

SCOMM

#49:3

JOINT SPECIAL COMMITTEE ON LEGISLATIVE SALARIES

August 13, 1985
10:02 a.m.

Members Present: Senator Mitch Abood, Co-Chair
Representative Ron Larson, Co-Chair
Representative Randy Phillips

Via Teleconference: Fairbanks
Senator Bettye Fahrekamp
Juneau
Senator Bill Ray
Ketchikan
Representative John Sund

Nominees:
Lew Williams-Ketchikan

COMMITTEE CALENDAR

ELECT THREE PUBLIC MEMBERS TO COMMITTEE

SET COMMITTEE PROCEDURE AND AGENDA

WITNESS REGISTER

None

ACTION NARRATIVE

Tape 1
Side A
Number 1.2

Chairman Abood called the meeting to order at 10:02 a.m., indicated the members present and the purpose of the hearing is to elect three public members.

Each person that the committee received a resume from was discussed. The first person being Jo Finity. It was mentioned that there might be a conflict of interest concerning her employment to obtain signatures for the initiative petition to repeal the pay raise.

Number 2.9

Frank Port, Jean Parsons and Jerry Jones were discussed next as nominees. Harold Moening, Former Mayor George Sullivan, Former Senator John Butrovich, and Lew Williams, Jr. were all acquainted with at least one member of the committee and were reviewed next. Chairman Abood noted that due to a possible conflict of interest because of Mr. Butrovich's enrollment in the Elected Public Officials Retirement System (EPORS), he would have to decline as a nominee. EPORS members are directly affected by any salary changes. Senator Fahrenkamp recommended Frank Chapados from

Fairbanks. She stated that he was active in the Fairbanks Chamber of Commerce and is a former legislator.

- Number 8.0 It was noted by Representative Phillips that resumes weren't on file for Lew Williams of Ketchikan and Frank Chapados. Chairman Abood explains that attempts had been made but the contacts had not been made in time to receive the resumes.
- Number 9.8 Co-Chairman Larson states that he is not advocating Jo Finitiy, but if selected he felt she would be a strong member. Chairman Abood agrees.
- Number 11.7 Senator Fahrenkamp nominates Lew Williams from Ketchikan. Senator Ray nominates Frank Chapados from Fairbanks. Chairman Abood nominates Harold Moening and George Sullivan of Anchorage. Co-Chair Larson nominates Jo Finitiy of Anchorage.
- Number 14 Co-Chair Larson begins discussion regarding an understanding that one member should be selected from the three areas of the state i.e., Southeast, Southcentral and Interior/Bush.
- Number 15.4 Senator Ray moved to close nominations and Senator Fahrenkamp seconds the motion, without objection the motion carried.
- Number 15.9 Rep. Phillips moved to place another motion on the previous motion. The motion was that the committee should select one member per area. The committee discusses this.
- Number 17.7 Rep. Phillips brings up his motion again and Senator Fahrenkamp seconds it and hearing no objections the motion carries.
- Number 18.2 Chairman Abood asks for unanimous consent to select George Sullivan as the public member from Anchorage. Rep. Phillips objects and a roll call vote is taken. Voting yes were: Chairman Abood, Senators Ray and Fahrenkamp, and Rep. Sund. Co-Chair Larson asked to abstain and was denied. Voting no were: Co-chair Larson and Rep. Phillips. The vote carried.
- Number 18.5 Senator Fahrenkamp moves that the committee cast a unanimous vote for Frank Chapados and Lew Williams and with no objections it carried.
- Number 19.6 Co-Chair Larson and Rep. Sund begin discussion on the committee quorum requirements. Senator Ray suggested that, as in conference committee, nothing should pass without two votes from the House and

two votes from the Senate and one vote from public members. The committee agrees.

Number 20.6 Senator Ray moves to void the last roll call vote. Chairman Abood moves to rescind the last roll call votes and hearing no objections the motion carries.

Number 22.6 The committee discuss how to select from the Anchorage area and it is decided to take one vote from each member and the nominee receiving at least four votes is elected. The vote was as follows: Co-Chair Larson-Jo Finity, Senator Ray-Sullivan, Senator Fahrenkamp-Sullivan, Rep. Sund-Sullivan, Rep. Phillips-Finity, Chairman Abood-Sullivan. Sullivan is elected.

Number 25.9 Co-Chair Larson changes his vote from Finity to Sullivan, making the vote five to one.

Chairman Abood states that the newly elected members are: Lew Williams of Ketchikan, Frank Chapados of Fairbanks, and George Sullivan of Anchorage. He also thanks all interest parties for their participation.

Senator Ray made the motion to elect Jo Finity as an alternate for the committee, to attend when no other members could.

Number 28.0 Representative Larson seconds the motion and with no objections the motion carries.

Number 30.8 The committee members discuss attendance of the next hearing.

Senator Ray discusses quorum requirements and makes the motion for two senate, two house, and one public member to be present at each hearing. Senator Fahrenkamp seconds the motion and hearing no objection it was adopted.

Number 35.7 Committee members again discuss attendance of the next hearing.

Number 36.3 End of Side One

Number 00.0 Side Two of Tape #1

Number 19.8 The committee agrees to set the next hearing date for Sunday, August 18, 1985 at 3:00 p.m. in the Anchorage LIO office

The agenda for the next meeting is read and Senator Ray asks that for the next hearing we have on hand information on: all states perks, cost of living

analysis and federal per deim rate.

