

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

April 27, 2017

3:53 p.m.

MEMBERS PRESENT

Representative Jonathan Kreiss-Tomkins, Chair
Representative Gabrielle LeDoux, Vice Chair
Representative Chris Tuck
Representative Adam Wool
Representative Chris Birch
Representative DeLena Johnson
Representative Gary Knopp

MEMBERS ABSENT

Representative Andy Josephson (alternate)
Representative Chuck Kopp (alternate)

COMMITTEE CALENDAR

HOUSE RESOLUTION NO. 5

Urging the House of Representatives to adopt a policy for per diem paid to its members based on the United States Department of Defense federal flat rate per diem schedule.

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HR 5

SHORT TITLE: HOUSE OF REPRESENTATIVES PER DIEM LIMITS

SPONSOR(S): REPRESENTATIVE(S) KNOPP

04/15/17	(H)	READ THE FIRST TIME - REFERRALS
04/15/17	(H)	STA
04/27/17	(H)	STA AT 3:00 PM GRUENBERG 120

WITNESS REGISTER

DIANNE BLUMER, Staff
Representative Gary Knopp
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HR 5 on behalf of Representative Knopp, prime sponsor.

JESSICA GEARY, Finance Manager
Legislative Administrative Services
Legislative Affairs Agency (LAA)
Juneau, Alaska

POSITION STATEMENT: Answered question during the hearing on HR 5.

ACTION NARRATIVE

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CHAIR JONATHAN KREISS-TOMKINS called the House State Affairs Standing Committee meeting to order at 3:53 p.m. Representatives Tuck, Wool, Birch, Johnson, Knopp, and Kreiss-Tomkins were present at the call to order. Representative LeDoux arrived as the meeting was in progress.

HR 5-HOUSE OF REPRESENTATIVES PER DIEM LIMITS

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CHAIR KREISS-TOMKINS announced that the only order of business would be HOUSE RESOLUTION NO. 5, Urging the House of Representatives to adopt a policy for per diem paid to its members based on the United States Department of Defense federal flat rate per diem schedule.

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REPRESENTATIVE KNOPP, as prime sponsor of HR 5, referred to the first paragraph of the sponsor statement, which read in part [original punctuation provided]: "This Resolution would provide for a clear and transparent policy for per diem payments". He maintained that he included that statement because he believes the budget process on the House floor needs improvement, and introduction of this resolution would encourage more detailed discussion and a better thought out policy. He paraphrased from the second paragraph of the sponsor statement, which read as follows [original punctuation provided]:

House Resolution 5 would adopt the United States Department of Defense (DoD) federal flat rate per diem schedule providing the members of the House of Representatives who reside outside of Juneau be paid at the full federal per diem rate for the first 30 days of each regular session and, for the remainder of

each regular session at 75 percent of the DoD full per diem rate. Currently members are paid the full per diem rate for all days in session.

REPRESENTATIVE KNOPP referred to the document included in the committee packet and entitled "Flat Rate Per Diem Outside the Continental United States." He explained that in this document, the per diem rates are labeled the "100% rate" and the "75% rate"; he said he refers to them as the "short-term rate" and the "long-term rate." He maintained that instituting the Department of Defense (DoD) 100 percent rate for the first 30 days of the legislative session makes sense, because it accommodates the move and getting situated; after that, one's daily expenses would most likely decline, justifying the 75 percent rate for the long-term duration.

REPRESENTATIVE KNOPP referred to the third paragraph of the sponsor statement, which read [original punctuation provided]: "House Resolution 5 would also reduce the per diem for the members who reside in Juneau to 75 percent of the rate paid to members who do not reside in Juneau." He said that has been the policy; the intent of the proposed resolution is to avoid discrimination; and to facilitate the policy being adopted, he chose one that was familiar to the legislature. He maintained that the Juneau legislators are not able to work at their regular jobs while on duty at the legislature; they have travel expenses coming to and from the capitol building; and they have meal expenses as well. He asserted that he supports the 75 percent per diem rate for the Juneau legislators. In the proposed resolution, after the 30-day period, the Juneau legislators would continue to receive the 75 percent per diem rate along with the legislators not residing in Juneau.

