitive districts; less so to those with safe seats. Also, the importance of the extra income in the personal finances of individual legislators may influence their willingness to claim long-term per diem for time spent on legislative work during the interim. Whatever the explanation, the result is striking inequality in legislative compensation.

Legislative pay is not only inequitable for legislators; it is poorly understood by the public and regarded as vaguely deceptive. Legislators are as uncomfortable with the opacity of the system as the public. It is a system that has evolved because of the recurring political difficulty of raising the base legislative salary of $24,012.

The commission believes it is imperative that legislative pay be equal for all legislators and that the amount of legislative pay be unambiguous. This is accomplished by eliminating long-term per diem and establishing a salary that is fair and reasonable. Previous Alaska salary commissions have made the same recommendation.

What is fair and reasonable compensation for legislative service? An answer to this question must begin with the consideration of a number of factors. Among the most important of these factors is the time that legislators spend on legislative business. Table 2 shows the duration of legislative sessions for the last 6 years. 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.[5] The average for the period is 143 days, or 60 percent of a normal work year. 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. Although we hold dear the notion of a "citizen legislature" composed of people from all walks of life who devote a few winter months each year to public service at the capital, the reality is something altogether different. Alaska's is not a professional legislature comparable to that of New York or California, which meet continuously much like the Congress, but it is much closer to that model than the public realizes, and becoming more so.

Table 2

Duration of Legislative Sessions, 2003-2008

Year	Session	Days	Total Days
2003	Regular	120	120
2004	Regular	120	
	Special	3	123
2005	Regular	120	
	Special	14	134
2006	Regular	120	
	Special	30	
	Special	30	
	Special	7	187
2007	Regular	120	
	Special	1	
	Special	30	151
2008	Regular	90	
	Special	30	
	Special	30	150

Source: Legislative Affairs Agency

[5] Assume a normal work year is 48 weeks, or 240 days.

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.

Legislators have the responsibility for decisions of momentous importance for Alaska and its citizens. 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.

The commission computed $4,200 per month, or $50,400 per year, as a fair and reasonable salary for legislators by simply updating the1991 base salary of $24,012 to its equivalent value in today's dollars and adding to that amount the average long-term per diem that is now being paid to legislators. Various measures of inflation from 1991 produce somewhat different values for 2008; the Anchorage consumer price index yields a current value of approximately $40,000; the average per diem claimed by legislators in 2007 was approximately $11,640; hence, the commission's recommendation of $50,400 per year, or $4,200 per month. [6]

This salary recommendation represents a significant pay increase for many legislators, but only a modest increase for some. In 2007, eleven legislators had total compensation of over $40,000; the highest received $46,632. In 2005, the highest paid legislator received $48,207. Without a transformation of the system of compensation such as that proposed by the commission, the inequality of legislative pay will be perpetuated, and the proposed ceiling of $50,400 will be exceeded in the near future. Table 1 shows that average legislative compensation grew 28 percent between 2000 and 2007 (from $27,928 to $35,653). At this rate of growth, average compensation will be $45,600 in seven years, and the high end will far exceed $50,400.

While the commission recommends the elimination of the long-term per diem stipend, it also specifies that payments for living expenses during session, reimbursable expenses for legislative travel during and between session, relocation allowances, and office expense accounts shall not

[6] Comparison with other state legislative salaries is difficult because, like Alaska, true amounts of compensation are impossible to divine from published statutory sources. However, it is interesting to note that the base salary of legislators in Washington State is $41, 280.

be considered a form of compensation and that the Legislative Council shall continue to regulate these payments.

The commission recommends that the presiding officers of the legislature continue to receive an additional payment of $500 annually. This extra payment to the senate president and speaker of the house is a long-standing tradition, and the amount has not changed for many years. Today it is more of a symbolic recognition of these leadership positions than it is a significant source of compensation. The commission intends to consider further the subject of the leadership "premium" in the future.

Another subject for further study by the commission is the idea of linking legislative salaries to a benchmark so that periodic adjustments are made automatically, for example when certain executive or judicial branch salaries change, or when there is a change in a consumer price index. However, this is a complex matter that the commission believes needs more research, discussion, and public comment.

Fiscal Impact

If the commission's recommendations are not rejected during the first session of the twenty-sixth Alaska Legislature, the law stipulates that recommendations pertaining to executive branch salaries become effective on the first day of the next fiscal year (FY 10, beginning July 1, 2009), and that recommendations pertaining to legislative salaries become effective on the first day of the next legislative session, which is mid-way through the next fiscal year. Therefore, the full fiscal impact of the commission's recommendations will not occur until FY 11 (the fiscal year beginning July 1, 2010.

The Alaska Department of Administration calculates that the cost of the commission's recommendations for salary increases for the heads of the principal executive departments is $203,302 annually. The Legislative Affairs Agency calculates that the cost of the commission's recommendations for legislative compensation will be $525,000 in FY 10, and $1,220,000 annually beginning in FY 11.

STATE OF ALASKA
LEGISLATORS MONTHLY SALARIES

FROM	TO	SALARY
3-17-61	1-22-67	208.33
1-23-67	1-27-69	500.00
1-28-69	7-15-70	541.66
7-16-70	1-10-71	791.66
1-11-71	6-30-75	750.00
7-1-75	10-13-76	1,226.66
10-14-76	5-15-77	750.00
5-16-77	12-31-78	979.17
1-1-79	12-31-79	1,291.66
1-1-80	12-31-80	1,440.00
1-1-81	12-31-81	1,564.00
1-1-82	12-31-82	1,673.00
1-1-83	7-20-83	1,757.00
7-21-83	1-18-87	3,900.00
1-19-87	12-31-89	1,845.00
1-1-90	12-31-90	1,906.00
1-9-91	6-30-96	2001.00
7-1-96	Current	2,001.00

Notes: Effective 7/1/96 AS24.10.100 was amended to set the salary at $2001.00 per month rather than range 10 step A of the salary schedule.

2001 Pay with CPI Changes from 1991 through 2007

% CPI Change	Year	$2001 with CPI Change
	1991	2001.00
3.4%	1992	2069.03
3.1%	1993	2133.17
2.1%	1994	2177.97
2.9%	1995	2241.13
2.7%	1996	2301.64
1.5%	1997	2336.16
1.5%	1998	2371.20
1.0%	1999	2394.91
1.7%	2000	2435.62
2.8%	2001	2503.82
1.9%	2002	2551.39
2.7%	2003	2620.28
2.6%	2004	2688.41
3.1%	2005	2771.75
3.2%	2006	2860.45
2.2%	2007	2923.38

Source: State of Alaska, DOLWD, Research and Analysis, CPI Index
X:\Reports-Ad Hoc\Ad Hoc Reports 2008\$2001 Pay with CPI Changes from 1991 through 2007-SOCC-081125.xls
Prepared by E.Abad, HRS, DOPLR, EPIC

Statistics of Long Term Per Diem for Legislators

All Data		1 Standard Deviation		2 Standard Deviations		3 Standard Deviations
0.00	Low	6,813.71	1 St Dev Low	2,826.99	2 St Dev Low	(1,159.72)
22,620.00	High	14,787.14	1 St Dev High	18,773.86	2 St Dev High	22,760.57
10,800.42	Average	10,631.16	Ave w/in 1 St Dev	10,901.16	Ave w/in 2 St Dev	includes all data points
10,500.00	Median	10,425.00	Median w/in 1 St Dev	10,500.00	Median w/in 2 St Dev	
3,986.72	1 St Dev					

Source: Alaska Legislature 2007 Salary and Business Expense
x:[illegible]cts\State Off Comp Comm\Per Diem of Leg-SOCC-081125

Notice of State Officers Compensation Commission Meetings and Public Hearings
Department of Administration
Division of Personnel & Labor Relations

Notice is given that the State Officers Compensation Commission will hold the following meetings and public hearings:

Meetings

December 13, 2008, 10:00 a.m. to prepare preliminary findings and recommendations on the rate and form of compensation, benefits, and allowances for legislators, the governor, the lieutenant governor, and each principal executive department head of Alaska state government.

January 10, 2009, 1:00 p.m. to finalize the findings and recommendations on the rate and form of compensation, benefits, and allowances for legislators, the governor, the lieutenant governor, and each principal executive department head of Alaska state government.

Meetings will be held at the Anchorage Legislative Information Office, 716 W. 4th Avenue, Suite 200, and are open to the public. Persons wishing to attend telephonically may call 1-888-295-4546. There will be no public comment period at these meetings. Public hearing dates are set below.

Public Hearings

December 18, 2008, 9:00 a.m.
January 10, 2009, 9:00 a.m.

Public hearings are being conducted to solicit public comments on the Commission's preliminary findings and recommendations. Public comments will be given due regard prior to submittal of a final report.

The Commission's preliminary findings and recommendations will be published by December 16, 2008 and will be available at www.dop.state.ak.us or by contacting Shannon Devon at (907)465-3567, 1-800-770-8255 TTY (Relay Alaska) or shannon.devon@alaska.gov.

Public testimony will be taken at the Anchorage Legislative Information Office, 716 W. 4th Avenue, Suite 200, and at Legislative Information Offices statewide or telephonically by calling 1-888-295-4546. The location of Legislative Information Offices is available at http://w3.legis.state.ak.us/misc/lios.php. Written public comments may be submitted to Nicki Neal, Secretary to the Commission, P.O. Box 110201, Juneau, Alaska 99811 or by fax to (907)465-3415. To be considered, written public comments must be received by January 9, 2008 at 12:00 p.m.