The committee adjourn at 3:30 p.m.

JOINT SPECIAL COMMITTEE ON LEGISLATIVE SALARIES

August 18, 1985

3:22 p.m.

Members Present: Senator Mitch Abood, Co-Chair
Senator Bettye Fahrenkamp

Representative Ron Larson, Co-Chair
Representative John Sund

Public Members:
George Sullivan
Frank Chapados
Lew Williams

COMMITTEE CALENDAR

Review accumulated research to date
Discuss solutions to pay raise issue

WITNESS REGISTER

None

ACTION NARRATIVE

Tape #2

Side A

Number 1.0

Chairman Abood calls the meeting to order and introduces the committee members and states that the purpose of this hearing is to review SCR 19 and how it came about review what guidelines had been discussed at the August 13 hearing.

Number 5.9

Chairman Abood discusses the first order of business which is the appointment of the alternative member, Jo Finity. He summarizes the legal opinion prepared for the committee which states that not only is there no provision for an alternative member to the committee, but there is a conflict of interest due to Ms. Finity's previous employment (i.e. receiving compensation to obtain signatures on the initiative to repeal legislative pay). He makes the motion to rescind the action of the last hearing appointment an alternative member. After the committee discusses if Ms. Finity understands this action and if rescinding the action was necessary due to the fact that there was no such position the motion carried with unanimous consent.

Number 11.5

Chairman Abood takes up the next item on the agenda

which is the quorum and majority requirements adopted at the August 13 hearing. The legal opinion on this was reviewed stating that a quorum would be any five of the nine members and a majority of those five (three) to conduct business.

- Number 12.8 Senator Fahrenkamp states her concern in keeping with the legal advise because as she had experienced in prior committees anything other than the above mentioned could needlessly tie up the committee.
- Number 15 Co-Chairs Abood and Larson discuss the committee's prior actions and specifically Senator Ray's desire to keep with the previous action.
- Number 17.3 Mr. Williams brings up the legality of all three public members being able to conduct business in the absence of the other members. It was agreed that this would not be possible. Representative Sund points out that a minority report is in order if all members do not agree on the committee report.
- Number 21 The next item to be discussed is the initiative petition to repeal the legislative pay raise. Senator Fahrenkamp discusses the legal options such as, enacting a statute that would satisfy the legal requirement to remove the petition from the ballot. Senator Abood reads the legal opinion which stipulates only repeal of the current salary (i.e. rolling it back to original salary) with very minor changes would be reason enough for the Lt. Governor to remove it from the ballot.
- Number 25 Mr. Sullivan asks that the committee members receive a copy of the petition prior to the next hearing. Senators Abood and Fahrenkamp resolve that the purpose of the committee is not to void the petition but to solve the problem that inspired the petition. Representative Sund questions the constitutionality of repealing an appropriation. The committee will request a legal opinion on this.
- Number 29.7 Mr. Williams states that it is his understanding that if repealed nothing that the committee does can effect the legislators salaries anyway. The committee agrees that this is the case but Senator Fahrenkamp points out the the committee is to issue an advisory opinion in any case.
- Number 33.1 Mr. Sullivan submits to the committee a copy of the regulations governing the Municipality of Anchorage Salary and Emollements Commission. It was noted that the committee has this information and is reviewing it.
- Number 33.8 Chairman Abood briefly reviews the summary on special

session costs and a brief overview of SCR 19 and other bills relating to legislative compensation.

Number 37.5 End Side A, Tape 2

Tape 2
Side B

Due to technical difficulties this side begins at Number 19.7

Number 19.7 The chairman reviews the material prepared for the committee on compensation to other states.

Number 22.6 Representative Sund states that the solution should include adequate pay to allow any member of society the opportunity to serve. He also noted that many states determine who should serve by setting an adequate salary or a low salary. Senator Fahrenkamp agrees and notes that some states meet only every other year. The subject of paying per diem was discussed and the possible abuses that might happen.

Number 27.5 Senator Abood discuss the question of "are legislators full or part-time?" and in what situations should a legislator be paid per diem.

Number 29.5 Mr. Williams states that he has much of this controversy and the public needs to be educated on the facts.

Number 30.9 Representative Larson addresses the issue of limiting terms of legislators and feels that this is not something the committee should deal with. He also outlines for the committee why Alaska is different from any other states in such areas as travel etc.

Number 33 Senator Abood states that the issue of full or part-time should not really be a concern because if a legislator does not do his or her job they will not be re-elected. He feels that the job is definitely full-time.

Number 34.9 Senator Fahrenkamp states she agrees with Mr. Williams on the issue of establishing part or full-time status and also with Representative Larson that the committee should not deal with limiting terms.

Number 36 Mr. Sullivan points out that the public doesn't want the pay hike and therefore the public needs to have a better understanding of the situation.

Number 38.8 Representative Sund still feels the compensation should not pre-empt anyone from serving and he would like clarification and an opinion from the Attorney General on the initiative.

Number 42.3 Senator Fahrenkamp address the issue of per dium and the fact that maybe those that work full-time should be compensated and those that don't should receive less. She also notes that some legislators have received as much as \$54,000 on the old system and it is too easy to abuse as it is.

Mr. Chapados suggests that the committee should look into reducing expenses by consolidating interim offices and suggests the idea of daily compensation based on actual time worked.

