

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

March 17, 2009

5:04 p.m.

MEMBERS PRESENT

Representative John Coghill, Chair
Representative Bob Herron, Vice Chair
Representative Charisse Millett
Representative Mark Neuman
Representative Kurt Olson
Representative Berta Gardner
Representative Beth Kerttula

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 158

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

-HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 158

SHORT TITLE: REJECT RECOMMENDATION OF COMP. COMMISSION

SPONSOR(S): RULES

02/27/09	(H)	READ THE FIRST TIME - REFERRALS
02/27/09	(H)	RLS
03/17/09	(H)	RLS AT 5:00 PM BUTROVICH 205

WITNESS REGISTER

RICK HALFORD, Chair
Alaska State Officers Compensation Commission
Chugiak, Alaska

POSITION STATEMENT: During hearing of HB 158, presented the findings and recommendations of the Alaska State Officers Compensation Commission.

KARLA SCHOEFIELD, Deputy Director
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: During hearing of HB 158, answered questions.

RICK KOCH, Member
Alaska State Officers Compensation Commission
Kenai, Alaska

POSITION STATEMENT: Provided remarks during hearing of HB 158.

MIKE MILLER, Member
Alaska State Officers Compensation Commission
North Pole, Alaska

POSITION STATEMENT: During hearing of HB 158, opined that increasing legislators' salaries is the right thing to do.

ACTION NARRATIVE

[5:04:49 PM](#)

CHAIR JOHN COGHILL called the House Rules Standing Committee meeting to order at 5:04 p.m. Representatives Coghill, Herron, Olson, Neuman, Millet, Kerttula, and Gardner were present at the call to order. Also in attendance was Representative Johnson.

HB 158-REJECT RECOMMENDATION OF COMP. COMMISSION

[5:05:20 PM](#)

CHAIR COGHILL announced that the only order of business would be HOUSE BILL NO. 158, "An Act disapproving all recommendations of the State Officers Compensation Commission relating to the compensation, benefits, and allowances of state officers; and providing for an effective date."

CHAIR COGHILL announced that he doesn't intend on reporting HB 158 from committee today. However, he informed the committee that if the legislature doesn't act prior to March 28th, the Alaska State Officers Compensation Commission's recommendations go into effect.

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RICK HALFORD, Chair, Alaska State Officers Compensation Commission, began by relating that he agreed to serve on the Alaska State Officers Compensation Commission ("Commission") in part because he didn't act on the need to increase legislator's salaries when he was a legislator. He reviewed the members of the Commission. Mr. Halford explained that because this issue is unique in the way in which statute treats it, the Commission determined it would only make recommendations upon unanimous support. He reviewed the process the Commission went through that resulted in the preliminary recommendation. The preliminary recommendation included raising the salary of the governor, who declined to accept and thus that recommendation was dropped. Increasing the governor's salary isn't as critical as increasing legislators' salary schedule, which he characterized as an emergency. He noted that a legislator's salary is so low that the legislator qualifies for welfare as the legislators' salary schedule is from 1991. Although the long-term per diem is used by some to offset that loss, it's subject to many problems with regard to public perception. Mr. Halford clarified that it's not the Commission's intention to restrict Legislative Council's ability to provide per diem. The Commission only addressed per diem when the legislature isn't in session and the legislator is at home. Mr. Halford then opined that the salary of the board of directors, the legislators, of the state should be higher than what's recommended. However, he said he believes what was recommended is as high as possible at this time. He noted that the Commission is ongoing and will continue to review and provide recommendations. He opined that legislators are worth an increase in salary as legislators deal with "some of the toughest single-minded interests on the face of the earth."

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CHAIR COGHILL remarked that [the legislature] tried to put this issue at an arm's length from the political process while still receiving public input. He asked if Mr. Halford felt satisfied with the public input.

MR. HALFORD relayed that the Commission tried as best as it could to obtain public input. Although there were few people who were interested in coming to the public hearings, the public testimony that was received was included in the report. To date, the hearings have been beneficial because nothing elicits more focus, he opined, than a legislative hearing.

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REPRESENTATIVE KERTTULA related her belief that the Commission's initial report seems to understand the inequity in the long-term per diem. She highlighted that there are many legislators who work hours that could be turned in for long-term per diem, but choose not to do so. She inquired as to what the Commission found regarding long-term per diem. She related that her sense of the situation is that there are legislators who under collect and legislators who actually worked the long-term per diem and requested it, which results in an odd disparity in legislators' pay.

MR. HALFORD related his belief that more often legislators are under collecting long-term per diem. He opined that legislators spend a lot of time responding to constituent matters. Legislators are on-call continuously, which shouldn't be changed. One of the problems in the past has been unreasonable public expectations from a citizen legislature. He opined that the expectations with regard to conflict of interest so limit what a legislator can do that it's very difficult to support a family and lead an average family life. "The vision of a citizen legislature is different than the reality of today; legislators are in session more than half the year when one includes the weekends, special sessions, and etcetera. "It's not a realistic expectation that people could serve for \$24,000 a year and represent a full spectrum of the people of Alaska," he said.