The State Officers Compensation Commission operates open meetings free from discrimination on the basis of sex, color, race, religion, national origin, age, marital status, pregnancy, parenthood, or disability. Individuals or groups of people with disabilities who require special accommodations, auxiliary aides or for services, or alternative communication formats, please contact Shannon Devon at (907) 465-3567, 1-800-770-8255 TTY (Relay Alaska) or shannon.devon@alaska.gov at least 48 hours prior to the scheduled meeting or public hearing.

Date:

_____

Nicki Neal,
Secretary to the Commission

Notice of State Officers Compensation Commission Meeting
Department of Administration
Division of Personnel & Labor Relations

In accordance with Chapter 21, SLA 2008 (HB 417), the first meeting of the State Officers Compensation Commission will be held on November 21, 2008, starting at 1:00 p.m., at 550 W. 7th Avenue, Suite 1660, Anchorage, Alaska.

The State Officers Compensation Commission operates open meetings free from discrimination on the basis of sex, color, race, religion, national origin, age, marital status, pregnancy, parenthood, or disability. Individuals or groups of people with disabilities who require special accommodations, auxiliary aides or for services, or alternative communication formats, please contact Emy Abad in the Division of Personnel & Labor Relations at (907) 465-5661 or 1-800-770-8255 TTY (Relay Alaska) by 3:00 p.m. on November 20, 2008.

The meeting is open to the public. Persons wishing to attend telephonically may contact Emy Abad in the Division of Personnel & Labor Relations at (907) 465-5661 for the teleconference number.

Date: 11/14/2008

_____
Nicki Neal,
Secretary to the Commission

State Officers Compensation Commission Meeting

November 21, 2008

Commission members present:
Rick Halford
Gordon Harrison
Mike Miller
Tom McGrath
Rick Koch

Others present:
Nicki Neal, Commission Secretary
Representative Mike Doogan
Theresa Obermeyer

The meeting was called to order at 1:03 p.m. at 550 W. 7th Avenue, Suite 1660, Anchorage, Alaska.

The following information was provided to commission members:

- HB 417
- Salary history of Alaska's legislators
- Information on legislator per diem allowances
- *Alaska Legislature 2007 Salary and Business Expense Report*
- *Legislator Compensation 2008* prepared by the National Conference of State Legislators
- *Compensation Review for Members of the General Assembly* prepared by the Hay Group
- Commentary on Article II, Section 7 from *Alaska's Constitution: A Citizen's Guide* written by Gordon Harrison
- Current Compensation of the governor, lt. governor and commissioners
- Current leave benefits for commissioners
- Current holidays observed by commissioners
- Salary history of the governor, lt. governor and commissioners
- Annual salaries of state administrative officials from *The Book of Staqtes 2008*
- *Compensation Review for Constitutional Officers* prepared by the Hay Group

Representative Doogan, the primary sponsor of the original bill, HB 260, provided bill packets to each member.

Each member provided their thoughts on current compensation and their beliefs on what needs to be addressed.

Member Harrison requested that the secretary obtain compensation information for the top executives of the Alaska Railroad Corporation, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority and other relevant exempt agencies.

Representative Doogan thanked members for serving on the commission and excused himself from the meeting at 1:32 p.m.

Theresa Obermeyer informed members that she wants them to be aware of the compensation received by judges and what's going on with the Alaska Permanent Fund Corporation. Ms. Obermeyer provided a hard copy of information contained on "The Obermeyer Website" regarding judges and information on salaries from the Alaska Permanent Fund Board Confirmation Committee. Ms. Obermeyer departed the meeting shortly thereafter.

Member Harrison expressed concern with missing the date (November 15, 2008) by which the commission was to prepare its preliminary findings and recommendations and stated that it may be a mistake to rush the January 29, 2009 deadline by which the commission is to make available its final report to the governor and presiding officers. Member Halford stated it is his preference to meet the January 29th deadline. Discussion occurred and the secretary was asked to seek guidance from the Department of Law regarding if missing the November 15th deadline is a fatal flaw. If not a fatal flaw, the members decided to proceed with the preparation of preliminary findings and recommendations with the intent of meeting the January 29th deadline.

Member Miller reported that he received a telephone call from Annette Kreitzer, Commissioner of the Department of Administration. Commissioner Kreitzer stated that it is the administration's preference to return commissioners to the pay structure that previously existed. Member Halford stated that this may be due to concern that increasing the pay of commissioners may take the lid off for labor negotiations.

The following schedule was established:

- Meeting December 13, 2008, 10:00 a.m. to develop preliminary findings and recommendations.
- Public hearing December 18, 2008, 9:00 a.m.
- Public hearing January 10, 2009, 9:00 a.m.
- Meeting January 10, 2009, 1:00 p.m. to finalize findings and recommendations.

The secretary was asked to check the availability of the Legislative Information Offices for these meetings/hearings.

There was consensus among members that they are willing to meet without 20 days prior notice by the chair as provided for in AS 39.23.500(c). The secretary was asked to confirm the allowance of this with the Department of Law.

Members assigned the following tasks to the secretary for completion prior to the next meeting:

- determine the average, high and low of long term per diem paid to legislators as reported in the *Alaska Legislature 2007 Salary and Business Expense Report*;
- apply CPI adjustments since 1991 to the compensation of legislators;
- run the salaries of governors, lt. governors and commissioners of other states through the ERI geographic differential calculator;
- obtain information on compensation and relevant benefits provided to the executives of exempt corporations/authorities such as the Alaska Railroad Corporation, Alaska Housing Finance Corporation and Alaska Industrial Development and Export Authority; and
- update the commission roster to include email address and telephone numbers.

The secretary is to email this information to members and provide a hard copy at the next meeting.

Discussion occurred regarding the requirements of the Open Meetings Act and the inapplicability of the Administrative Procedures Act. The secretary will seek clarification on these Acts.

Member Harrison nominated Member Halford to serve as the commission chair. Member McGrath seconded the motion. The motion was unanimously approved.

The meeting adjourned at 3:30 p.m.

State Officers Salary Commission

December 13, 2008, 10:00 a.m.
Anchorage Legislative Information Office, Room 220

Meeting Minutes

Commission Members in attendance:
Rick Halford, Chair
Rick Koch
Tom McGrath
Gordon Harrison
Mike Miller

Staff: Nicki Neal, Carol Beecher

Public: Theresa Obermeyer was in attendance. She spoke at 10:04 a.m. and referenced an Alaska Daily News article regarding who gets a law license. Ms. Obermeyer spoke about her interest in an appointment to the Alaska State Bar Association and her meeting with Frank Bailey at the Governor's Office on December 11th.

Ms. Obermeyer thinks the State Officer's Compensation Commission (SOCC) is a great idea. She thanked Rick Koch for his knowledge of the tax picture. Ms. Obermeyer said that if someone is really rich and doesn't want to take the salary, they should be able to opt out of it. She feels that it should be increased three times, at least. She thanked the board for the opportunity to speak.

Chairman Rick Halford called the meeting to order at 10:10 a.m. He stated for the record that the minutes are recorded electronically and by note takers present. He stated that the purpose of the meeting was to come up with a set of draft recommendations to be published prior to the December 18th public hearing.

MOTION: Rick Koch moved to approve the agenda. Tom McGrath seconded. Motion approved unanimously.

MOTION: Tom McGrath moved to approve previous meeting minutes. Rick Koch seconded. Motion approved unanimously.

Nicki Neal spoke regarding the Open Meetings Act. All deliberations and decisions must be made on the record.

Chairman Halford noted that the Open Meetings Act is pretty straightforward and important. He stated that whatever the Commission does needs to be marketed and the more open it is the more likely its success. He said that a web site might be a good way

to get the information to the public. The site should include the history and background of state officer compensation.

Nicki Neal said that a site could be set up at minimal cost. She confirmed the documents the commission wished to include: the report, public notices and meeting agendas and indicated the site could be up by late Monday, December 15th.

Gordon Harrison asked if it would be possible to have an email link to allow people to comment. Nicki confirmed this is possible.

Chairman Halford stated Nicki is to respond to process questions and if there are questions that required a Commission member's response she is to contact him.

Chairman Halford stated that Commission needs to produce a document at this meeting for the public to respond to which includes all of the elements listed in the statute. If this is too much the Commission could comment on all categories but provide recommendations on only those most pressing.

Chairman Halford asked if there were any proposals that anyone had ready for the Commission to work on. He noted that the field had been plowed many times before.

Rick Koch suggested coupling the compensation of the governor, lt. governor and commissioners. He felt that determining the compensation for this group would be relatively easy but determining the compensation of legislators was not as simple. Their responsibilities and work schedules are very different. So, he looked at them separately.

He noted that the legislative compensation across the United States is all over the board – from $500.00 a year to $117,000.00 per year and everything in between. He looked at the history of legislative compensation and started with the 1990 legislative salary of $24,000.00. With CPI increases since 1990, $24,000 becomes $39,000.00 in 2008. Adding last year's average long term per diem amount of approximately $11,000 brings the total to $50,000.00. If session per diem is added, the IRS total compensation amount would be about $75,000.00.

Across the United States, the compensation of governors ranges from $75,000.00 to $200,000.00. The 75th percentile is $150,000.00.