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REPRESENTATIVE KNOPP relayed that he primarily focused on policy when drafting the proposed resolution; his staff focused on the dollar amount. He maintained that adopting the DoD rates would save the state money: in the 90-day session there would be a savings of \$162,698; in a 120-day session there would be a savings of a little over \$244,000. He said that he provided the federal per diem rate schedule to the committee to demonstrate the detailed analysis that is involved in determining the rates; it is updated annually and adjusted seasonally. He referred to previous committee discussions suggesting the [State Officers Compensation Commission (SOCC)] perform that work; he mentioned that he is concerned that the commission would not have the

manpower to do its due diligence, and the resulting rate schedule would be arbitrary in nature. He asserted that adopting a policy was of greater importance, and his desire is to have the legislative body make that determination.

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REPRESENTATIVE JOHNSON asked if the Legislative Council sets per diem rates currently.

REPRESENTATIVE KNOPP replied that the Legislative Council does set the per diem rates; by statute the SOCC may review it and make recommendations.

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REPRESENTATIVE BIRCH expressed his appreciation for the proposed resolution.

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REPRESENTATIVE LEDOUX asked if HR 5 would affect only the per diem rates for the House, not the Senate.

REPRESENTATIVE KNOPP answered, "That is correct." He relayed that the Senate has already set its rates separately from the House per diem in this budget cycle.

REPRESENTATIVE LEDOUX asked for the rationale behind using the full per diem rate for the first thirty days and the 75 percent per diem rate for the other two months.

REPRESENTATIVE KNOPP reiterated the many expenses involved during the first 30 days of the legislative session in Juneau; and he maintained that the expenses most likely would decrease after the initial "settling in." He asserted that his intent was to establish a policy; however, his staff estimated that there would be about a \$244,000 savings in a 120-day session under the proposed per diem rates.

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REPRESENTATIVE LEDOUX asked what the difference was between what is proposed under HR 5 and using the long-term federal per diem rates.

REPRESENTATIVE KNOPP responded that the current short-term per diem rate is about \$275; the recommended long-term rate from 31 days to 120 days is about \$206. He maintained that the accumulative savings for a 90-day session would be about [\$162,698]; for a 120-day session, it would be about \$244,000.

REPRESENTATIVE LEDOUX asked why the federal long-term per diem rate was not used in the proposed resolution.

REPRESENTATIVE KNOPP opined that the expenses for legislators during the first 30 days are greater than after the first 30 days, when they have adjusted to the move.

REPRESENTATIVE LEDOUX asked if the 75 percent per diem rate after the first 30 days was close to the federal short-term or long-term per diem rates.

REPRESENTATIVE KNOPP answered that it was the same as the federal per diem rate. He pointed out the long-term and short term per diem rates side-by-side in the chart; and he maintained that the federal government was very specific about its intention for the use of these rates.

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DIANNE BLUMER, Staff, Representative Gary Knopp, Alaska State Legislature, on behalf of Representative Knopp, prime sponsor of HR 5, expressed her belief that the legislature started using the federal rate in 1994, and the rate it chose to use was the 100 percent rate. Under the federal rate per diem standard, there is a 1- through 30-day rate, which is the 100 percent rate, and the 31- through 180-day rate, which is the 75 percent rate. She maintained that when the legislature decided to use the federal per diem rate, only the 100 percent rate was used, not the whole chart. She said that the proposed resolution would adopt the federal regulations entirely; therefore, the 75 percent per diem rate would be used as the DoD designed it to be used. She mentioned that the legislature had "cherry-picked" from the chart previously.

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REPRESENTATIVE WOOL commented that technically the rates under the proposed resolution are cherry-picked; when the intended stay is known to be over 30 days, that should automatically put the legislators into the [long-term] 75 percent category.

