

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

April 20, 2005

8:39 a.m.

MEMBERS PRESENT

Representative Norman Rokeberg, Chair
Representative John Coghill, Vice Chair
Representative Vic Kohring
Representative Lesil McGuire
Representative Ethan Berkowitz
Representative Beth Kerttula

MEMBERS ABSENT

Representative John Harris

COMMITTEE CALENDAR

HOUSE BILL NO. 123

"An Act relating to occupational licensing fees and receipts; extending the termination dates of the Boards of Barbers and Hairdressers, Social Work Examiners, Pharmacy, Professional Counselors, Psychologist and Psychological Associate Examiners, and Veterinary Examiners; relating to an exemption that allows one bill to continue more than one board, commission, or agency program; and providing for an effective date."

- MOVED CSHB 123(RLS) OUT OF COMMITTEE

HOUSE BILL NO. 121

"An Act relating to consolidating or abolishing certain service areas in second class boroughs."

- MOVED CSHB 121(2d RLS) OUT OF COMMITTEE

HOUSE BILL NO. 98

"An Act relating to the compensation of certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 123

SHORT TITLE: OCCUPATIONS: FEES & EXTENSION OF BOARDS
SPONSOR(S): LABOR & COMMERCE

02/02/05 (H) READ THE FIRST TIME - REFERRALS
02/02/05 (H) L&C, FIN
02/07/05 (H) L&C AT 3:15 PM CAPITOL 17
02/07/05 (H) Moved CSHB 123(L&C) Out of Committee
02/07/05 (H) MINUTE(L&C)
02/09/05 (H) L&C RPT CS(L&C) 6DP
02/09/05 (H) DP: CRAWFORD, LYNN, LEDOUX, GUTTENBERG,
ROKEBERG, ANDERSON
04/01/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/01/05 (H) <Bill Hearing Postponed to Thurs
4/7/05>
04/07/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/07/05 (H) Heard & Held
04/07/05 (H) MINUTE(FIN)
04/11/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/11/05 (H) Moved CSHB 123(FIN) Out of Committee
04/11/05 (H) MINUTE(FIN)
04/12/05 (H) FIN RPT CS(FIN) NT 2DP 5NR 1AM
04/12/05 (H) DP: HAWKER, FOSTER;
04/12/05 (H) NR: HOLM, STOLTZE, MOSES, WEYHRAUCH,
MEYER;
04/12/05 (H) AM: KELLY
04/20/05 (H) RLS AT 8:30 AM CAPITOL 106

BILL: HB 121

SHORT TITLE: SERVICE AREAS IN SECOND CLASS BOROUGHS
SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

02/02/05 (H) READ THE FIRST TIME - REFERRALS
02/02/05 (H) CRA, STA
02/15/05 (H) CRA AT 8:00 AM CAPITOL 124
02/15/05 (H) Heard & Held
02/15/05 (H) MINUTE(CRA)
02/24/05 (H) CRA RPT CS(CRA) NT 1DP 5NR
02/24/05 (H) DP: THOMAS;
02/24/05 (H) NR: CISSNA, NEUMAN, SALMON, LEDOUX,
OLSON
02/24/05 (H) CRA AT 8:00 AM CAPITOL 124
02/24/05 (H) Moved CSHB 121(CRA) Out of Committee
02/24/05 (H) MINUTE(CRA)
03/01/05 (H) STA AT 8:00 AM CAPITOL 106
03/01/05 (H) Heard & Held
03/01/05 (H) MINUTE(STA)
03/05/05 (H) STA AT 9:30 AM CAPITOL 106