Gordon Harrison noted that he had come up with approximately the same number, slightly lower.

Chairman Halford said that the numbers he came up with were almost exactly the same. He said he was inclined not to include session per diem.

Rick Koch stated that he agreed and only mentioned session per diem for discussion purposes.

Chairman Halford noted that the IRS treats per diem differently. He felt that for marketing the number ranges were within a reasonable and justifiable public policy.

Tom McGrath said that he looked at the long term per diem claims. He said that some legislators, such as Jay Ramras, whom he had seen working frequently, only collected long term per diem one day during 2007. He did not feel this was equitable. Tom stated that $50,000.00 is very supportable.

Tom also stated that the governor and lt. governor are available 24/7 as is the Chief Justice of the Supreme Court. The Chief Justice makes $180,000.00 a year. He could easily support compensating the governor at the same amount. Commissioners could be placed at a salary comparable to a judge – about $175,000.00. The Alaska Railroad and University executives make quite a bit more. With a commissioner, the service is from four to eight years. The case could be made that it is not a professional long term career. They have years of experience but spend a short time in office. He stated that he did not think that $175,000.00 was sellable. He suggested starting at the 75th percentile for the governor and adjusting down from there.

Mike Miller stated that he agrees with most statements made by others. Most commissioners take pay cuts when they are in office. He stated that relocation is one issue for many commissioners who are based in Juneau. He agreed that all aspects needed to be looked at including where opposition would come from. The other question was whether the Governor would support the compensation increases. He said if there is opposition from the Administration the Commission may need to start the raise the next year.

Rick Halford said that one of his charges after the first meeting was to find out what the Administration thinks. The governor did not want the Commission's decision to be based on the Administration's position as the Commission needs to make an independent decision.

Gordon Harrison said that he agreed. He felt that Rick Koch's analysis was good. He noted that some legislators are currently receiving close to $50,000.00/year including long term per diem. He said that some legislators may currently feel that claiming long term per diem could impact re-election. Combining long term per diem with a salary increase would help with marketing the recommendation. It is important to make clear that what the Commission is actually doing is straightening out the system and that in reality the pay is not increasing by much as several legislators received over $40,000.00 in 2007.

Gordon said that legislators are very anxious about the politics of salary. He feels that $50,000.00 would be beneficial for most legislators. He noted that long term per diem could be acting as an incentive for legislators to attend off-session meetings. Without the long term per diem they may not make the effort. He noted that he did not think that it would be a problem, but that it was something to think about. He was on board with

combining a base salary with the long term per diem and not to define travel or session per diem as salary.

Chairman Halford said that he felt they were all going in the same direction. Conflicts with work outside of the legislature are an integral part of ethics reform. There are two strong competing principles. The framers of the constitution thought you could be a citizen legislator – but the rise of ethics rules and the decline of seasonal jobs have made it very difficult.

Families of public servants pay a high cost because of what they tolerate as a result of time in public office. A conflict exists with having citizen legislators. They are prohibited from being connected – since most connections represent conflicts of interest. At the legislative level we are and have been in an ongoing crisis. Ethical lapses are one of many symptoms of the crisis.

Chairman Halford stated that when judicial salaries were called to the attention of the Commission he thought that would be a very appropriate way to tie the commissioner salaries to the third branch of government. However, Gordon said that it actually might hold the salary down. If the legislative salaries are tied to the salaries of the superior court – they may never raise the superior court salaries.

Chairman Halford also mentioned the impact this Commission's recommendations could have on labor contract negotiations. Union members might be aggravated at the raises in executive pay but their leaders may see this as an opportunity to raise the salaries of their members.

Gordon Harrison stated that he is in favor of linking salaries to a benchmark. The legislature intentionally decoupled from state pay raises previously – and probably did so because of the perceived conflict when they raised state salaries and theirs went up as a result. He mentioned that they may have problems raising salaries if they are coupled again.

Chairman Halford mentioned that his recollection was that the reason was political and without much logic. Some thought it would be good, others did not.

Mike Miller confirmed it was politically motivated.

Gordon Harrison asked what the legislative intent was at the time.

Tom McGrath said that part of it was timing. In1986 there wasn't much money and legislators wanted to raise their salaries.

Chairman Halford agreed. He said the timing was bad and what they did was ridiculous. It was a nightmare of bad judgment.

Gordon Harrison noted that the context of pay raises now may also be an issue with the dropping oil prices.

Tom McGrath stated that the current proposal doesn't give the legislators a huge pay raise; it cleans up the process. Regarding executive salaries, he stated a pay increase is necessary to attract good people.

Gordon Harrison reiterated that the timing is an issue.

Chairman Halford agreed and said that he would be more comfortable if the Commission's recommendations didn't take effect until after the next election. But, that an election year was not a good year to do it in either. He stated that he doesn't think of this as a raise. He stated that the only thing this change would affect for legislators is retirement as it will be categorized as salary opposed to per diem. The total amount received is essentially the same.

Mike Miller stated that he served 18 years and after 18 years at a salary of $3,900/month his retirement was a shade over $900/month. Last year that might have paid his fuel bill.

Chairman Halford noted that his retirement is less than $2,000/month after 20 years of being a Juneau gypsy.

Tom McGrath added that the retiree medical benefits are not as good as they used to be.

Chairman Halford noted that the medical is not what was promised. Medicaid is the primary provider at 65. He said he is not sure how this is allowable.

Gordon Harrison said that regardless, the tier one medical is highly valuable. It is worth as much or more than what he would pay for healthcare without it.

The Commission recessed for a 10 minute break.

Chairman Halford reconvened the meeting. He suggested recommendations be drafted prior to breaking for lunch.

Gordon Harrison expressed the importance of drafting a report that includes the rational of the recommendations. The report should include a discussion about compensation and long term per diem and the problem with the variability - disparate pay. Gordon offered to work on drafting the report for publication on the Commission's website.

Nick Neal informed members that the public notice stated the recommendations would be available by December 16th. Prior to posting the complete report she would like the Commission's approval and asked if they wanted to schedule a meeting by teleconference to approve the draft report.

Chairman Halford reminded Nicki of the public notice requirement before holding a meeting by teleconference. Due to the short timeframe, he suggested drafting the recommendations for publication by December 16th and following up with the full report.

Mike Miller made a motion to put something on the table regarding legislators, then the SOCC could go forward from there.

MOTION: Mike Miller moved to pay legislators a salary of $4,200/month and to eliminate long-term per diem. Short term (session) per diem will remain at the federal per diem rate. The total compensation would be somewhere between $68,000.00 $75,000.00 per year including session per diem.

Gordon Harrison seconded the motion.

Tom McGrath asked for more discussion and noted office expenses need to remain.

Mike Miller agreed.

Gordon Harrison suggested restating the motion: compensation will be $4,200/month with long term per diem eliminated. Session per diem and office expenses will remain under the purview of the legislative counsel.

Chairman Halford asked if all members understood the motion. He asked members if they also wanted to get a motion on the table regarding the governor, lt. governor and commissioners.

Tom McGrath provided the following motion:

MOTION: The governor's compensation rate is adjusted to $144,000 per year. The lt. governor and commissioners will be compensated at 90% of the governor's salary.

Gordon Harrison seconded the motion.

Chairman Halford asked for any objections.

Mike Miller suggested that the governor's salary be set slightly higher at a rate of $150,000. Mike mentioned that although commissioners are paid more now than when he held the position the need for many to relocate to Juneau is an added expense.

Chairman Halford suggested adding a relocation allowance for commissioners who move to Juneau. Gordon Harrison suggested a housing allowance for those who relocate.

Tom McGrath stated that he would accept Mike Miller's suggestion as a friendly amendment placing the governor at an annual salary of $150,000.00.

Mike Miller reiterated that the proposal is to increase the governor's salary to $150,000.00 and the lt. governor and commissioners to $135,000.00. He discussed ways to compensate those commissioners who relocate such as adding $10,000 to $15,000 for relocation expenses. Mike followed up by stating that not all commissioners relocate and of those that do, some maintain two homes and some don't. He concluded that this may be too much to deal with at this time.

Tom McGrath noted that they can currently receive reimbursement for moving expenses. Chairman Halford noted that moving expenses are taxable and could amount to several thousand dollars of taxable income.

Rick Koch stated that there are too many variables. An individual could rent out their home and not necessarily maintain two households.

Chairman Halford stated he agrees with the amendment. He expressed that the report will be more important than the numbers in the recommendation as the public will need to understand the rational behind them.

Gordon Harrison suggested issuing a press release Monday morning if possible.

Chairman Halford suggested that the press release include contact information for Commission members.

Tom McGrath suggested the recommendations remain simple with the report including points such as:

- the governor's salary is being set at 75% of the national salary range
- the salary of other executives
- the salary of the Supreme Court Justice
- the governor is on duty 24/7.

Gordon Harrison noted that $150,000.00 is at the low end of what executives of corporations/agencies are compensated. Most are compensated much higher.

Rick Koch clarified that $150,000.00 is the 75th percentile. Not 75% of the highest salary paid to a governor.

Chairman Halford questioned if members intended to allow legislators to receive per diem to travel to other locations to attend meetings? Gordon Harrison said that currently, a legislator could claim $150/day to travel to Fairbanks and they could claim $150 for the trip back and they could also submit for travel per diem. The $150/day is a form of compensation for their time and this is what they were looking to eliminate.

