

SENATE-HOUSE JOINT SUPPLEMENT

1/14/86

TUESDAY

No. 12

RECOMMENDATIONS AND FINDINGS
AS REPORTED BY THE
JOINT SPECIAL COMMITTEE ON
LEGISLATIVE SALARIES

TO THE ALASKA LEGISLATURE ON
JANUARY 13, 1986

SENATOR MITCH ABOOD, CO-CHAIRMAN

REPRESENTATIVE RON LARSON, CO-CHAIRMAN

SENATOR BETTYE FAHRENKAMP

SENATOR BILL RAY

REPRESENTATIVE JOHN SUND

REPRESENTATIVE RANDY PHILLIPS

PUBLIC MEMBERS

Mr. Frank Chapados, Fairbanks
Mr. Lew Williams, Ketchikan
Mr. George Sullivan, Anchorage

EXECUTIVE SUMMARY

This report contains the recommendations and findings submitted to the Alaska Legislature as required by SCR 19, "Establishing a Joint Special Committee on Legislative Salaries." The members of the Committee were: Senator Mitch Abood, Co-Chairman; Representative Ron Larson, Co-Chairman; Senator Bettye Fahrenkamp; Senator Bill Ray; Representative John Sund; Representative Randy Phillips; and serving as public members, Mr. George Sullivan; Mr. Lew Williams; and Mr. Frank Chapados.

In keeping with the directive of SCR 19 the Committee has: examined the streamlining of expenditures and the reduction of operating costs; examined legislative salaries, per diem, and allowances; compared the approach taken by the State of Alaska regarding salaries with the approaches taken by other states.

Along with the above directive, the Committee kept paramount in its considerations the public concern for legislators setting their own salaries and the desire to reduce the retirement benefits of legislators. With this in mind, the Committee, after much deliberation, recommends that a constitutional amendment be placed on the November 1986 ballot to establish a State Officers Compensation Commission to set the salaries of legislators along with other state officials. To accompany this, is the enabling legislation which would take effect when the Commission is established.

The Committee recommends introduction of a salary legislation which will lower the retirement benefits of legislators, as well as save many thousand of dollars in future operating costs. We are recommending that the Legislature set a base salary of \$30,000 and reinstate the per diem system for session only and reimbursement for expenses only during the interim. The Committee does maintain that adequate compensation is essential if public service in the legislature is be obtainable for the "average citizen" and not just a reality for an elite few.

SUMMARY OF MAJOR AREAS ANALYZED BY
THE JOINT SPECIAL COMMITTEE ON LEGISLATIVE SALARIES

Due to the wide disparities in legislative salaries, benefits, retirement programs, populations, members, budgets, cost of living differentials, and size differences of all fifty states, the committee had to narrow the scope of analysis. Consideration was given to the fact that Alaska has the highest cost of living and at first glance pays the highest compensation. Therefore, in most of the extensive comparisons four states paying comparable legislative compensation were used. The average cost of living for these states is as follows:

Alaska 29% above national average
California 3% above national average
New York 1% above national average
Michigan 3% below national average
Pennsylvania 1% above national average

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RETIREMENT

A comparison of the above states with Alaska was made by individually contacting each state. Alaska was found to be well within the norm in this comparison.

The EPORS (Elected Public Officials Retirement System) was established effective January 1, 1976, but was repealed by voter referendum on October 14, 1976. However, the Supreme Court later ruled that the repeal should not affect those elected officials who were at that time participating in the EPORS. Covered under this system are the governor, lieutenant governor, and legislators who were participating prior to the October 14, 1976 repeal.

The Alaska PERS (Public Employees' Retirement System) was established effective January 1, 1961. The PERS provides retirement coverage to public employees of the state and participating political subdivisions.

Of the 60 current legislators in Alaska, 42 have elected coverage under the PERS, three are covered under the TRS (Teachers' Retirement System), 10 are covered under the EPORS, and five have waived participation in the PERS and, therefore, have no coverage. In the Senate 17 members are currently vested and only 10 House members are vested. In 1982 the Alaska House of Representatives suffered a 55% turnover rate which was the highest turnover rate of all the states in that year.²

ALASKA PROPOSED BASE SALARY AND PER DIEM VS OTHER STATES

In order to reduce the retirement benefits of legislators the base salary needed to be reduced thereby making per diem and a lower base pay a possible solution.