Number 49.9 Chairman Aboods points out that in the beginning there was much formulation and it was much less time consuming as compared to now with all the special interest groups, etc. Representative Larson restates his view on part and full-time status and the fact that the voters with take care of that issue at the polls.

Mr. Williams states that he would like to look into reducing operating expenses and the retirement system.

End of Side B, Tape #2

Tape #4

Side A

Number 00.0 The committee continues discussion.

Number 2.0 Senator Fahrenkamp brings up the history of the Salary Commission and why it failed. It failed because even though the salary was set by the commission legislators had to vote for or against it and that put them in the same position as if they had set it themselves. The retirement system was discussed (PERS and EPORS).

Number 6.8 Representative Larson recommends repealing the pay raise and establishing a commission.

Number 8.3 Senator Aboods discusses this and suggests that the committee take a look at the research to be presented to the committee. He also feels a commission is most likely the solution and adds that it would be good to take it out of the hands of the legislature altogether.

Number 10.6 Representative Sund would like to see the language of the old commission and suggests that maybe the per diem rate should be changed to what is acceptable by the IRS, and they should look into the possibility of raising the expense allowance.

The question is raised as to what the committee might do, that is reasonable, to have the initiative removed from the ballot and if not what amendments would be

acceptable.

- Number 16.2 Senator Fahrenkamp discusses looking closer at federal taxes before and after the pay raise. Her suggestion is for a base salary with per diem based on actual time spent doing the job.
- Number 18 The committee continues to discuss various aspects of the data at hand and Representative Sund suggests that we have someone on hand at the next hearing from the Division of Retirement to answer questions.
- Number 18.9 Mr. Sullivan suggests that they have a scale on the retirement system and before raise and after raise taxes.
- Number 23.5 Chairman Abood reviews the agenda for the next hearing and asks that each member prepare a solution for the next hearing.
- Number 28 Representative Sund requests on behalf of Mr. Sullivan and himself that legal research prepare a draft on a constitutional amendment.
- Number 31.3 The committee recesses for five minutes in order to have copies made.
- Senator Fahrenkamp states that the legislature is not paid too much.
- Representative Larson feels that the old system was not fair in relation to the abuses of the majority/minority and the public perception of the pay issue must be changed.
- Senator Abood feels at least part of the solution would be to educate the public.
- Number 37.2 Representative Sund also feels present salary is adequate and this is the sentiment of the new members. He notes that the state lost many good people under the old salary because they could not afford to serve.
- Number 41 Chairman Abood discusses the next hearing and points out that it will be statewide.
- Number 42 Mr. Sullivan suggest that maybe a press conference might be in order soon.
- Number 42.2 End of Side A, Tape 3
- Tape 3
Side B Senator Fahrenkamp makes a motion to rescind the action

of the last hearing concerning what the committee requirements would be for quorum and voting, she asks unanimous consent. Representative Larson objects in order to make a statement to the fact that only three members could take action. Senator Fahrenkamp states that the committee should consider the time constraints and the fact that they are advisory, only which in itself is an exception to the rule.

Senator Abood again reads the legal opinion on quorum and voting requirements and suggest that it should be followed. Representative Larson removes his objection and hearing no other objections the motion is adopted.

The committee agrees to set the next hearings for September 13 at 9:00 a.m. and October 18th, Anchorage LI0.

- Number 6.9 Senator Fahrenkamp questions the legality of participation via teleconference. It is agreed that it is indeed legal.
- Number 8.1 Representative Larson questions who is paying the travel of the public members. Committee aide, Linda Firestone states that the costs are being split by each house.
- Representative Larson states that he will provide staff if help is needed for a day or two.
- Number 10.7 Representative Sund requests copy of pay statutes and pay history for the next hearing.
- Number 12.4 Chairman Abood thanks the Daily News reporter for attending on a Sunday and thanks all the members of the committee and adjourns the hearing at 5:48 p.m.
- Number 12.8 End of tape.

JOINT SPECIAL COMMITTEE ON LEGISLATIVE SALARIES

October 4, 1985

10:07 a.m.

Member's Present: Senator Mitch Abood, Co-Chair
Senator Bettye Fahrenkamp

Representative Ron Larson, Co-Chair

Public Members:
George Sullivan
Frank Chapados
Lew Williams

Members Absent: Senator Bill Ray
Representative John Sund

VIA TELEPHONE Representative Randy Phillips
(for approximately the first hour)

COMMITTEE CALENDAR

Review research and solutions and begin drafting a resolution

WITNESS REGISTER

Representative Marco Pignalberi
Anchorage, Alaska

Mr. Jim Baldwin
Assistant Attorney General
Juneau, Alaska

ACTION NARRATIVE

Tape #4
Side A

Chairman Abood calls the hearing to order at 10:07 a.m.
He reads, for the record, a letter from ALPAC in support
of the current legislative pay.

He states that according to research Alaska is not out of
line with the other states. Mr. Sullivan discusses what
type of comparison was made. Chairman Abood states that due
to the immense diversity of so many states, it was necessary
to compare like states and narrow the numbers and review the
top five.

Mr. Sullivan brings up the cost of living analysis provided
to the committee by staff and also retirement benefits.

Chairman Abood also brings up the legal problems with the
ballet initiative. Mr. Williams states that it is up to the

committee to decide whether to solve the problem now or wait until it's passed.