03/05/05 (H) Moved CSHB 121(CRA) Out of Committee
03/05/05 (H) MINUTE(STA)
03/07/05 (H) STA RPT CS(CRA) NT 4DP 1NR
03/07/05 (H) DP: LYNN, RAMRAS, GRUENBERG, SEATON;
03/07/05 (H) NR: GATTO
03/16/05 (H) RLS AT 9:00 AM BELTZ 211
03/16/05 (H) Moved CSHB 121(RLS) Out of Committee
03/16/05 (H) MINUTE(RLS)
03/17/05 (H) RLS RPT CS(RLS) NT 4NR 2AM
03/17/05 (H) NR: HARRIS, KOHRING, COGHILL, ROKEBERG;
03/17/05 (H) AM: KERTTULA, BERKOWITZ
03/17/05 (H) RETURNED TO RLS COMMITTEE
04/04/05 (H) RLS AT 9:30 AM FAHRENKAMP 203
04/04/05 (H) -- Meeting Canceled --
04/13/05 (H) RLS AT 8:30 AM CAPITOL 106
04/13/05 (H) Heard & Held
04/13/05 (H) MINUTE(RLS)
04/20/05 (H) RLS AT 8:30 AM CAPITOL 106

BILL: HB 98

SHORT TITLE: NONUNION PUBLIC EMPLOYEE SALARY & BENEFIT
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/21/05 (H) READ THE FIRST TIME - REFERRALS
01/21/05 (H) STA, FIN
02/17/05 (H) STA AT 8:00 AM CAPITOL 106
02/17/05 (H) Moved CSHB 98(STA) Out of Committee
02/17/05 (H) MINUTE(STA)
02/18/05 (H) STA RPT CS(STA) 7NR
02/18/05 (H) NR: GARDNER, LYNN, RAMRAS, GATTO,
GRUENBERG, ELKINS, SEATON
02/19/05 (H) STA AT 10:00 AM CAPITOL 106
02/19/05 (H) ELECTIONS
04/13/05 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/13/05 (H) Moved CSHB 98(STA) Out of Committee
04/13/05 (H) MINUTE(FIN)
04/14/05 (H) FIN RPT CS(STA) 5DP 3NR
04/14/05 (H) DP: MOSES, KELLY, FOSTER, MEYER,
CHENAULT;
04/14/05 (H) NR: HAWKER, HOLM, STOLTZE
04/20/05 (H) RLS AT 8:30 AM CAPITOL 106

WITNESS REGISTER

RICK URION, Director
Division of Occupational Licensing
Department of Commerce, Community, & Economic Development

POSITION STATEMENT: During discussion of HB 123, answered questions and provided background.

PAT DAVIDSON, Legislative Auditor
Division of Legislative Audit
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: During discussion of HB 123, answered questions.

JOHN WALSH, Lobbyist
Alaska Psychological Association
Douglas, Alaska

POSITION STATEMENT: During discussion of HB 123, explained the need to reinsert Section 7 of CSHB 123(FIN).

TAMARA COOK, Director
Legislative Legal and Research Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: During discussion of HB 123, answered questions.

LINDA ANDERSON, Lobbyist
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of CSHB 121.

MIKE TIBBLES, Deputy Commissioner
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Presented HB 98.

PAMELA VARNI, Executive Director
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 98.

KARLA SCHOEFIELD, Deputy Director
Accounting
Legislative Administrative Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding HB 98.

CHRIS CHRISTENSEN, Deputy Administrative Director
Alaska Court System

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 98.

ACTION NARRATIVE

CHAIR NORMAN ROKEBERG called the House Rules Standing Committee meeting to order at [8:39:28 AM](#). Representatives Rokeberg, Coghill, Kohring, McGuire, Berkowitz, and Kerttula were present at the call to order.

HB 123-OCCUPATIONS: FEES & EXTENSION OF BOARDS

[8:40:01 AM](#)

CHAIR ROKEBERG announced that the first order of business would be HOUSE BILL NO. 123, "An Act relating to occupational licensing fees and receipts; extending the termination dates of the Boards of Barbers and Hairdressers, Social Work Examiners, Pharmacy, Professional Counselors, Psychologist and Psychological Associate Examiners, and Veterinary Examiners; relating to an exemption that allows one bill to continue more than one board, commission, or agency program; and providing for an effective date."

[8:40:18 AM](#)

REPRESENTATIVE COGHILL moved to adopt CSHB 123, Version 24-LS0360\X, Mischel, 4/18/05, as the working document.

REPRESENTATIVE BERKOWITZ objected.