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REPRESENTATIVE KERTTULA surmised though that the Commission's recommendations aren't suggesting that this change will result in a full-time legislature.

MR. HALFORD clarified that nothing in the Commission's report is intended to suggest having a full-time legislature.

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REPRESENTATIVE HERRON requested that Mr. Halford reflect on those opposed to the Commission's recommendations.

MR. HALFORD characterized this as an odd process, ratification by inaction. He opined that the aforementioned is why it's important to have a hearing even if the legislation isn't going to be moved. Mr. Halford reminded the committee that over the last 20 years, the other options have failed and thus no pay

raise has been instituted. Therefore, there have been good people who couldn't afford to stay in the legislature for various reasons.

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REPRESENTATIVE NEUMAN opined that the federal per diem, upon which the state's per diem is based, is a moving target. Therefore, it's difficult for legislators to estimate their costs. He asked if the Commission considered making recommendations to Legislative Council [on the per diem].

MR. HALFORD said that the Commission considered making recommendations to Legislative Council since it sets the per diem, but chose to only address the out of session at-home per diem. However, he clarified that it wasn't the Commission's intention to limit Legislative Council's ability to pay mileage or pay per diem if a legislator has to travel in district and stay over night. Mr. Halford acknowledged that the federal per diem for Juneau rises and falls, but noted that it is under the purview of Legislative Council.

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REPRESENTATIVE NEUMAN related his understanding that the federal government uses different Cost of Living Allowance (COLAs). Representative Neuman then opined that although there's nothing wrong with getting paid a decent salary for a decent days work, some legislators may put in more time and energy than others. However, per the Commission's recommendations all legislators will be paid the same.

MR. HALFORD acknowledged that the recommendations aren't perfect. The Commission, he related, decided on a transparent, simple system. He stressed his belief that more legislators are under collecting rather than over collecting.

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KARLA SCHOEFIELD, Deputy Director, Legislative Affairs Agency, explained that because the recommendations of the Commission become law without action, the salary increase was included in the FY 10 request. Therefore, passage of HB 158 would eliminate that funding from the FY 10 budget. The increase for the first year would only be for six months, and that salary increase would be offset by taking a portion of the long-term per diem. By the time the increase went into effect there would only be

two months left in the year. The following year there would be a full year of the salary increase and more of the per diem is taken away. Currently, about \$810,000 is budgeted for long-term per diem. Therefore, over the course of two years, there would be an increase of \$800,000 in the first year and \$300,000 in the second year for a total of \$1.2 million.

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CHAIR COGHILL inquired as to the annual budget of the legislators' salaries.

MS. SCHOFIELD answered that it would be \$4.6 million. Ms. Schofield then related that legislators' salaries, which haven't changed since 1991, are equivalent to a range 5 on the salary schedule. There are only three employees within the three branches of government who are at range 5. Furthermore, legislator's salaries aren't tied to the salary schedule any longer and the legislators don't receive the COLA. Therefore, in July when the COLA goes into effect for state employees, legislators' salaries will no longer be able to be compared to the state's salary schedule.

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CHAIR COGHILL surmised that the starting salary for an entry level clerk at the Department of Health and Social Services must be a range 8 or 10.

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REPRESENTATIVE MILLETT inquired as to what the range 5 jobs are.

MS. SCHOFIELD suggested that perhaps a high school student would be paid to help out in an office.

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CHAIR COGHILL related his belief that the proposed salary increase along with the elimination of the long-term per diem "washes out the inequity question."

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MR. HALFORD pointed out that if one takes the average of every legislator's per diem and added it to the current salary of \$24,000 it amounts to about \$36,000. The difference in the

\$36,000 plus benefits and costs for the 60 members is what the fiscal note is based upon. The high side of per diem was \$46,000-\$48,000. Therefore, even those collecting the most per diem receive a slight bump by the change.

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RICK KOCH, Member, Alaska State Officers Compensation Commission, reiterated the fact that all the actions of the Commission were unanimously agreed upon.

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MIKE MILLER, Member, Alaska State Officers Compensation Commission, echoed Mr. Halford's assertion that an increase in legislator's salaries is the right thing to do. He opined that increasing legislators' salaries is a critical step in obtaining qualified individuals in the legislature.

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CHAIR COGHILL related his belief that the legislators who are elected are qualified. However, he acknowledged that the lack of salary has made it difficult for many people to seek office. He then reminded the committee that he doesn't intend on moving HB 158 from committee. If the intent is to reject the Commission's recommendations, action must be taken on HB 158 by March 28th. At this point, there isn't enough support to reject the Commission's report, he related. If that changes, the committee will have to meet on HB 158 to report it out of committee.

[HB 158 was held over.]

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ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 5:40 p.m.