Tom McGrath said that some legislators claimed 150 days of long term per diem in a year. In other words they have claimed every day except Sunday for the entire year.

Gordon Harrison said the Commission needs to recognize the time spent in session. 78% of a work year was spent in session two years ago.

Chairman Halford expressed that it is his belief that special sessions have gotten out of control and have changed the balance of power. He said the legislature has hampered itself with 90 day sessions.

Gordon Harrison said it points to the reality that Alaska is moving more and more toward a professional legislature. The Legislature is essentially full time – the public just doesn't recognize it. Chairman Halford concurred.

Gordon Harrison noted that the Alaska legislature is the second smallest in the country. A lot of responsibility falls on each legislator.

Chairman Halford mentioned that studies done by the NCSL showed that the Alaska legislature could grow without it being a negative.

Gordon Harrison said that he had thought for a long time that the legislature should be bigger, especially the senate. The size of the rural districts is absurd. Rural legislators have districts so large they are unable to get to their constituents

Rick Halford added that rural legislators often can't afford to get to their constituents.

Tom McGrath mentioned that some have to travel 100 miles to get to their constituents.

Gordon Harrison recommended that members decide on the wording of the press release.

Nicki Neal agreed to draft the recommendations and press release while the Commission members break for lunch.

The Commission recessed at 12:12 p.m.

Chairman Halford called the meeting back to order at 1:35 p.m.

Commission members reviewed the draft recommendations and press release and decided to combine them into one document. Time was spent discussing the wording of this document.

The Commission recessed while the document was typed.

Chairman Halford called the meeting back to order at 2:43pm.

Chairman Halford stated that they now had draft Preliminary Findings and Recommendations.

MOTION: Tom McGrath moved to accept the Preliminary Findings and Recommendations.

Gordon Harrison asked if some technical revisions could be made and Nicki Neal noted the incorrect dates. Revisions were made.

Chairman Halford noted that revisions were purely technical and reminded members that a motion was on the table.

Mike Miller seconded the motion to accept the preliminary findings and recommendations.

Chairman Halford stated that Commission had before them preliminary findings and recommendations which include the following salary increases:

- governor - $150,000
- lt. governor - $135,000
- commissioners - $135,000; and
- legislators - $50,400 with the elimination of long term per diem

He asked if there were any objections to the preliminary findings and recommendations. The Chairman clarified at the request of Gordon Harrison that at this time only the preliminary findings and recommendations would be published. The report will follow and will include justifications for each recommendation such as CPI adjustments, salaries paid by other states, compensation paid to other executives, conflict of interest issues, etc.

Gordon Harrison stated that the conflict of interest issue would be more specific to legislators. Mike Miller indicated it would apply to the commissioners too. Some of the same issues could come up.

Chairman Halford stated that it should be noted that the public expectation of lack of conflict are not without cost. The report will need to include a discussion of equality – specifically applied to the legislature. Also, competitive pay as it applies to the commissioners.

Gordon Harrison said competitive pay will make the job of a commissioner more attractive. He noted that one of the arguments in the late 1980's had been about the equality of the three branches and how poor pay undermined the legislative branch.

Tom McGrath stated that poor pay has been a factor in keeping good legislators. Many leave to work for private industry.

Chairman Halford said that in private industry they are making six times as much.

Gordon Harrison added the importance of noting the impact of the length of the session.

Chairman Halford noted that the average time is 160 days and at least another 30 days attending to meetings.

Tom McGrath reminded members that the report must mention ethical lapses because it is, unfortunately, on people's minds.

Chairman Halford mentioned the difficulties he had as a private pilot when a large part of his business included transporting employees of the Department of Fish and Game. He dropped that part of his business to avoid an appearance of conflict. He knew he'd never have an effective voice if he was flying for them.

Gordon Harrison said that the conflict of interest rules are squeezing people down.

Rick Koch noted that the Commission is not developing a fiscal note, but that people need to have an understanding of what the changes would mean as far as legislative cost. In 2007, the total was $2,994,000. The difference would be an additional $200,000.00.

Chairman Halford said that he will deliver the preliminary findings and recommendations to the ADN. Mike Miller will go to the chamber of commerce. Others will do the same.

Gordon Harrison suggested writing a compass piece for ADN and a My Turn piece for the Juneau Empire.

Chairman Halford mentioned he previously spoke to the ADN and received indication that they would print once the Commission issued recommendations. Rick suggested an editorial piece that supports the recommendations.

Gordon Harrison said that what would help more than anything would be a favorable nod from the governor.

Rick Halford reiterated that the message he had gotten back was that the Commission was to issue an independent recommendation.

Gordon Harrison said that he was referring to support for the recommendations after they are released.

Chairman Halford agreed and mentioned if any individual did not want to accept the increase they could donate to charity.

Gordon Harrison said he was thinking about the governor's response to the legislative salaries. There is traditionally a hew and cry about raising legislative salaries and she could help quell the reactions. Chairman Halford agreed that he would like to hear her say that the raise is a part of upgrading standards.

The Chariman asked if there is any other business to come before the Commission. He reminded and asked all members to attend the public hearings.

Nicki Neal asked if they needed her to be present in Anchorage or if her attendance from the Juneau LIO would be acceptable. The decision was made that she would attend from Juneau and Carol Beecher will be in attendance in Anchorage.

Meeting Adjourned 3:10pm

RECEIVED
JAN 0 5 2009
DIVISION OF
LABOR RELATIONS

December 20, 2008

Ms. Nicki Neal, Commission Secretary
State Officers Compensation Commission
State of Alaska
Box 110201, Juneau, AK 99811-0201

RE: Public Comment - Supporting Increased Legislative Compensation

Dear Commissioners:

I would like to comment on the issue of state executive and legislative compensation. I do so as a 20-year legislative employee, having worked for Republicans and Democrats, House members and Senators, majority and minority members, and both urban and rural legislators. I also have an entrepreneurial background, having been an owner / manager of a telephone equipment manufacturing company with an employee base of 600 individuals.

I hope to focus on compensation for legislators, but would briefly comment on increased compensation for eligible executive branch employees. In their case, I would recommend an effective date for any authorized raise to coincide with the next incoming administration. It's much better public policy not to provide raises to currently-serving public-sector executives, especially since the current group came in at considerably higher salaries than their counterparts in the previous administration.

Regarding state legislators, there is a unique character to their public service which does not prevail in the other two branches of government. Their service value to the public is predicated upon popular opinion, and for which the value of their skills, schooling, and certifications varies in worth among the constituency. Compensation for legislative service is hardly market-inspired such as it is for professionals in the judiciary and executive branches.

Compensation in the judiciary and executive branches is driven in large measure by competitive job market considerations for appropriate skills, schooling, certifications, and the like. Examples would be the professional requirements demanded of lawyers, medical professionals, and certified public accountants. Where the judiciary and executive branches are concerned, adjustments to their compensation packages are comparatively subdued and rarely newsworthy.

The process for legislative compensation, by contrast, is much more discretionary and of interest to the public. Legislators are left to try to determine their own compensation during a legislative session with considerable media attention, and usually to an unsympathetic audience. Such efforts are

intimidating and counter-productive. This commission provides a plausible, workable process, and I hope you will meet with success.

My recommendations would be the following: To raise the level of legislative salary from the current Range 10 to a Range 28, which is entry-level pay for departmental commissioners. I believe that with well-paid professionals in the ranks of the judiciary and executive branches, that the legislative branch too, should compensate its office holders somewhat comensurately. Further, I would authorize leave accumulation, eliminate the Long Term Per Diem during the interim, and reduce the annual office allowances to $5,000 for both House and Senate members.

Under these recommendations, the public would exercise its value judgment during each election cycle, as to whether or not a legislator is meeting expectations.

I do not feel that my recommendation affronts the notion of "citizen-legislator." I have never seen this term seriously defined, and while it was a concern to the state's founding fathers, I am not of the opinion that a salary of over $100,000 would greatly segregate elected legislators from their constituencies in this day and time.

Unfortunately, in the past three years, we have seen what impacts an inadequate compensation package, in part, can mean for some legislators. We have also seen legislators substantially improve compensation for represented state employees and legislative branch employees. I believe it is now time to balance the scales by realistically compensating state legislators themselves.

Thank you for the opportunity to comment on this important public issue.

Sincerely,

Tim Benintendi

Tim Benintendi
Box 241492
Anchorage, AK 99524

(home) (907) 276-2923

Alaska State Legislature

Please enter into the record my testimony to the State Officers Compensation Commiss
Committee name

Committee on Salaries, dated Dec. 17, 2008
Bill/Subject

Practice restraint with State expenditures during this time of reduced volumes of oil in the pipeline, declining oil prices, financial stress and uncertain State revenue.

Freeze new hires, stop salary increases, including State executives, commissioners, legislators, and the Governor. Cut per diem to actual costs. Table State Officers Compensation commission meeting subject matter relating to new pay raises.

We all must be responsible and tighten our belts to pay essential services and bills.

Signed: Gavan Bucarca
Testifier

Self
Representing (Optional)

P.O. Box 870798, Wasilla, AK 99687
Address

(907) 373-4974
Phone number

Alaska State Officers Compensation Commission
Preliminary Findings and Recommendations
Public Comments of Kate Giard, Commissioner RCA

Introduction

Chairman Halford and members of the Compensation Commission, my name is Kate Giard.