Chairman Abood brings up the commission and the committee discusses why the last commission, that was abolished in 1980 failed and what needed to be changed to make this proposed commission successful. The committee agrees that the setting of the salaries should be taken out of the legislators hands, but they should have some control, say to reject, just as the Michigan commission does.

The committee discusses how the commission will set salaries for and if the legislature is a full-time commitment or not. Mr. Chapados feels that it is full-time and that the current compensation is therefore appropriate. Co-Chairs Abood and Larson agree that the job is full-time and if some work part-time their constituency suffers.

Mr. Sullivan states that many legislators do work full-time but others maintain jobs in the private sector and the committee discusses this. Senator Fahrenkamp agrees with Mr. Sullivan and adds that the legislators that 'get things done' also generate more work for themselves in the process.

Community involvement and protection of minority members are discussed by the committee. Mr. Chapados points out that we have a legislature with full-time responsibilities but it this should still be evaluated, but feels per diem is necessary during session. Mr. Williams states that the legislators' responsibility is definitely full-time and if there is any blame it should be on society and their lack of understanding as to the workings of government.

Tape 4
Side B

Chairman Abood points out that the legislature must have a system to check the commission and the administration.

Mr. Jim Baldwin, Assistant Attorney General advises the committee on the initiative petition to repeal the legislative pay that will appear on the November 1986 ballot and any other legal questions they might have. He begins by reviewing what an initiative and referendum are and why a referendum is used when it appears that an initiative should be used instead. Case histories are reviewed relating to those initiatives used to repeal laws.

It is agreed that the topic of the initiative is very narrow but there is room to go beyond the four corners of the initiative. The courts do give quite a bit of latitude to the legislature. Amendments can be made to the initiative if it does pass. The committee discusses this further and it is concluded that amounts can be increased, say to reflect an increase in the cost of living.

Representative Larson brings up retirement benefits and the fact that it takes five years to be vested and currently there are 43 legislators in the PERS system, 2 in the teachers retirement system, 10 in the EPORS system and 5 that have waived any coverage. The requirements for each system is discussed.

Tape 5
Side A

The committee agrees that time is running out and reviews SCR 19 establishing the committee. Chairman Abood asks Mr. Baldwin what he would suggest the committee do-have both the constitutional amendment (to establish the salary commission) and initiative to repeal the pay on the same ballot.

Mr. Sullivan suggests that maybe a comparison by population and budget should be done.

The committee asks Mr. Baldwin if a establishing a commission does need to be a constitutional amendment.

Senator Fahrenkamp states that the house and senate would probably prefer to have someone other than the administration handle it.

The discussion returns to full or part-time legislature and what are the duties. Mr. Sullivan adds that maybe the leaders of each house should establish what positions are full or part-time, Senator Fahrenkamp agrees. She feels that a base should be established and added to depending on the duties involved. Representative Larson brings up the minority issue, and who will protect?

Mr. Chapados states that the responsibilities have increased 100 fold over the years, but with the addition of LAA and the LIO's is a full-time legislature really necessary. What should be done with the non-active legislator. He also agrees with base plus more depending on duties.

Mr. Williams states that those that are not full-time will get voted out and as an example Representative Sund is not in attendance because he is at a timber conference in Idaho.

The committee asks Mr. Baldwin about the legality of using an initiative rather than a referendum. He says that referendums are slowing being used less and less and initiative are being used to repeal laws because they are easier to deal with. Mr. Baldwin adds that if the initiative does pass he believes that the courts will give the legislature broad guidelines to deal with such a quick response from the public. He adds that the legality in total will have to go to the courts case by case. The legislature will be afforded a very broad power to amend in his judgement.

Representative Larson and the committee discuss exactly what they would have to do in order to have the initiative removed from the ballot. It was concluded that it would basically have to be returned to the old salary and have very little room for variation. A different range might be acceptable. Representative Larson states that the public should be educated on the EPORS system and the fact that only a few are in it and no others are eligible.

Mr. Chapados states that the bottom line is the retirement and changes should be made in this area.

Mr. Sullivan and Senator Fahrenkamp say that now is the time to act as time is running out. Mr. Sullivan questions using the federal per diem.

Chairman Abood asks the committees opinion on what to do about the initiative, ignore it or introduce a bill in order to have it removed from the ballot. The committee debates.

Mr. Baldwin is asked again if both initiative and constitutional amendment can appear on ballot at the same time. It is agreed that they can.

Representative Ron Larson adds that the options are: do nothing, create an interim committee, or come up with a comparable bill that would take effect pending passage of the initiative. Senator Abood adds that a bill sent through the legislature should be strong enough to cancel out the initiative, the committee agrees.

Chairman Abood excuses the committee for a lunch break at 12:13 p.m.

The committee returns at 1:40 p.m.

The committee begins by discussing a base salary of \$2000 and \$2500. Mr. Sullivan suggested the \$2000. Senator Fahrenkamp adds that per diem is needed and the Juneau legislators should receive less. It was discussed as to whether they receive 60% less or what. Federal per diem rates were reviewed and it was decided that the Juneau rate of \$109 per day should be used while the legislature is in session. After discussion it was also agreed to that when traveling home during session legislators should not receive per diem but just have travel paid if it's for committee business.