[8:40:44 AM](#)

RICK URION, Director, Division of Occupational Licensing, Department of Commerce, Community, & Economic Development (DCCED), reminded the committee that the Division of Occupational Licensing is charged with managing occupations. The division charges the occupation the cost of regulating them. One of the largest costs is disciplinary actions. Mr. Urion explained that for years the fines that were generated from disciplinary actions "went into the mix". However, the law refers to "fees" with no mention of fines. Therefore, this legislation will correct the aforementioned. The professions pay a lot of money for disciplinary actions, and the fines generated by those actions will help offset the costs. He emphasized that it isn't a money-making operation; disciplinary

actions cost more than is ever generated in fines. The language in Sections 1-4 allows the [division] to take the fines and "put them into the mix".

[8:42:11 AM](#)

CHAIR ROKEBERG explained that the fines and penalties went to the general fund (GF) rather than to the occupation, which was the direction the legislature gave the division last year in legislation. He further explained that [CSHB 123(FIN)] had a drafting technicality such that the legislation allocated all the funds to the board rather than to the specific occupational license. Therefore, Version X directs the fines to the particular occupational license. He characterized it as an accounting methodology.

[8:43:29 AM](#)

REPRESENTATIVE BERKOWITZ commented that he didn't see any mention of fines or penalties in CSHB 123(FIN).

CHAIR ROKEBERG clarified that the House Finance Committee deleted the section mentioning fines and penalties because the committee was concerned that it didn't allocate the funds to the occupations. He informed the committee that he had spoken with those on the House Finance Committee, who are in concurrence with [Version X].

REPRESENTATIVE BERKOWITZ related his understanding that the House Finance Committee stripped the provisions because they believe they should be in another bill. He said he is inclined to support such reasoning.

[8:44:44 AM](#)

CHAIR ROKEBERG agreed that was part of the House Finance Committee's stated rationale. However, in terms of the policy and the balance [of Version X], the House Finance Committee is in concurrence with Version X. He opined that whether or not it's appropriate to include these sunsets with policy matters is another issue. Chair Rokeberg said that this provision is a creature of the legislature rather than the administration.

[8:45:24 AM](#)

REPRESENTATIVE BERKOWITZ said there is another problem from a policy perspective. If the legislature allows the department to

collect fines and penalties in order to make-up shortfalls, it could be an incentive for the department to increase fines and penalties disproportionate to the sanctions levied. He opined that fines and penalties shouldn't be made a fundraising mechanism for anyone because the fines and penalties become a way of taxing wrongdoers in order to make-up budgetary shortfalls, which is a bad policy call.

[8:46:12 AM](#)

MR. URION informed the committee that in total fines last year, the division [collected] \$64,000 for the approximately 50,000 professionals it licenses. The cost of disciplinary actions far exceeded the fines collected. He emphasized that this isn't a money-making operation.

[8:46:50 AM](#)

REPRESENTATIVE BERKOWITZ agreed that the current situation [with fines] is not a money-making operation. "But if you incentivize it for the department to make it a money-making operation, I think it becomes more of a money-making operation," he said. He further said that he didn't know how the aforementioned impacts the justice these licensing boards are to be doling out.

[8:47:12 AM](#)

MR. URION specified that the legislature sets fines in statute. In further response, Mr. Union confirmed that there are caps on some [of these fines]. The way the system is set up it will never be a money-making situation because someone [in one of the professions] has to do something bad for which a complaint is filed and then the judiciary process follows to establish the fine.

[8:47:55 AM](#)

REPRESENTATIVE BERKOWITZ highlighted that the legislation refers to fines and penalties. He questioned [the definition] of a penalty, which he surmised could be when someone is overcharged for a certain profession and that profession is required to pay it back. Representative Berkowitz then asked if this legislation runs afoul of the dedicated funds provision of the state constitution.

CHAIR ROKEBERG said that penalties are late fees and things of that nature, while fines are [established] by the process in

which there is a hearing officer that acts independently and makes recommendations to the board or commission for the final sanctions. Therefore, there's a check and balance on the process. With regard to the constitutionality issue, Chair Rokeberg specified that [this legislation] doesn't create a dedicated fund but rather directs a fine to the appropriate area.

REPRESENTATIVE BERKOWITZ pointed out that these are fines that would otherwise go to the GF and be dispersed through the normal budgetary process.