Since 2003, I have been a commissioner with the Regulatory Commission of Alaska, past Chairman from 2004-2007. I was reappointed in 2007 and confirmed for an additional six year term which expires 2013. Before becoming an RCA commissioner, I was the Chief Financial Officer of the Municipality of Anchorage and the Internal Auditor for the Anchorage School District.

The RCA and specifically the RCA commissioners are unaffected by any recommendations of the Alaska State Officers Compensation Commission Compensation Committee. I think it's important for the record to reflect that fact as I make my comments today.

It is also important for the record to reflect that, although I am an RCA commissioner, we annually elect a Chairman to speak on policy issues for the Agency and our Chairman this year is Mr. Bob Pickett. My comments reflect the policy neither of the RCA nor of the beliefs or opinions of any other RCA Commissioner. They are mine alone.

I am here because I thought it might be helpful to you to hear comments from a member of the public who been an executive in state and local government for the past several years. My experience, and therefore, my reason for being here is mainly to talk about the compensation levels you have selected for executive department directors. I also have an observation about the proposed compensation levels for members of the Alaska Legislature and I will start with those first.

Alaska Legislature

I support the $50,000 compensation level and also strongly in support of the differentiation that will now exist between Per Diem and compensation. The prior use of per diem, which was really a stipend, was not uniformly applied by all members of the Alaska Legislature, leading to inequitable compensation between elected representatives.

Additionally, the lack of objective measurement as to what the public considered an appropriate legislative activity to warrant per diem, could and probably did, foster distrust between an elected representative and his/her constituents.

In my opinion, per diem should reflect the daily housing and food cost Alaskans incur to send our elected representatives from their homes to our state capital during a legislative session. Salary should be the amount we pay our elected officials to represent our interest in state business.

As you deliberate your final recommendations, I would ask that you consider one modification. I understand from your report that you intend to compensate all members of the Alaska Legislature at the same level. If my understanding is correct, I disagree.

While your data indicates that the average elected official in Alaska may dedicate as much as 60% of a normal work year on state business, I would argue that the Senate President and the Speaker of the House might easily spend 80%-85% of the normal work year on state business.

These positions in Alaska are of great responsibility, require frequent travel in and out of Alaska, and are involved in policy issues throughout the year. Surely, Mr. Halford and Mr. Miller know what I am talking about, neither probably got much rest when they performed the duties of Senate President. Leadership is important and good leadership is critical to a well-functioning Senate and House.

Under your current draft, you do not recognize, in compensation, the added duties, responsibilities nor the added workload associated with these positions. I would recommend you compensate the leaders of the Senate and House commensurate with the responsibilities of their station by allowing for a differential of $8,500 for each seat. I think the public understands that the addition demand placed on the Senate President and Speaker of the House and it certainly does not seem equitable that as you make these important decisions today, you do make some effort to compensate representatives for the added duties and responsibilities of leadership.

Compensation of Executive Department Commissioners

Next I will address the compensation for executive department commissioners. I have three specific recommendations for your consideration in this report and then a conceptual level proposal for future consideration.

My first comment is that you have made a finding that department commissioners should not make the more than the Governor. In the private sector, there may be a more direct relationship between what a chief executive is paid and the compensation of those who report to him/her. Generally, the top dog is paid the highest wages or has the best benefit package.

The public sector is different. People who seek elected public office do not do it for the money; they do it because they have a vision, a dream of what they may be able to contribute to Alaska. You will see that the compensation of chief executives in government all across America reflects this truism, that the compensation of an elected chief executive contains a greater degree of the element of public service

For those reasons, I do not believe your finding that no commissioner should make more than the Governor is understandable; but perhaps dangerous precedent to set in a time when state government is falling so far behind in attracting and retaining a capable workforce. Rather, you may want to clarify that this is a policy objective which is subject to change in the future.

Two other quick points about the specific recommendations in this report.

I noticed that your proposal places all department commissioners on the same pay scale, irrespective of the nature and extent of duties. There currently are two tiers in the Governor's current pay scheme that I believe warrant examination. The Commissioners of Revenue, DNR and the Attorney General all make an increment above the other department commsisioenrs. I believe this should be maintained. Perhaps these positions should be compensated at 95% of the Governor's salary this year, to maintain consistency with your formula. Keep in mind that as these positions did not benefit from the 5% and 3% compensation increases in 2007 and 2008, already inflation has decreased the compensation paid to these positions.

Second, I did not see in your report whether the 135,000 was an initial salary or was a fixed salary for the entire term of office. Past commissions have specifically allowed for movement on the salary scale and HB417, allows for movement on the scale, and so I would strongly recommend that an increment be allowed for each year of service. That way the $135,000 salary is a base, which may not be high enough to attract talent, but the likelihood of a 2.5% increase for each year of service may be enough to encourage retention and sevice throughout a governor's term.

Finally, I am not sure what the compensation levels for executives will be if the Govenror declines to accept the compensation level. As you have tied executive compensation to the Govenror's salary,

stating that they can not make more than the Govenor, if she does not accept the salary you may inadvertently be depriving the executives of the compensation level you want put in place.

Finally,

There is natural tension in establishing compensation levels for government service which does not exist in the private sector. In the private sector, compensation levels are set to attract and retain the type of executives that the corporation needs to achieve stockholder value.

In the public sector, although the same need to attract and retain qualified executives remains, there is a third element to the equation; the element of public service.

The 1987 Compensation Commission found that, "inherent in public service is a degree of sacrifice". This intangible element, the idea that working for government is an honor and service in the public good, dampens the compensation levels for public sector employment so that there is not a dollar for dollar parity for private and public sector employment.

Given this element of sacrifice, there has always been and there should continue to be a dividing line between what is viewed as competitive compensation in the private sector and what is paid to public sector executives.

This dividing line should not be opaque, it should be clear, defined and ensure, that government is not demanding too great a sacrifice for public service employment. Non-salary considerations should weigh in this analysis. The job of a commissioner is not a career position. Commissioners serve at the will of the Governor who has four years and at most eight years in office. Unlike the rank and file public sector employee, a department commissioner has no career advancement potential or longevity. Executives hired after 2006, unless they already have time in PERS, they will not earn a PERS retirement from service.

All of these factors must be balanced when determining what financial decrement comprises the element of public service when Alaska competes against the private sector for qualified and capable state executives. If the scales are tipped too far to the side of sacrifice, Alaska will not be able to attract and retain the caliber of executives that are needed for public service employment.

It is well known that Alaska is losing this battle in its technical positions; attorneys, CPAs, engineers and other certificated positions are becoming a revolving door.

As you move forward with future recommendations, I ask that you consider establishing an increment, whether it is 15% or 20% or 25% or 30%, for the element of public service, so that all executive positions in state government can be benchmarked against private sector levels and then reduced by whatever public service factor you determine to meet benchmark for all state and local government.

Thankyou.

Neal, Nicki L (DOA)

From: B H [irbaboontoo@hotmail.com]
Sent: Sunday, January 04, 2009 2:57 PM
To: DOA COM SOCC
Subject: Proposed Compensation Increase

First I would like to commend the commission for a thorough presentation of its recommendation. It is clear and concise. I also explored the website and related information. Frankly, I'm appalled at the pay inequities between departments and similar positions. I don't disagree that a pay increase for the governor and lt. governor are in order. However, it disturbs me that legislators may receive a pay increase and still be allowed some form of per diem that is governed by Leg Affairs.

A salary of $50,400 per year is roughly equivalent to GGU Range 18A. Below that rating, very few GGU members will see $2,100 per pay period unless they are in longevity and those below a 13M will never see it. I'm certain there will be unintended consequences from this study. From the reaction I've seen in the blogs, there could be difficult days ahead.

Here's hoping for good results all around.

Barbara Hembree

It's the same Hotmail®. If by "same" you mean up to 70% faster. Get your account now.

Carol Jensen
10821 Baronik Street
Anchorage, AK 99518-1724
Email: busface1999@yahoo.com
Phone: 907-244-1979

December 23, 2008

Nicki Neal
Secretary to Commission
State Offices Compensation
P.O. Box 110201
Juneau, AK 99811
Fax #907-465-3415

Commission:

I strongly oppose granting a pay raise to the Governor, Lt. Governor and legislatures.

The Governor has already said she does not want a pay raise. Legislators' salaries are $8,000 per month, which computed on a 12 month basis equals $96,000 per year. They work three months in session. They are very well paid for travel, per diem and have "slush" funds for office supplies, payrolls, fancy furniture in Juneau and their local offices, mileage, travel, etc. If anything you should be reducing the per diem amount AND not allowing full per diem for those legislators who live in Juneau.

Granting these pay raises with no approval from the legislature is also wrong, since these increases will have to be budgeted. There should never be any raises enacted without specific Legislative and Administrative (Governor) approval. Ratification by non-action default should not be an option.

I wonder if you are fully aware of the financial crises in which we citizens are embroiled? This is NOT the time to be unwisely and unnecessarily spending money.

Thank you for your time and consideration.

Sincerely,

Carol Jensen

Carol Jensen

Dusty Kaser
5905 Greece Circle
Anchorage, AK 99516

December 20, 2008

Please accept this copy of an email sent to my senator, Con Bunde, 12/20/08 as my written public testimony for use by the State Officers Compensation Committee in determining future compensation for state legislators.