Representative Marco Pignalberi comes before the committee to testify (time 1:50 p.m.). He has developed an idea and presented it to the committee. He feels that the private sector should determine the legislators salary. Each member would submit W-2's for the three prior years before taking office and the average of those years would be the salary

for that particular legislator. There would need to be an upper and lower limit to cover those making extremely low or high salaries.

Senator Abood states that this system would not be fair and Senator Fahrenkamp adds that it would be almost impossible to budget for.

The committee takes a 5 minute break.

Senator Abood discusses the duties of the committee again.

Mr. Williams brings up the idea of a base salary of \$30,000.

Representative Pignalberi states to the committee that the last raise and the way it was handled was not good and that he favors a commission also.

Senator Fahrenkamp asks Representative Pignalberi if he finds the current legislative pay adequate. He answers that he does not it an adequate income.

Representative Larson asks Representative Pignalberi if a base salary plus more compensation for more time or responsibility would be a solution. Rep. Pignalberi states that this would not protect the minority and he feels very sensitive to their problems and this would always be subject to majority approval.

End of testimony for Representative Pignalberi.

Senator Abood returns the discussion to per diem and Mr. Sullivan brings up the subject of pension.

Tape 5
Side B

Representative Larson asks the committee if \$4,000 office expense is adequate or should it be raised. Mr. Williams states that with a base of \$30,000 and the \$109 per diem maybe the expense should also be raised.

Senator Abood and Mr. Chapados agree that the current salary of \$46,800 is good, but now the decision is to return to a base with per diem and decide how that should be handled. Mr. Williams, Sullivan and Senator Fahrenkamp agree that only expenses should be paid while traveling. And Senator Fahrenkamp adds that the lower base salary would reduce the retirement benefits, which seems to be of concern to many.

All members agree that there has been a big abuse with per diem in the interim and that only expenses should be paid.

Mr. Williams makes the motion for a base salary be set at \$30,000 and Mr. Sullivan objects. Chairman Abood asks that all in favor of \$30,000 signify by saying "I". Senators

Abood, Fahrenkamp, Representative Larson, Mr. Chapados, and Mr. Williams all say "I" and Mr. Sullivan objects. He states that the operating expenses will still not be reduced. Mr. Chapados asks him to look at the total operating budget and feel that trimming can be done elsewhere.

Representative Larson make the motion to set the per diem at the federal per diem rate of \$109 and 60% of that for Juneau legislators with up to five days before and after session allowable. Hearing no objection the motion carried.

Mr. Williams makes the motion to raise the expense allowance from \$4,000 to \$6,000. Mr. Sullivan states that he doesn't see the justification. The committee discusses what that allowance is used for. Senator Fahrenkamp begins up the fact that her office receives (during session) some 5,000 public opinion messages a week and if the \$4,000 were used for that it would be gone in two months. Those mailings (referred to) are usually covered under committee expense.

Mr. Sullivan asks the committee what it wants to do about the initiative. The committee agrees that it should solve the problem of salaries and retirement and not be concerned about removing the initiative from the ballet as that this not the charge of the committee.

The committee continues discussing reducing the budget and who covers the costs of interim offices. And the fact that returning to a lower base pay this will reduce the retirement benefits.

Tape 6
Side A

(time 2:45 p.m.)

Discussion continues on where to set base pay. Chairman Abood moves to rescind the committee action on the last two actions. Hearing no objections it is do ordered.

Mr. Sullivan is given the floor since he did not approve of the base at \$2500 a month. The committee discusses the possible ranges and if it should be tied to the state pay schedule. Representative Larson points out that if it is legislators are more likely to vote for state pay raises and the committee agrees.

Mr. Chapados suggests that maybe the leadership should be compensated in lump sums as many states do. (New York has 82 leadership positions paid anywhere from \$3,500 to \$30,000) The \$2,000 a month would seem more acceptable with this and raising the allowance from \$4,000 to \$6,000 he states.

The committee continues and Mr. Chapados suggests that maybe a sub-committee should be appointed. The committee decides to work it out now. Mr. Chapados is excused as he has

another meeting to attend (3:10 p.m.). Before leaving he states that he feels the committee has made great progress and compliments the committee staff for a job well done.

After considerable discussion the committee agrees on additional compensation for the following leadership positions:

President and Speaker	\$7,000
Majority Leaders (H&S)	\$5,000
Minority Leaders (H&S)	\$2,500
Committee Chairs (H&S)	\$3,000

Also agreed upon is the increase in the expense allowance from \$4,000 to \$6,000 annually. The federal per diem is to be used also instead of the state rate. Current Juneau rate is \$109 per day.

The committee agrees that fiscal notes are needed with a breakdown over a 10 year period. Guidelines also need to be established.

The chairman asks the committee if they all agree with the committee so far and they do approve. But it is pointed out that it is just a draft at this point.

Chairman Abood begins discussion on the commission. Mr. Williams suggests that the committee use the Michigan constitutional amendment as a guideline.

Tape 6
Side B

(time 3:33 p.m.)

The discussion continues on the amendment and all agree that some veto power is necessary. An example is given that if they wanted a raise and there was no money to fund it the legislature would have to veto. Senator Fahrenkamp suggests a professional negotiating team and then withdraws her suggestion due to the fact that it would be too political.

The committee agrees that guidelines are needed and the wording that the legislature is to administer will elevate that problem. A letter of intent should be issued also.