8:49:15 AM

REPRESENTATIVE MCGUIRE said that there's some precedent for the aforementioned. For example, some of the penalties resulting from criminal activities are directed to the Violent Crimes Compensation Board. She highlighted that the funds still have to be appropriated. This [legislation] relates a statement of intent with regard to where the money should go, she opined.

8:50:19 AM

PAT DAVIDSON, Legislative Auditor, Legislative Audit Division, Alaska State Legislature, explained that statute specifies how the fees for the occupations are set. There is a calculation in which the regulation has to be offset by the fees, fines, and penalties. She specified that in statute the [funds from the fees, fines, and penalties] aren't being appropriated or dedicated rather the [statute] specifies the calculation by which the fees for licensure are going to be set by occupation. The funds still must be appropriated, she confirmed.

8:51:12 AM

REPRESENTATIVE KERTTULA pointed out that the [fees, fines, and penalties] are program receipts and thus they're accounted for separately and appropriated. However, it's a situation in which those receipts are set aside for the programs.

MS. DAVIDSON acknowledged that Representative Kerttula's thoughts are the belief of many. In fact, many of the licensees believe it's their money. However, due to the prohibition against dedicated funds, it isn't. She reiterated that there is a mechanism for calculations which are tracked such that the amount can enter into the budgetary process and be identified as the program receipts.

[8:52:29 AM](#)

REPRESENTATIVE KERTTULA drew attention to Section 14, which is a repealer. She inquired as to its purpose.

MR. URION said he didn't know the answer.

The committee took an at-ease from 8:53 a.m. to 8:57 a.m.

[8:57:27 AM](#)

CHAIR ROKEBERG turned to the matter of Section 7 of CSHB 123(FIN), which was inadvertently left out of Version X.

[8:57:38 AM](#)

JOHN WALSH, Lobbyist, Alaska Psychological Association, informed the committee that the House Finance Committee accepted a provision for licensing by credential. The provision would modernize the statute to reflect what is occurring nationally. Therefore, Mr. Walsh said he would appreciate the committee reinserting Section 7 of CSHB 123(FIN) into Version X. In response to Representative Coghill, Mr. Walsh confirmed that the provision was officially amended in the House Finance Committee version.

[8:59:17 AM](#)

REPRESENTATIVE COGHILL moved that the committee adopt Conceptual Amendment 1, which would insert Section 7 from CSHB 123(FIN) into CSHB 123, Version X.

REPRESENTATIVE BERKOWITZ opined that the aforementioned motion is out of order because there is a pending motion to adopt Version X before the committee.

CHAIR ROKEBERG announced that Conceptual Amendment 1 was withdrawn.

REPRESENTATIVE BERKOWITZ maintained his objection to adopt CSHB 123, Version X.

[9:00:16 AM](#)

A roll call vote was taken. Representatives Coghill, Kohring, McGuire, and Rokeberg voted in favor of adopting CSHB 123,

Version X. Representatives Kerttula and Berkowitz voted against it. Therefore, Version X was adopted by a vote of 4-2.

9:00:43 AM

REPRESENTATIVE COGHILL then moved that the committee adopt Conceptual Amendment 1, which would insert Section 7 from CSHB 123(FIN) into CSHB 123, Version X. There being no objection, Conceptual Amendment 1 was adopted.

9:01:11 AM

REPRESENTATIVE KERTTULA commented that it seems unusual to roll all the professions into one bill.

MS. DAVIDSON agreed that it's unusual. However, she suggested that there will be a couple of bills doing this because of the unusual amount of sunsets of boards and commissions this session. Typically, the legislature addresses three to four board/commission sunsets, but this year there are twelve current board/commission sunsets plus two holdovers from the prior year.

REPRESENTATIVE KERTTULA expressed concern with going against the statutory policy.

REPRESENTATIVE BERKOWITZ pointed out that Section [15] specifies the exemption from AS 44.66.050.

MS. DAVIDSON interjected that in realizing how difficult it is for the legislature to address this many [sunsets], the years until the next sunset were set such that the legislature would only have to review four to six boards [in one year]. Therefore, the extension of the boards range from four to six years in order to accommodate the aforementioned. In further response to Chair Rokeberg, Ms. Davidson said that she was not familiar with the cost of getting one sunset bill through the legislature.