Dear Con,

I appreciate your interest in making this a very public issue. Unfortunately, when made public the majority of people think that their elected representatives don't deserve to earn any more money than they do, and less considering the recent corruption trials. These same people also can't understand why managers and executives with educations and experience make more money, and they largely resent it. And while these people as a whole can be counted upon to generally vote for what's best for the state and country, we shouldn't have much of a voice in this particular issue except regarding who gets elected. The biggest problem this legislature has is too many uneducated, egotistical members. Group 1 is there because they truly want to give back to the community. Most of the others fit in the earlier category of ego maniacs who crave the attention and couldn't get it any other way (Group 2). Eventually they get jealous of the fact that they're barely able to make ends meet while others that they often help are rich. They start looking for ways to pad their pocket and we end up with a big federal investigation. Then there is Group 3, the wealthy that are usually part of the "ol' boys club" who love the game (I've been on the periphery of that club for many years—it does exist and until recently it was very powerful), don't need the money, but still want to be part of action. They also eventually might find themselves talking to the FBI. Of course, there's nothing to say that the wealthy aren't a sincere member of Group 1, maybe more than my cynical view would allow me to believe.

Group 1 can always be trusted to do the right thing. The others are suspect. They can't be trusted because they are performing a service for a ridiculously small amount of pay. Eventually, there has to be more in it for them—satisfying their ego only works for so long. And the more times they get re-elected the less they can be trusted. Why else would anyone (other than those few in Group 1) make themselves a public bulls-eye, be second guessed at each turn, be forced to make very difficult billion dollar decisions, maintain two residences, and be separated for months at time from their family...for about the equivalent of minimum wage. By paying this stupid amount of salary to our legislatures we have attracted mostly candidates with little knowledge and business experience, who can be bought for a few thousand dollars, and allow them to make billion dollar decisions for us. This, of course, makes us of all look like fools in the eyes

of the rest of the nation. And we deserve it! Yet we continue to turn a blind eye to the root cause: We simply refuse to pay a fair amount for a very high profile job with huge responsibilities. With decent pay we should be able to attract top-notch, trust-worthy citizens to serve.

Now, obviously, I'm generalizing and I have the perception that there are fewer good legislators in Juneau than there really are. But politics is perception. And although I'm no doubt in the minority on this issue I've talked to a number of friends and colleagues about this and most were in general agreement. Although I have to say, their reaction indicated many had never really thought about it.

I suggest you legislators get together, write a public policy statement that says this must be done to prevent the corruption of the past, and to attract more qualified and trust-worthy professionals, and give yourselves a big pay raise. There'll never be a better time than now to fix this mess! So what if some get ripped at the next election cycle for doing what's right? The good ones will get re-elected because I truly believe that the majority of people know in their hearts this is fair and reasonable. I'd also guess that anyone who doesn't back a proposal like this might be wondering what above Group they really belong in.

I believe a reasonable salary for legislators would be in the range of $100,000 to $150,000. If this is implemented, with five or six years we'd have one of the most professional state legislatures in the country and the future of the State of Alaska would be much more secure. I am copying this letter to the commission for consideration.

Sincerely,

Dusty Kaser

Cc: Nicki Neal, Secretary to the Commission

Neal, Nicki L (DOA)

From: Nicks, Constance K (DFG)
Sent: Wednesday, December 17, 2008 9:20 AM
To: DOA COM SOCC
Subject: FW: Pay increases
Attachments: State Employee Pay2008.xls

I also want to show you a spread sheet of monthly costs that we also have to pay. Bills only due to the economy puts us in the hole every month. See the attached spread sheet.

Then again please don't get the assumption you are dealing with a stupid state worker – I already know you don't care or something would have been done by now.

Have a great Christmas – the time spent with my family is better than any monetary gifts can be – can you say the same for your family?

Constance

Constance Nicks
Alaska Department of Fish and Game
Commercial Fisheries Division
Program Technician
43961 Kalifornsky Beach Road, Suite B
Soldotna, AK 99669
Phone - 907-262-9368
Fax - 907-262-4709

From: Nicks, Constance K (DFG)
Sent: Wednesday, December 17, 2008 8:48 AM
To: DOA COM SOCC
Subject: Pay increases

I feel it is unfair for the governor to receive a 20% salary increase also increasing the rest of the legislative cabinet. I feel they can survive extremely well on income above $100,000 a year. Especially with other state workers that barely make above $32,000 and it will not be approved for an increase above 4% which is only a $1280.00 increase a year – not $25,000.00!!! I think you need to look into your other state worker salaries to see who really needs the pay increase just to survive – do you realize over 50% of your state workers are under the poverty line or just above it???

Think about it.

Constance

Constance Nicks
Alaska Department of Fish and Game
Commercial Fisheries Division
Program Technician
43961 Kalifornsky Beach Road, Suite B
Soldotna, AK 99669
Phone - 907-262-9368
Fax - 907-262-4709

State Employee Salary	$32,000.00	Yearly
Household of 5	$2,666.67	Monthly

Taken out of PayCheck	(We have no choice on the amount - it is decided by someone else)
Medical Insurance	-$150.00
PERS Retirement	
Mandatory Retirement	
Taxes	
Union Dues	

Monthly Bills	
Mortgage	-$1,010.00
Child Care (2 Children)	-$1,300.00
Gasoline	-$180.00
Food	-$500.00
Natural Gas	-$95.00
Electricity	-$135.00

What we end up with:	-$703.33

Neal, Nicki L (DOA)

From: Tammie and Randy [tamerack@alaska.net]
Sent: Friday, December 19, 2008 5:45 PM
To: DOA COM SOCC
Subject: Pay raises

Dear Commissioners,

This would be the most inappropriate time to be giving our elected officials a pay raise. We should be cutting budgets, saving money and preparing for hard times ahead.

I say no spending my tax dollars on pay raises for elected officials.

Sincerely,

Tammie Stoops
PO Box 240402
Anchorage, AK 99524

Kodiak Island, Alaska
December 20, 2008

State Officers Compensations Commission
P.O. Box 110201
Juneau, Alaska 99811

Attn: Nicki Neal, Secretary
State Officers Compensation Commission
Fax 907-465-3415

We have been Alaskan residents for 44 years, Kodiak Island is our home. We have always paid higher prices for everything, retailers always blame freight costs. Gasoline prices in Kodiak are finally down to $2.85 per gallon , the lowest in 18 months. With the price of groceries and utilities increasing almost daily, the rising costs of medical services and health insurance, for those that do have coverage, the thousands of Alaskans who have lost some or all of their retirement funds , locked into 401k's and other plans, due to the recession and the many retired and senior citizens who are struggling on a fixed income, a pay raise would be a blessing.

But based on the economy of our country and the gloom and doom reports we hear daily it seems unbelievable that the State Officers Compensation Commission would recommend a pay increase for the governor, lieutenant governor, heads of principal executive departments and legislators at this time.

The comments from a commission member "mortgages have to be met, children have to go to college" sounds self-serving since this person obviously has a job and salary. What about the working families in our state who are losing their homes, jobs and retirement funds who have no options. The comment that a pay increase would motivate people to get involved in government careers is out of place with the present economic circumstances. If a person chooses to run for an office that is their personal choice and if it requires working second jobs then that is their problem. Both of us have worked one, two and even three side jobs during lean times. You just do what you have to do to keep going.

Since we all have to "tighten our belts" I feel the government should do the same. The governor announced a 7% decrease in the general fund spending budget and still the state will have to take money out of savings to balance the budget. Now the lawmakers are worried since oil is below $30 per barrel and we imagine they will start wanting into the PFD accounts before too long.

The governor says she would not accept a raise which is admirable, but if these raises are approved the money will be allocated, whether she accepts it or not, another person will get that raise somewhere down the line. Her raise would be a 17% increase, the other others on the list range from a 5% to a 52% increase, these are substantial increases for these positions. Our social security checks will see a 5.8% raise in January and our health insurance will increase 13% and being on fixed retirement income this will cause us to cut back somewhere.

All Alaskan residents and Americans are having to make cuts and sacrifices at this time and probably for several years. We feel that state officers and lawmakers need to do the same. The timing of these proposed pay increases couldn't be worse.

Thank you for your consideration.

Joseph and Judy O'Donnoghue
P.O. Box 353
Kodiak, Alaska 99615

Ph: 907-487-2929
Fx: 907-487-9761
jpoezest@ptialaska.net

Emails to: Commission Members, Rick Halford, Chair, Gordon S. Harrison, Rick R. Koch, Thomas J. McGrath, Mike Miller

Commission Members
State of Alaska
Re: Pay Raises

I am opposed to any pay raises within the State of Alaska government offices (governor, legislators, Dept. heads. at this time.

This is a time for our state to be frugal and to be sensitive to the needs of the population. Many people have lost their jobs, many more will lose theirs, many jobs have been reduced to fewer hours a week including mine. I now work a 3 day week instead of 5.

Please reconsider and postpone any raises until our economy stabilizes.

Evelyn J Thornsley

To Commission Members for the State of Alaska
RE: Pay Raises

I am opposed to any pay raises for the legislators, department heads and governor. With oil revenues falling sharply and the financial future of our state and our nation in question now is not the time to be giving out pay raises. Rick Halford says that we need to be able to attract and keep the best and the brightest people for these positions, however I believe these people need to be thankful that they have a job to go to. There are a lot of people in the private sector that are taking pay cuts and some of them are losing their jobs. The time will come to give out pay raises but now is not that time.