The committee agrees that the next meeting will be November 5th at 9:00 a.m. at the Anchorage LIO.

Senator Abood concludes by stating that for the next meeting the committee will have drafts on a constitutional amendment and a new pay scale available.

Senator Fahrenkamp adds that she appreciated Mr. Sullivan's opinion and feels that the committee should all agree on any decision.

Chairman Abood adjourns the hearing at 3:45 p.m.

JOINT SPECIAL COMMITTEE ON LEGISLATIVE SALARIES

November 5, 1985

9:06 a.m.

Members Present: Senator Mitch Abood, Co-Chairman
Senator Bettye Fahrenkamp (arrived 9:15 a.m.)

Representative Ron Larson, Co-Chairman
Representative John Sund
Representative Randy Phillips

Public Members:
George Sullivan
Frank Chapados
Lew Williams

Members Absent: Senator Bill Ray

COMMITTEE CALENDAR

Review drafts for: revised legislative salary bill

SJR for constitutional amendment to establish
a state officers compensation commission

WITNESS REGISTER

Representative Terry Martin
Anchorage, Alaska

Representative Pat Pourchot
Anchorage, Alaska

ACTION NARRATIVE

Tape #7
Side A

Chairman Abood calls the hearing to order at 9:06 a.m. For the record he states that 11 members are present except Senator Fahrenkamp and Senator Ray, who is in Juneau and unable to attend. He also notes the presence of Representatives Martin and Pourchot; Tom Morier, aide to Senator Fahrenkamp; and committee aide, Linda Firestone.

The chairman explains that the purpose of the hearing is to review drafts on the salary bill and the SJR for the constitutional amendment.

Representative Terry Martin is called upon for his testimony. Before his testimony begins, it is decided that Chairman Abood will present the final committee recommendations to the Senate and Co-Chairman Larson will do the same in the House.

Mr. Sullivan points out a recent editorial in the Anchorage Daily News and that it was somewhat off track, in that no reference was made to the reduced retirement benefits proposed or the reasoning for the added compensation for legislative leaders was not included. But he informed the committee that a more accurate editorial should have already come out.

Representative Martin begins his testimony by stating that the legislative salaries are a very controversial issue and having private citizens on the committee certainly enhanced its credibility. In a study he has undertaken comparing Alaska with other states, he has concluded that a solution should contain three major principles.

The first one, is that a formula should be simple and straight forward keeping away from backdoor increases.

The second principle, is equal pay for all legislators. Special compensation for leaders will tend to encourage more committees and sub-committees to be formed. Chairman Abood states that he agrees and that as a result of a pole he took in the legislature, he found overwhelming support for dropping any additional compensation for leaders and therefore a new salary bill is before the committee. This bill has no extra compensation for leadership positions except for the current \$500.00 for the Senate President and Speaker of the House.

The third principle, is the use of per diem and the many ways it can be abused. He cites longer sessions and special sessions as examples, and refers to a report that is presented to the committee on constituent population and length of sessions in other states.

(Senator Fahrenkmap arrives at 9:15 a.m.)

Chairman Abood states that the committee has already dealt with many of these issues and in order to discuss the actual bill drafts before the committee he invites Representative Martin to join the hearing as a non-voting member. Representative Martin agrees but adds that he does not agree with the original low base salary and per diem, as a family man, and cites Canada as being much like Alaska in many respects but having a much higher salary to compensate for their full-time responsibility.

Mr. Sullivan asks Representative Martin if he is advocating a higher salary than the current (\$46,800). In reply, Representative Martin confirms that the old salary was too low (Range 10A) and the proposed salary by the committee (\$30,000 base + per diem) is maybe a bit high.

The committee considers the fact that if the legislative salary is too low many good people would prefer a position

with the executive branch due to their considerably higher salaries.

Representative Phillips states that if the salaries are not lowered a significant amount the ballot initiative will not be removed. Chairman Abood states that according to Jim Baldwin, Assistant Attorney General, the new draft may be enough to have it removed. Co-Chairman Larson adds that the decision rests with the Lt. Governor based on the Attorney General's opinion.

The committee discusses all the different possibilities and some of the time frames. Representative Sund asks what will happen if both the repeal initiative and the constitutional amendment pass. He feels that the commission would still have power to establish a new salary or change the old salary quite extensively. He adds that the clean solution would be to have the amendment on the ballot without the initiative to repeal the pay. As it stands no appointments will even be made until 1987 with the recommendation out of the committee no sooner than August or September of 1987 and probably no funding available until the fiscal year of 1988 (July).

Chairman Abood notes the presence of Senator Bettye Fahrenkamp at 9:15 a.m.

Mr. Sullivan makes the comment that at the last hearing the committee decided to set aside the issue of the initiative to repeal the pay and solve the legislative pay controversy as this is the reason the committee was established. Chairman Abood agrees.

The committee now looks at the revised salary bill. Chairman Abood and Mr. Williams discuss why added compensation was dropped from the previous committee draft.

Co-Chairman Larson adds that the new salary draft reduces retirement benefits and therefore state expenditures, which is of paramount concern to the voters.

The Juneau per diem rate is discussed. Mr. Sullivan, Representative Phillips and Senator Fahrenkamp feel that 75% of the Juneau rate is too high for the Juneau legislators.

Committee aide, Linda Firestone explains to the committee how the 75% rate came about and that legislators did receive this amount under the previous per diem system.