9:04:31 AM

TAMARA COOK, Director, Legislative Legal and Research Services, Legislative Affairs Agency, said that she didn't have any idea as to the cost of getting one sunset bill through the legislature, In fact, she said that she didn't know how to calculate that. However, she surmised that one bill must be somewhat less expensive than many smaller bills.

CHAIR ROKEBERG opined that it costs a lot [to move many sunset bills through the legislature versus one bill].

[9:05:28 AM](#)

REPRESENTATIVE KERTTULA announced that she would accept this for the purposes of getting through this session, but she maintained that it's a bad idea because each profession has its own particular needs. By combining all these professions in one bill, it sells the professions short.

CHAIR ROKEBERG recalled that the audits were reviewed with regard to whether there was any contention. With the exception of the psychologists, there wasn't much controversy. The [boards or commissions] that did generate more interest were handled separately.

[9:06:33 AM](#)

REPRESENTATIVE COGHILL moved to report CSHB 123, Version 24-LS0360\X, Mischel, 4/18/05, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 123(RLS) was reported out of the House Rules Standing Committee.

HB 121-SERVICE AREAS IN SECOND CLASS BOROUGHES

[9:06:59 AM](#)

CHAIR ROKEBERG announced that the next order of business would be HOUSE BILL NO. 121, "An Act relating to consolidating or abolishing certain service areas in second class boroughs."

[9:07:12 AM](#)

REPRESENTATIVE COGHILL withdrew Conceptual Amendment 1, which was left pending at the April 13, 2005, hearing. There being no objection, Conceptual Amendment 1 was withdrawn.

[9:07:40 AM](#)

REPRESENTATIVE COGHILL moved that the committee rescind its action in adopting CSHB 121, [Version L, Cook, 4/11/05]. There being no objection, CSHB 121(CRA) was before the committee.

[9:08:27 AM](#)

REPRESENTATIVE COGHILL moved to adopt CSHB 121, Version 24-LS0396\S, Cook, 4/18/05, as the working document. There being no objection, Version S was before the committee.

[9:09:08 AM](#)

LINDA ANDERSON, Lobbyist, Fairbanks North Star Borough, stated that Version S is a compromise that tightens the sidebars related to giving a second class borough the ability to dissolve or combine a road service area if the criteria specified on page 2 [of Version S] are met. She related her understanding that Version S satisfies all parties while remedying the problems facing the Fairbanks North Star Borough.

[9:10:32 AM](#)

REPRESENTATIVE COGHILL moved to report CSHB 121, Version 24-LS0396\S, Cook, 4/18/05, out of committee with individual recommendations and the accompanying fiscal notes.

[9:10:55 AM](#)

REPRESENTATIVE KERTTULA opined that the problem is the underlying statute and commented that until it's fixed the problem will remain.

[9:11:37 AM](#)

CHAIR ROKEBERG, upon determining there was no objection, announced that CSHB 121(2d RLS) was reported out of the House Rules Standing Committee.

HB 98-NONUNION PUBLIC EMPLOYEE SALARY & BENEFIT

CHAIR ROKEBERG announced that the final order of business would be HOUSE BILL NO. 98, "An Act relating to the compensation of certain public officials, officers, and employees not covered by collective bargaining agreements; and providing for an effective date."

[9:11:52 AM](#)

CHAIR ROKEBERG explained that he calendared this bill to discuss potential amendments and to review whether legislators should be included in the bill.

[9:13:05 AM](#)

MIKE TIBBLES, Deputy Commissioner, Department of Administration, presented HB 98 to the committee. He stated:

House Bill 98 matches the statutory pay schedule for partially exempt and exempt employees in legislative, judicial, and the executive branch of government, and provides the same wage adjustment that was recently negotiated by the supervisory unit in the public employees association. We have a two-step process that's required to provide wage adjustments to our state employees, and one is through the collective bargaining process where we submit the monetary terms to the legislature, and that has been done and included in the House budget. We have a significant amount of increase this year in wage adjustments. ... We have submitted monetary terms last year and this year to the legislature and so far in the process those haven't been approved in the budget. The second step to provide the wage adjustments for state employees is to introduce legislation similar to what you have in front of you now. That covers the partially exempt and exempt employees.