Sincerely
Michael Thornsley

Michael Thornsley

adn.com
Anchorage Daily News

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Panel recommends Alaska officials get pay raises

COMPETITIVE: Panel says Palin should get a $25,000 a year increase.

By KYLE HOPKINS
khopkins@adn.com

(12/16/08 22:11:07)

A new state commission says the Alaska governor ought to get a $25,000 a year raise.

Asked to figure out how much Alaska should pay its top officials, the group recommends pay hikes for the lieutenant governor, department heads and legislators too.

"We need the best people we can get to do some pretty tough jobs against some often incredibility well-financed, single-minded corporate and individual interests," said Rick Halford, a former legislator and chairman of the new State Officers Compensation Commission.

Deciding how much to pay themselves is always a thorny proposition for politicians who answer to an ever-skeptical public. Today's national recession and relatively low oil prices wouldn't make it any easier.

Enter the new five-member commission, created by the Legislature earlier this year to take the decision out of lawmakers' hands. The members are appointed by the governor -- with two selected from lists recommended by legislative leaders.

The panel came up with a list of recommendations over the weekend and is looking for the public to weigh in at a meeting Thursday at 9 a.m. at the Anchorage Legislative Information Office.

Among the commission's suggestions:

• Raise the governor's salary 20 percent, from $125,000 to $150,000.

• Raise the salary of the lieutenant governor and state commissioners to $135,000 a year. Lt. Gov. Sean Parnell currently makes $100,00 a year, while commissioners are paid between $122,640 to $127,240 a year, according to the commission's numbers.

• Give all state legislators a flat annual salary of $50,400 while doing away with a per-diem lawmakers get for working on state business when the Legislature isn't in session. That would amount to an overall pay hike as well, based on lawmakers' pay in 2007.

2006 pay raise

"I thought we just gave a raise to the governor and the commissioners," Rep. Jay Ramras, R-Fairbanks, said Monday in reaction to the recommendations.

That raise was in 2006, when the Legislature increased the governor's pay by 46 percent. Gov. Sarah Palin was the first to get the new pay rate. Her predecessor, Frank Murkowski, made about $86,000 a year.

In 2006 the lieutenant governor got a pay hike too: 25 percent.

Currently, Palin ranks near the middle of the pack nationally when it comes to gubernatorial salaries as the 24th-lowest paid governor, according to the commission's numbers.

California Gov. Arnold Schwarzenegger makes the most, at more than $212,000 a year, but the former movie star doesn't take the money.

Palin is also making less than three of her department heads, according to the commission.

"We felt that the governor should be paid more than the commissioners," said Halford, a former Senate President who retired from the Legislature in 2002.

As for the extra $25,000 she would make?

"I would expect this governor to probably donate that to her favorite charity. Because I believe that she very much serves for the service, not the pay," said Halford, who supported Palin during her campaign for governor in 2006.

Asked if anyone told him Palin would actually do that, he said no.

Palin spokesman Bill McAllister said he didn't know what the governor would do if she got the raise, and that Palin didn't want to comment on the group's recommendations.

"She wouldn't want to be seen as influencing or attempting to influence the commission's work right out of the chute," he said.

The governor appointed Halford, former Senate President Mike Miller, Gordon Harrison of Juneau, Rick Koch of Kenai and Thomas McGrath of Anchorage to the panel in mid-November.

Halford registered as a lobbyist with the state in 2005, working for the Alaska Gasline Port Authority. He said Monday he has no plans to return to lobbying work in the future.

Miller is a former Senate president too, and former commissioner of Administration.

Miller told other members of the salary commission that current Administration Commissioner Annette Kreitzer had called him to say the Palin administration preferred the old system of variable pay for commissioners, according to meeting minutes.

That conversation came before the commission's first meeting, Miller said Monday. Kreitzer said the variable pay gives the governor more flexibility when it comes to hiring people with different experience levels, but that she's no longer weighing in on the process.

"We are stepping back at this point and not providing any more comment," she said.

The commission members didn't take Kreitzer's suggestion anyway. They recommend all the commissioners get paid the same amount.

legislature's per diem

Legislators have had the same basic pay -- $24,000-- since the early 1990s, according to the Legislative Affairs Agency.

The commission suggests doubling that number, while getting rid of a $150-a-day per diem lawmakers earn for working on state business when the Legislature's not in session. Some lawmakers claim more of the offseason per diem pay than others.

Lawmakers would also still receive a daily per diem they collect while the Legislature is in session in Juneau, as well as money for office expenses and reimbursement for travel and moving costs.

Ramras, a restaurant and hotel owner, doesn't support increasing the base pay.

"People run for elected office because they have big egos and because they think they can help people. They don't run for the pay raise."

While the Legislature isn't very good at deciding it's own salary, changes are necessary, said Rep. Mike Doogan, D-Anchorage, who proposed creating the independent commission last year.

The people who run for office are often retirees who can afford it. The way to get a younger, more diverse group of lawmakers is to pay people enough to focus on the job, he said.

"The question isn't whether or not people's pay goes up, the question is -- are you paying them enough to have a reasonable expectation that they're going to do a decent job for you?"

People who can't get to Anchorage can take part in Thursday's public meeting through their local Legislative Information Office. Another meeting is planned for Jan. 10.

Whatever new pay scale the commission eventually settles on after hearing from the public takes root unless the Legislature acts to reject it.

Find Kyle Hopkins online at adn.com/contact/khopkins or call him at 257-4334.

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What are legislators worth?

By Krestia DeGeorge

Twenty-four thousand dollars.

According to the calculator on my desktop, that's about how much a worker earning $11.50 an hour could expect to gross in a year if they worked 40 hours a week, 52 weeks out of the year.

According to the Federal Register, that's $2,500 less than the poverty threshold for a family of four in Alaska.

And it's also what we pay our legislators in Juneau.

Of course, that figure doesn't paint a complete picture of the compensation offered to Alaska's lawmakers. There's a $150 per diem while they're on legislative business during periods when the legislature's not in session, and per diem payments during the session, plus reimbursements for travel costs.

Still, it's worth pointing out that those men and women to whom we've entrusted the business of one of our branches of government earn wages that wouldn't seem out of place for, say, a prep cook or a receptionist.

There's undoubtedly something about that last observation that holds a tremendously populist appeal. If the actions of legislators in Juneau affect everyone, down to the least-paid among us, this line of reasoning goes, well then, so much the better to have legislators who are in touch with the hard realities of daily life at the lower end of the socioeconomic spectrum.

But it's also a hard reality that in most markets—including the labor market—you get what you're willing to pay for.

So it's encouraging that a set of recommendations from the new State Officers Compensation Commission includes the recommendation that legislators' pay be more than doubled to about $50,400. That news was overshadowed in the *Anchorage Daily News*' account by news that the same panel had also recommended a $25,000 a year salary bump for Governor Sarah Palin as well as increases for Lieutenant Governor Sean Parnell and state commissioners.

"We need the best people we can get to do some pretty tough jobs against some often incredibility (sic) well-financed, single-minded corporate and individual interests," the commission chair Rick Halford told the *Daily News*.

His comments appear to be in reference to the executive branch position, but they apply even more to legislators.

Legislatures are more complex beasts than executive branches. They're the often-messy forum where representatives closest to their constituencies hash out the ideas that guide any government, and the rules that make those ideas work or fail. And while it's important to have competent and experienced officials appointed to executive positions, it's absolutely imperative to have good legislators.

Having an attractive salary is a good step in the right direction. For starters, it ought to make lawmakers think twice before entertaining overtures from outside influences seeking to buy votes and corrupt the legislative process. I'm not aware of any study that clearly shows that higher salaries for public officials automatically translates into less corruption, but there's been plenty written linking low official salaries to corruption in developing nations. And common sense dictates that if legislators are earning a comfortable living they'll be less likely to jeopardize that by taking a bribe. (Remember all the wisecracks about how cheaply VECO was able to purchase its proxies?)

There's a reverse side to this coin, too. Assuming that this change is enacted—and it will be, automatically, unless the legislature acts to stop it—we'll have a right to expect more out of our legislators. In fact, since the salary bump recommendation would also do away with the legislators per diem for out-of-session legislative work, it's not much of a stretch to think of the resulting arrangement as a full-time legislature. Only about ten states have full time legislatures, and they're mostly larger ones. But according to a survey conducted by the National Conference of State Legislatures even most so-called "citizen legislatures" require more than the equivalent of a half-time job from their members. And in a similar study, based on data from 2005, the NCSL ranked Alaska ninth among U.S. state legislatures in terms of average legislative spending per member—ahead of places with full-time legislatures such as Illinois, Wisconsin and Ohio. Since we're already footing the bill for a professional legislature, we might as well expect a legislature of professionals.

An editorial earlier this month in the *Fresno Bee*—in California, where the legislature suffers from very low approval ratings—made just the opposite pitch. It called for legislators to be returned to "half-time" status and included this interesting idea:

"Limit the session length—maybe 120 days…. "

If California thinks if can get 120 days out of a half-time legislature, maybe that's a good place to start with our new professional legislature. In the two years since we've scaled back to a 90-day session, the legislature has been unable to complete its business in that time. Now that we'll be paying them full-time, maybe we can expect a session that's long enough to finish the job?