In determining a reasonable per diem rate for Alaska legislators all four comparable states were closely examined. An estimate for each state was based not only on per diem but personal expense accounts used for such things as car leasing and unlimited gas, etc., the average per diem and extras totaled as follows:

	AV. PER DIEM +	BASE PAY	TOTAL
California	\$20,448	\$33,732 =	\$54,180
New York	\$12,835	\$43,000 =	\$55,825
Michigan	\$ 6,700	\$36,520 =	\$43,220
Pennsylvania	\$15,250	\$35,000 =	\$50,250
Alaska			
Non-Juneau	\$14,170	\$30,000 =	\$44,170
Juneau	\$ 9,880	\$30,000 =	\$39,880

These totals do not reflect additional compensation given to legislators in New York, Michigan, and Pennsylvania. The compensation in these states range from the low end of the scale being Michigan with seven positions in each House receiving extra compensation ranging from \$15,680 to \$4,900 to New York with 82 positions in the Senate and 102 positions in the House receiving from \$30,000 to \$6,500.³

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According to the Alaska House Research Agency, when session length and potential per diem are factored into a ranking of legislative salaries (using the current legislative salary) in various states, Alaska ranks sixth.

LEGISLATIVE COMPENSATION COMPARED WITH EXECUTIVE AND JUDICIAL BRANCHES

Alaska legislative salaries along with the forementioned states were used as a gauge to measure pay scale differentials between the Executive and Judicial branches and to determine whether or not Alaska was within an acceptable range. All salaries included per diem if applicable and as with the last comparison no additional compensation was considered. For Alaska, the current salary of \$46,800 was used. The results were that each legislature received less than the combined average wage of the governor, lieutenant governor, attorney general, supreme court judges, and intermediate appellate court judges. Those differences were as follows:

Alaska	\$31,058 less
California	\$ 3,565 less
Michigan	\$28,748 less
New York	\$28,284 less
Pennsylvania	\$17,460 less

SALARIES OF OTHER ALASKA STATE EMPLOYEES

The Committee examined research comparing legislative salaries to those received by Alaska teachers, University of Alaska employees, Alaska Railroad employees, and other state employees.

Alaska Teachers' Salaries

According to the FY 85 Association of Alaska School Boards survey of Alaska Teacher Salary and Benefits, the statewide average base salary is \$26,770 and the average top salary is \$48,789. Of the total of 7,039 full-time equivalent positions reported in the survey, 654 (about 9 percent) earn salaries greater than \$49,500 per year.

University of Alaska Salaries

According to the University Statewide Budget Office most university employees are not paid on a full-time basis. Many teachers work part-time and others are on 9-month contracts. The average annual salary for the 3,873 employees with permanent positions in the university system is \$33,374. There are 544 employees (about 14 percent of the total staff) who make over \$50,000 a year.

Alaska Railroad Salaries

The Alaska Railroad Corporation has 541 employees. Between 189 and 195 (about 35 percent) earn more than \$50,000 per year.

Alaska State Employees

During 1984, 19,304 state employees in Alaska earned an average salary of \$32,403. There are 1,531 (about 8 percent of the total) who earn salaries greater than \$50,000 per year.

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HB 455A LOOK AT HOW OTHER STATES SET LEGISLATIVE COMPENSATION

Current research indicates:

- 8 states set compensation by the constitution
- 21 states set compensation by a compensation commission
- 21 state legislatures set their own compensation

The consensus of the Committee was to draft legislation to establish a compensation commission that would not only set the salaries of legislators, but other state officials as well. The Michigan constitutional amendment to establish their State Officers Compensation Commission was used as a basic guide and enabling legislation was drafted to accompany this amendment. This enabling legislation will take affect when the constitutional amendment is approved by the voters.

FOOTNOTES

¹These figures were derived by using a formula supplied by the Institute of Social and Economic Research, University of Alaska, Anchorage to update the 1981 Urban Family Budgets and Comparative Indexes for Selected Urban Areas prepared by the U. S. Bureau of Labor Statistics. The 1981 Urban Family Budgets were updated to 1983 by using the 1983 Consumer Price Index-Selected Cities.

²Book of the States 1984-85 (Lexington, Kentucky: The Council of State Governments, 1984), p. 103.

³Ibid., pp. 95-102. In addition, each of the four states were individually contacted for current information.

⁴Ibid., pp. 66-71 and p. 150.