Representative Sund explains why he feels 75% is too high and that he doesn't like the per diem system and would rather see a straight salary system. He feels that the pay should be left as it is now.

Mr. Chapados reconfirms that at the last hearing the committee decided to not pay per diem during the interim. Chairman Abood adds that he would like to see per diem for interim, but only for committee hearings.

Representative Martin states that he foresees many abuses taking place with a per diem system. Chairman Abood and Senator Fahrenkmap discuss this abuse and agree that no special session will be called in order to collect per diem as implied by Representative Martin. Both senators agree that per diem should only be used for committee business.

Tape 7
Side B

Representative Pourchot asks the committee why the federal per diem rate is used. The reply was that legislators do not receive automatic increases as to other state workers and this would be more equitable.

Representative Phillips asks the public members what their feelings are on the new salary bill.

Mr. Chapados states that it is not right to expect a legislator to have aides on staff that make more than they do. He understands the public concern over the last pay raise but feels the new salary bill would ease the minds of the public. The bill also lowers the retirement benefits and saves the state money and still gives legislators a tax break. He is concerned that maybe the chair positions may need more compensation than they will be receiving.

Mr. Sullivan states that he is concerned with reducing the budget and a rough estimate of \$400,000 is already saved, not including the savings with reduced retirement benefits. Representative Phillips asks how he feels about a full or part-time legislature. Mr. Sullivan states that some are full and some are part-time depending on the legislator and area. He agrees that the most equitable bill is the current (\$30,000/yr) one being considered by the committee.

Mr. Williams agrees that the best bill is the current one and he had recommended the \$2,500 monthly base originally. The per diem system is good and he feels that most legislators are honest and therefore very little abuse will be found. A commission should be appointed and this will put a lid on runaway state salaries as well as cover the legislature. To set up a commission he feels it will not work unless it is established by a constitutional amendment.

Representative Martin states that once a commission is established 90% of the problems are over. Mr. Sullivan agrees and adds that a vouchered system is best for expenses.

Representative Sund reviews the issue of full or part-time status and concludes the current salary is the best. He also mentions the problems with a large square mile area like his, and the cost of adequately covering such an area in the interim. He feels that with the proposed voucher system legislators in the same situation will suffer.

Discussion continues on full or part-time status with Representative Phillips and Chairman Abood. Mr. Chapados states that the legislature is a victim of statehood and the state is now big business and the legislators have to be responsible for the system and they should not be expected to be compensated at a lower rate than their clerks. There are plenty of areas to trim the state budget, but the legislators salaries should not be cut.

The committee, at the chairman's direction return to section one of the salary draft. A vote is taken on this section and Representative Sund objects when unanimous consent is asked. He states that for the record he does want it noted that he opposes. He feels that so few legislators actually qualify for retirement benefits that it should not be of much concern.

Mr. Williams states that the committee is trying to be as fair as possible and still keep the public's concerns foremost. He feels that if the salary is not lowered and the retirement not reduced the voters will take care of it themselves at the polls.

Senator Fahrenkamp states that Anchorage voters are very concerned with the pay repeal, whereas in other areas of the state it doesn't seem to be an issue. Therefore, the committee must address the pay issue and try to reach a fair compromise and this bill seems to be the best answer. She adds that this bill goes along way towards solving the problem and may even take the initiative off the ballot.

Mr. Sullivan states the committee purpose is to:

1. Cut expenses
2. Find the most equitable salary solution
3. Possibly solve the initiative problem.

Mr. Sullivan also adds that with the initiative on the ballot it would hold up the commission for two years.

Co-Chair Larson addresses what he feels are the committee's concerns and points out that the Attorney General's office has stated that the committee is working within the possible guidelines that may result in removing the initiative from the ballot.

Representative Martin states that with the proposed bill before the committee it will save him approximately \$5,000 on his income taxes.

Mr. Sullivan asks Chairman Abood if the last motion was to adopt the whole bill. Chairman Abood replied that it was for only one section and there was an objection. He then asked for a roll call vote and Representative Sund removed his objection and section one was thereby adopted.

Senator Fahrenkamp makes the motion for the adoption of Section two, paragraph (a) and asks unanimous consent. Hearing no objections it was adopted.

The committee moved to adopt Section 2, paragraph (b) with unanimous consent and Mr. Sullivan objected. Representative Phillips made the motion to reduce the 75% per diem for Juneau legislators to 60% and Representative Sund objected. Representative Sund explained that even though Juneau legislators don't have to relocate they are not in a hometown routine during session and incur added expenses.

Senator Fahrenkamp makes a friendly amendment to change it from 75% to 70% and discussion follows.

Chairman Abood recalls Senator Fahrenkamp's amendment and asks if there is unanimous consent. Mr. Sullivan objects stating that he feels 60% is best and Representative Sund states that 75% is best. A roll call vote is taken all members present voting yes except Mr. Sullivan and Representative Sund. The motion is adopted.

Representative Martin addresses the issue of per diem abuse during special session and Chairman Abood, Representative Sund and the committee in general disagree.

Senator Fahrenkamp discusses the language on line 2, page 2 and the committee discusses interim expenses.

Representative Phillips states that he must leave (10:50 a.m.), and thanks the public members for their service and says he will sign off on the committee bills.