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Alaska editorial: State lawmakers should receive salary, no per diem

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This editorial appeared in the Fairbanks Daily News-Miner:

The commission appointed to address pay rates for top state officials was on the right course last week when it called for a uniform salary among legislators.

The current salary structure for legislators allows great variation in their compensation. While the variation is intended to reflect differences in the amount of time individual legislators put into the job, it doesn't really do that.

Some legislators who work hard voluntarily forego the pay they are due. Others, even those who are among the less industrious, can almost double their base salaries without too much effort. The average voter can't tell which is which, short of hiring someone to tail their legislators.

The State Officers Compensation Commission suggested all legislators be paid $50,400 annually. That appears to be a huge pay raise from the current $24,000, a figure that has remained unchanged for more than a dozen years. However, many legislators already take home more than $24,000, for a couple of reasons.

Legislators can collect per diem to provide a salary and cover expenses during special sessions, and it appears that all traditionally do so. (Special session pay can be significant - in 2006, it topped $30,000 for many legislators.) All legislators who live outside Juneau also collect relocation expenses to compensate for the annual move to Juneau. And all accept state reimbursement of their travel expenses for official business.

The most significant variation in pay rates between legislators arises from individual decisions about whether to collect "long-term per diem." Each legislator is eligible for $150 per day if he or she attends a public meeting or puts in four hours or more on legislative and constituent business.

But look at the variation in 2006 between Interior legislators' salaries plus long-term per diem: Rep. John Coghill - $34,512; Rep. David Guttenberg - $35,862; Rep. John Harris - $44,012; Rep. Jim Holm - $24,012; Rep. Mike Kelly - $27,162; Sen. Al Kookesh - $35,412; Rep. Jay Ramras - $24,762; Rep. Woodie Salmon - $28,812; Sen. Ralph Seekins - $24,012; Sen. Gene Therriault - $37,662; Sen. Gary Wilken - $24,012.

The most well-paid legislator that year was Sen. Bert Stedman of Sitka, who collected $46,212. Rep. Richard Foster of Nome was second at $45,762. Harris, the House Speaker, was third. In all, 12 of our 60 state legislators earned more than $40,000 in salary and long-term per diem in 2006. Five took the minimum amount of $24,014.

The pay differences are hard to justify. Does anyone think that Sen. Stedman worked twice as hard as Sen. Wilken? No. Sen. Wilken simply opted not to request compensation for the time he worked while

not in session.

Legislators who take that option are making an honorable decision. But it's one that inevitably puts other hardworking legislators in a difficult position. Do they try to match the generosity of their frugal peers by foregoing the pay, or do they collect the per diem for the work? What are the potential political costs of taking the per diem?

This is an especially difficult position for younger legislators, those who have families to support and those in districts that tend to shift between political parties. We shouldn't discourage legislative service by younger people who are not independently wealthy, but that's what the current system can do - by creating peer pressure to forego fair compensation for that service.

The state would be better served if it paid all legislators the same rate and expected them all to represent their constituents well.

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FAIRBANKS
Daily News - Miner

Pay raise recommended for Alaska lawmakers

By Rena Delbridge

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JUNEAU — A state commission tasked with studying legislative and other high-level salaries is recommending a pay raise for lawmakers.

The recommendation would take legislative pay from $24,012 to $50,400 per year, and do away with long-term per diem that lawmakers individually file for. The raise would be the first in about 20 years, said Rick Halford, commission chairman and a former state senator.

Proponents say a pay increase is necessary and will help diversify the composition of the Legislature, encouraging people from different financial circumstances and of different ages to run for office and to stay more years in public service careers.

The commission's recommendations take effect automatically, unless the Legislature passes a bill disapproving the raises by March 28.

In a twist, the legislator with potentially the most to lose from turning down the salary increase filed a bill late Wednesday setting back an effective date to 2011.

At 33 years old, Rep. Scott Kawasaki, D-Fairbanks, is the youngest lawmaker in the state Capitol. He's in the prime of his earning years, yet gave up a career position with the Fairbanks hospital in late 2007 to focus on the duties he was elected to manage. He's just the kind of public servant other lawmakers say they want to attract with a pay raise.

But he is "outraged" by the gall of his colleagues accepting a pay raise themselves yet unwilling to increase the state's minimum wage.

"I've got earning potential, and I took a cut in pay," he said. "But, I think it's a really bad time to talk about pay raises for legislators when people are struggling."

He'd rather the bill reject outright all increases but wasn't so sure he could move such

legislation.

Sen. Con Bunde, an Anchorage Republican, also filed a bill disapproving the raises. However, he said he is not necessarily opposed to the raises. He just didn't want an automatic, "back-door pay raise," and the only way to drive discussion seemed to be by filing the bill.

Sen. Gene Therriault, R-North Pole, said he supported Bunde's bill as a way to generate needed discussion.

The 49-year-old is involved in several family businesses.

Therriault is concerned about the move to do away with long-term per diem, which allows lawmakers who work more in the off-session to be reimbursed.

"During the interim, there are some legislators that really keep the body going," he said. "The current system that we have recognizes that and compensates for it."

The State Officers Compensation Commission was created last year to study salaries. Halford briefed some members of the Senate. "The world has changed," he said. "We want and we love the concept of a citizen Legislature."

At the same time, he noted, constituents expect more and more of their elected officials' time.

The commission recommends boosting legislators' pay from $24,000 to $50,400 per year and eliminating long-term per diem, which lawmakers file for individually based on time spent on state business outside of the 90-day session.

The new salary is the equivalent of the 1991 salary in today's dollars plus the average long-term per diem.

Long-term per diem of $150 per day can be claimed outside of the session when legislators spend at least four hours per day on state or constituent business or attend a public or legislative meeting. In 2008, long-term per diem ranged from nothing to $24,200 claimed by former Speaker of the House Rep. John Harris, R-Valdez, who earned $500 extra for the year as speaker, and $26,250 claimed by former Rep. Mary Nelson, a Democrat from a massive Bush district.

Members of the Interior delegation made from $24,012, the base salary, up to $39,012.

Fairbanks Republicans Rep. Jay Ramras and Sen. Gary Wilken, who has since retired, were among the three lawmakers who did not file for long-term per diem in 2008.

Ramras said he's opposed to the salary increase and to the way such an increase could take effect without legislative action.

"I am personally uncomfortable with it," Ramras said. "I think passively allowing doubling of legislators' salary is wrong and bad policy. Were I to cast a vote on it, I would vote no."

He said he didn't file for per diem because he does the work for the public good but acknowledged he has significant private sector income.

"I think we get paid plenty," Ramras said. "Those that wish to pursue per diem have the ability to do so."

While he won't file a House bill opposing the increase, Ramras said he hopes another representative will.

But many seem to think the increases are due and reasonable. Salary increases are necessary, and doing away with optional per-diem will make legislative compensation more equitable, said Rep. David Guttenberg, D-Fairbanks.

He supports the commission's recommendations and said Alaskans likely will too.

He thinks constituents will support the modest increase for lawmakers who are expected to devote more and more off-session time to the state's business.

"This is a year-round job," he said, noting calls from constituents first thing in the morning and last thing in the evenings. "It is a citizen Legislature, and we come from a variety of backgrounds, but at the end of the day, we work year-round."

At the same time, he's conflicted.

"I'm also troubled by it," he said. "We don't do enough for people who need it. We're doing things for ourselves we should be doing for others as well."

He would like to see lawmakers approve a minimum wage increase and do more for injured workers.

"If you only want people to come in who aren't burdened by the low salary, then you're asking to only be represented by the rich, by a certain class of people," he said. "Public service should not be a burden. ... That's something I don't think the people in this state want."

Guttenberg, 57, used to work for labor unions and in the construction trades and now draws retirement.

Briefing the Senate, Halford said better compensation also could keep good people at the job longer, which could maintain the branch's power with solid institutional knowledge. Higher pay also is reasonable for lawmakers who serve in a role akin to the board of directors of a state rich in resources who deal with "the toughest interests on the globe," he said.

Sen. Joe Paskvan is 56 years old, an attorney with his own law firm with a son applying to medical school. He didn't realize salary increases were being considered when he made a bid for the senate seat in 2008, but the amount wouldn't have influenced him much either way, he said.

Now that he's had a chance to consider the commission's recommendations, Paskvan said the change would be fair. He's more concerned about the length of the sessions and how that can be balanced with Alaska's desire to maintain a citizen, instead of career, Legislature.

Sessions that stretch past 120 days could make it difficult for some professionals to opt for public service.

"It would make it extremely difficult to say in business if you're gone that much," Paskvan said.

Therriault, a veteran at the Capitol, said the Legislature is actually fairly diverse in age and diversity.

"You don't just want to have single people and retired people," he said. Serving in the Senate has been nearly a full-time, year-round job, he added.

The commission also recommended increasing the governor and top state officials' salaries. Gov. Sarah Palin, however, said she would not accept a salary increase during her term. If an increase were to take effect automatically, the difference might go to charity, spokesman Bill McAllister said. He wasn't able to comment on whether the governor has a position on increased compensation for legislators.

Bunde's bill was referred to the Senate labor and Commerce, Judiciary and Finance committees and has not yet been heard.

The commission was formed in response to a bill by Rep. Mike Doogan, D-Anchorage. Palin appointed its five members, including Mike Miller of North Pole, Thomas McGrath of Anchorage, Rick Koch of Kenai, Gordon Harrison of Juneau and Halford of Kodiak.