MR. TIBBLES continued:

We feel this bill is really important for a number of reasons. The first reason is just basic equity. Our statute requires us to pay our state employees like pay for like work. And [in the case of] the failure of the passage of this bill, we will see a 9 percent difference between the employees of a particular range ... under the collective bargaining agreement and the statutory schedule. And that does ... cause us problems because I don't believe we'd be meeting our statutory obligations. ...

The second concern that I have is an issue regarding recruiting qualified managers. We're asking our managers to do more and more, and when we get to such a disparity between the contracts, I feel that we really place a heightened burden and challenge on our ability to hire qualified managers.

And the third concern I have is that we have a difficult time getting people to move up into some of the senior management positions. You have supervisors

or supervisors that are paid on a statutory schedule and it doesn't take long for the supervisor of the supervisor to make less than the people that they're supervising.

MR. TIBBLES turned attention to some charts in the committee packets. He stated that the last page shows an example of the last scenario mentioned above.

[9:16:55 AM](#)

REPRESENTATIVE BERKOWITZ remarked that he hoped this bill will inspire the consistent application of this line of reasoning by the administration: the desire to recruit and retain, and the desire to have competitive pay. He said, "I hope that you'll keep those thoughts in your mind as you review changes to the [Public Employees' Retirement System (PERS)/Teachers' Retirement System (TRS)] system, because all of those issues are right there too."

[9:17:34 AM](#)

CHAIR ROKEBERG inquired as to how this would play out with senior commissioners.

MR. TIBBLES replied, "The commissioners are a unique situation; their statute is set at a particular range and step in the statute, ... 28E." He explained that a 28E yearly salary would be about \$91,000. He noted that many people have to take a pay reduction to take a position as commissioner.

CHAIR ROKEBERG shared an anecdote in which an deputy city attorney [outside of Alaska] was making more money than Alaska's attorney general. He remarked that many who take on a commissioner role give up substantial compensation for the leadership position, and many times a commissioner has to maintain homes in Southcentral and in Juneau, which is a financial burden.

[9:20:20 AM](#)

MR. TIBBLES noted that the salary of the governor of Alaska is \$85,700 and that of the lieutenant governor is \$80,000.

CHAIR ROKEBERG remarked that these elected officials were making less money than the appointed commissioners.

9:21:12 AM

REPRESENTATIVE MCGUIRE asked Chair Rokeberg if he planned to take amendments to the bill at a later time.

CHAIR ROKEBERG explained that his intention is to add to the bill, not change it. He remarked that he thought there should be a public debate regarding whether commissioners' wages should be raised. He noted that he'd like to look at an amendment to the schedule for commissioners offered a few years ago by the previous administration. He commented that the [committee] needs to act relatively quickly, as there is similar legislation in the Senate Labor and Commerce Standing Committee. He said, "It seems obvious to me that we are in a very difficult recruitment position here."

9:24:36 AM

PAMELA VARNI, Executive Director, Legislative Affairs Agency, paraphrased from the following written testimony [original punctuation provided]:

In the 80's and again in the 90's, the Executive Branch received a raise, which legislative employees did not receive. Currently, legislative employees lag roughly 5% behind their counterparts in the Executive and Judicial Branches with the exception of partially exempt employees.

This bill should be passed as a matter of fairness and to eliminate any suggestion that employees doing similar work are not paid equally. It is long overdue.

You want to retain the best and the brightest employees. We have lost many employees to the Executive Branch because they can take a position at the same range and step and make more money - or they accept positions at a higher range and receive an additional 5% increase in pay. We need to stay on an even par to retain attorneys, programmers, personnel assistants and probably most important to each and every one of you are the staff working directly for you. It is interesting to note the drain of legislative assistants. In budgeting I do not see the higher longevity steps that we used to have in the legislative branch.

Also, we have had difficulty over the years in rural areas hiring our teleconference moderators. The private sector wages are higher and we have trouble competing to attract people to come and work for us.