REPRESENTATIVE KNOPP conceded that using the 100 percent rate for the entire period shows a lack of discipline on the part of the legislature; he reiterated that getting settled, buying supplies, and dining out poses additional costs in the first 30 days; the intent of the resolution is to compensate legislators for those additional expenses.

REPRESENTATIVE WOOL pointed to some of the rates on the charts for the various locations and speculated that they were based on hotel lodging and dining out; he mentioned that those rates may or may not apply to legislators.

REPRESENTATIVE KNOPP referred to the totals in the third column, entitled "Maximum Per Diem," and said that they represent the accumulative rates. He emphasized the considerable analysis and work that goes into calculating rates and adjustments. He pointed out that due to the rate adjustment that occurred early in the session, his per diem rate increased \$69, but the rate for Anchorage decreased \$100.

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CHAIR KREISS-TOMKINS asked if DoD pays the 100 percent rate to a member of the U.S. Armed Forces during the first 30 days of deployment - even if it is known the person will be deployed for longer than 30 days - and then decreases it to the 75 percent after the first 30 days, or if he/she is paid the 75 percent per diem rate for the full duration.

REPRESENTATIVE KNOPP answered that he does not know.

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JESSICA GEARY, Finance Manager, Legislative Administrative Services, Legislative Affairs Agency (LAA), offered her understanding that if the intent for the duty assignment is to last longer than 30 days, the 75 percent per diem rate will be used for the entirety of the "temporary duty" station.

REPRESENTATIVE WOOL commented that the proposed resolution is well-intended; it would be easy to find fault with the chart. He offered that the goal of SOCC was to look at the entire "compensation package," including salary and per diem. He suggested that most legislators are not staying in a nightly hotel and paying nightly rates. He maintained that the compensation package should be considered in totality and not "broken into little pieces."

REPRESENTATIVE KNOPP responded that legislators' needs vary from one to another - some come with families and some are alone - but per diem rates should not reflect those differences. He maintained that the intent of the proposed resolution is to accommodate all legislators.

REPRESENTATIVE KNOPP referred to page 1, line 1, of HR 5, which read, "Urging the House of Representatives to adopt a policy". He maintained that the intent of the proposed resolution is to adopt a policy; all other issues can be debated and/or amended. He said that the paragraph on page 1, lines 6-9, explains the current practice for legislative per diem. The paragraph beginning on page 1, line 13, and ending on page 2, line 3, explains the per diem rates under the resolution - the short-term 100 percent rate and the long-term 75 percent rate. He said that the paragraph on page 2, lines 4-8, clarifies the per diem rates for special session, which could be held outside of Juneau. The paragraph on page 2, lines 9-13, discusses following the model of the DoD per diem rate chart so as not to discriminate against any legislator. He said that the paragraph on page 2, lines 18-23, specifies the special session per diem rates: the 100 percent rate for legislators not residing in the location of the special session; 75 percent rate for those residing in the location.

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REPRESENTATIVE LEDOUX pointed out that resolutions are usually sent to another entity - Congress or the governor. She stated that HR 5 appears to be a resolution to the legislature. She asked to whom the resolution would go, if passed. She maintained that if it goes to Legislative Council, there would be the same problems with inaction as currently exist.

REPRESENTATIVE KNOPP concurred that the resolution is intended for the House of Representatives only; in the budget cycle the Senate set its rates separately. He stated that his intent was for the chair of the House Rules Standing Committee to put the resolution before the body for discussion and vote without a "chit" sheet; if it passes, the Legislative Council would then follow the guidelines.

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REPRESENTATIVE TUCK expressed his appreciation for compensation allowances for all legislators, who are all pulled away from their normal jobs.

REPRESENTATIVE WOOL asked for confirmation that the resolution proposes that legislators living in Anchorage will receive the 75 percent per diem rate during a special session if the special session is held in Anchorage.

REPRESENTATIVE KNOPP answered, that's exactly right.

[HR 5 was held over.]

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ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 4:23 p.m.