It is difficult for our staff at the lower ranges to keep up with the cost of living. To give you some idea of the difference between the cost of living increases and our legislative pay increases - the CPIU increased from 1988 to 2003 (15 years) a total of 41.4% - legislative pay increased 14.72%. We are 26.68% lower than the CPIU. It is a significant difference.

To give you some comparisons to other State Legislatures on how their salaries have changed over the last five years.

New Mexico	increased 14.5%
Louisiana	increased 30%
Indiana	increased 12.7%
Virginia	increased 11.8%
Rhode Island	increased 12.3%
Alaska	increased 5%

Thank you for your time and as a manager and previous personnel officer I urge you to pass HB 98 to be fair and equitable to all employees in the Legislative Branch whether we are talking about an analyst, janitor, programmer, legislative assistant, secretary, etc.

[9:29:31 AM](#)

MS. VARNI, in response to Chair Rokeberg, explained that legislators were equivalent to a Range 10A in 1991, but now are down to about a Range 8.

CHAIR ROKEBERG asked Ms. Varni to prepare information for the committee regarding the possibility of raising that range level up to a 10A or 15A.

MS. VARNI noted that a fiscal note had been prepared.

[9:30:43 AM](#)

KARLA SCHOEFIELD, Deputy Director, Accounting, Legislative Administrative Services, Legislative Affairs Agency, explained that there is a \$1.6 million fiscal note. She opined that it is important for this bill to pass this year. She noted, "The legislature has over the last few years lapsed over \$3 million each year, and if it were the will of the legislature and the ... committees in charge of the money were willing to redistribute their funds and salaries from all of their components, the legislature as a whole could probably absorb this in FY06."

[9:31:38 AM](#)

CHAIR ROKEBERG pointed out that "other discussions have been going on about other adjustments" in order to retain staff.

[9:32:08 AM](#)

CHRIS CHRISTENSEN, Deputy Administrative Director, Alaska Court System, paraphrased from the following written testimony [original punctuation provided]:

I would like to thank Governor Murkowski for including the employees of the Alaska Court System in this legislation.

First, a little background. We have about 733 permanent employees. 62 are judges appointed by the governor, 39 are magistrates, and most of the rest are clerical employees. We absorb less than 2% of the operating budget; that makes us smaller than a number of individual departments in the executive branch. While we are small, more private citizens come through our doors every day than any other entity, other than perhaps the university. Unfortunately, many of those people are angry or scared, they are going through the most traumatic experience of their lives, and they don't understand how the system works. These are the people that our employees work with every day. These people were involved in over 150,000 new cases filed last year. Court employees work hard under very stressful conditions. However, I have often heard from employees that they are proud of the work they do, they believe that what they do matters, and most of them do it for a low salary. 70% of our employees are compensated at Range 15 or below. Low salaries result in a high turnover rate (approximately 50% before 5

years, and as much as 100% in some rural courts where we compete with higher salaries or benefits offered by the local Native corporations or boroughs), and a large percentage of court system clerical employees have second jobs.

The legislature has historically given non-judicial court employees a cost-of-living adjustment (COLA) equal to the COLA it has approved for union employees in the executive branch. The last time it failed to do so was in 1993. Shortly thereafter, non-supervisory court employees voted to join the IBEW.

MR. CHRISTENSEN continued:

In 1996, the legislature gave both union and non-union court employees a COLA that restored parity with the salaries that had been approved for union employees in the executive branch. The unionized court employees subsequently voted to decertify the IBEW as soon as the first collective bargaining agreement expired. Workers organize for different reasons. For court employees, the main driver seemed to be equity in compensation rather than changes in working conditions.

With respect to our judges, salaries were ranked first in the nation in 1982. Today, however, the National Center for State Courts states that the salary of a superior court judge in Alaska ranks 49th when adjusted for cost-of-living. Normally when we talk about states that are 49th in something, we're referring to Mississippi or Arkansas; not in this case. The average annual increase in salaries for general jurisdiction judges in other states during the period from 1992 - 2004 was 3.1%. In Alaska, it averaged less than 1%, well under half the rate of inflation.

Unlike other state employees, judges do not get annual longevity increases; the salary of a new judge is identical to the salary of a judge with 15 years of experience. Thus, there is no longevity increase to help compensate for a failure to provide adequate cost of living adjustments. In addition, the geographic differential received by rural judges is generally much less than that received by other state employees. In Barrow, for example, a union employee gets 43%; a

non-union employee gets 31.5%; and the local judge gets only 17%, Moreover, the geographic differential is limited to the first \$40,000 of salary, unlike other state employees who have it calculated on their entire salaries. Because of the lack of longevity increases and the limited geographic differential, there are actually long-time prosecutors in rural Alaska who make substantially more than the local superior court judge.

MR. CHRISTENSEN continued:

HB 98 would give the non-judicial employees of the Alaska Court System a salary adjustment in FY 06 that would place their salary schedule approximately on par with the salary schedule approved by the legislature last session for members of the APEA. Even if they get this, court employees will still have lost substantial ground to inflation over the last decade. Judges will get a salary increase equal to the percentage salary increase that HB 98 proposes for a Range 28E in the executive branch. With this increase, Alaska's judges will leap from 49th place to 47th place.

This bill sends a message that the legislature does value court employees as much as it values union employees in the executive branch, and that it does not take their hard work for granted. Thank you for your consideration.

[9:38:41 AM](#)

CHAIR ROKEBERG asked if pages are Range 10A.

MS. VARNI replied that this was correct. She noted that the janitors are Range 8, but they may move to Range 9. She commented that Range 9 is really the lowest pay, so if the legislators do not get a raise, they will be the lowest paid people.

CHAIR ROKEBERG explained that the bill has a schedule that reflects a 5 percent increase, and on July 1, 2005, the salaries raise automatically [an additional] 2 percent.

MS. VARNI commented that if this bill was passed the legislators would probably be down to a Range 6 or 7.

[9:40:57 AM](#)

CHAIR ROKEBERG asked if legislators were Range 10A before 1991.

MS. VARNI replied yes, although back in the 1980s, legislators [received an annual salary of around \$46,800 and there was no per diem].

CHAIR ROKEBERG remarked that there is public outcry whenever there is mention of a raise for the legislators.

[9:42:29 AM](#)

REPRESENTATIVE MCGUIRE stated that the people in her district recognize that [legislators are low paid]. She commented, "There's always a risk that when you take on issues like this that there will be some type of backlash from someone, but I think it's an education process and I think it's something I personally am willing to take on."

[9:43:49 AM](#)

MS. VARNI stated, "Alaska is so unique from other states; there are not other legislatures that move their legislators because ... the states are so small that they can drive home at night. ... The salary that is set right now for legislators is so low, considering the unique circumstances that you have...."

[9:45:03 AM](#)

CHAIR ROKEBERG inquired as to why changes were made in 1991 so that legislators were no longer Range 10A.

MS. VARNI related her understanding that the changes were made because the legislature wanted to cut the budgets of the executive branch and the judicial branch, and the legislature wanted to show that it was cutting its own budget as well.

CHAIR ROKEBERG calculated that a readoption of the Range 10A for legislators would result in a \$4,500 [or more] annual salary increase. He remarked that the issue then would be if the legislators could handle "the heat" from the public for giving themselves a raise, and whether it would be worth pursuing.

[9:46:22 AM](#)

REPRESENTATIVE MCGUIRE asked if Chair Rokeberg was open to discussion with regard to other ranges. She stated, "If you're going to take the heat, you might as well take it once and do it the right way. And I think there ought to be some analysis about what range we think the work that we do here is associated with."

CHAIR ROKEBERG replied that he was open to this discussion.

[9:47:38 AM](#)

REPRESENTATIVE COGHILL stated:

The issue to me in this bill is the equity within state workers and the marketability of our jobs. But that's not the issue with the legislature; ... I think that's a little different discussion, so the way I would look at it is: "What's reasonable compensation for living expenses for me?" because I still see us as a citizen legislature. ... I wouldn't want to look at it as a career step so much as a reasonable compensation.

CHAIR ROKEBERG reiterated that there have been no adjustments to [legislators' salaries] for 14 years, and therefore he thinks it warrants examination.

[HB 98 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at [9:49:05 AM](#).