Representative Sund makes the motion to raise the expense allowance from \$6,000 to \$8,000. Mr. Sullivan objects and discussion follows. Co-Chairman Larson says that he agrees with the idea but a line must be drawn somewhere and he does not support an increase to \$8,000.

Mr. Chapados calls for the question. Representative Martin is opposed to any increase, and calls it a backdoor expense.

Representative Sund withdraws his motion to raise the expense allowance to \$8,000.

Section 3, after discussion, was changed to read that 'each member of the legislature is entitled to an annual allowance for \$6,000 for postage, stationery, and other related legislative expenses.' Unanimous consent was asked on this section and Representative Sund objected. He later removed his objection after discussion when it was decided that legal services would make sure it was in proper form.

Senator Fahrenkamp asked for unanimous consent in adopting Section 4, with no objections it was adopted.

The committee reverted back to Section 2, paragraph (c). The meaning of 'official duty' was discussed and they agreed that since legislative council has defined it already it would be redundant and too time consuming to reestablish this. Therefore, Section 2, paragraph (c) was reworded and Chairman Abood asked for adoption of this with unanimous consent. Representative Sund objected stating that for the record is is against this and the current system is the best and simplest method. Chairman Abood says he will rescind the action and Representative Sund removes his objection and the motion carries.

The committee is recess for five minutes at 11:15 a.m. and returns at 11:15 a.m.

Co-Chairman Larson reverts back to Section 2, paragraph (c) and states that the chair will have legal services be sure the committee's intent relating to 'official duty' is correctly stated.

The committee now turns its attention to the constitutional amendment draft. The committee discussion includes, it's length, enabling legislation if it is passed. Mr. Sullivan is concerned about the ballot wording and it is agreed that that is taken care of by the Lt. Governor. Representative Sund and Mr. Williams agree that the amendment should be as 'clean' as possible and the details should be in the enabling legislation. Representative Pourchot and Mr. Sullivan agree that the commission should meet at least once a year.

Chairman Abood sites an October 15, 1985 letter from Jim Baldwin of the Attorney General's office.

End of Side B, Tape 7

Tape 8
Side A

The committee continues to discuss exactly what the wording should be. The committee considers the opinions received to date from the Attorney General's office.

Co-Chair Larson expresses his concern that maybe the committee is getting too complicated. Senator Fahrenkamp and Mr. Sullivan agree that enabling legislation should be drafted to take care of the details of the commission.

Mr. Sullivan states that maybe only the salaries of elected officials should be set by the commission. Mr. Williams disagrees and feels the original intent of the committee would help put a lid on runaways state salaries.

Chairman Abood asks the committee if they feel the committee itself should draft enabling legislation to take effect if the constitutional amendment passes. All committee members agree that the committee should draft a bill. Mr. Chapados states that the bill should include details of the scope of responsibility and the committee's recommendations.

Discussion continues and the committee reviews what positions should be included and the scope of power for the commission.

Mr. Sullivan cited the Municipality of Anchorage's Charter for the Salaries and Emoluments Commission and noted that the commission is not allowed to lower the salary of the Mayor while he is still in office.

The committee was asked by Chairman Abood if they felt the committee should establish a commission and the enabling legislation or just make the recommendation. The committee agreed that they should follow through a draft the bills including the enabling legislation.

Co-Chairman Larson makes the motion to delete the wording 'department heads' and add a new section three with the general wording that the legislature shall implement this section by law. There was no objection and the motion carried.

Chairman Abood reviews with the committee all the changes proposed to the amendment draft.

After discussion on how to handle a cover letter from the committee, Chairman Abood assigns Mr. Williams and Representative Sund to a sub-committee to draft it and present it to the committee via mail.

The committee discusses the possibility of one more meeting and Co-Chair Larson states that January 9 or 10 might be a possibility. The committee agrees that if all the revised bills, enabling legislation, and cover letter are acceptable the committee can avoid another hearing. The cover letter, enabling legislation, and revised bill drafts will be prepared by the committee and submitted to the members for approval.

Chairman Abood adjourned the hearing at 12:15 p.m.

INDEX OF DISKETTE CONTENTS

DISKETTE: SALARY

Available: 72%

Unusable: 0%

DOCUMENT NAME: min1
DOCUMENT TYPE: Document
COMMENT: for aug 13 hearing

✓ *minutes*

DOCUMENT NAME: min4
DOCUMENT TYPE: Document
COMMENT: minutes of 10/4/85 hearing

✓

DOCUMENT NAME: min5
DOCUMENT TYPE: Document
COMMENT: minutes for Nov 5 hearing

✓

DOCUMENT NAME: p/hist
DOCUMENT TYPE: Document
COMMENT: calhoon's monthly salary

DOCUMENT NAME: pd
DOCUMENT TYPE: Document
COMMENT: pre-raise and current per diem

DOCUMENT NAME: port
DOCUMENT TYPE: Document
COMMENT: frank port resume summary

DOCUMENT NAME: press
DOCUMENT TYPE: Document
COMMENT: first press release

DOCUMENT NAME: press2
DOCUMENT TYPE: Document
COMMENT: public members

DOCUMENT NAME: press3
DOCUMENT TYPE: Document
COMMENT: psa & release for oct 4 hearing

DOCUMENT NAME: press4
DOCUMENT TYPE: Document
COMMENT: press release for nov 5

DOCUMENT NAME: project
DOCUMENT TYPE: Document
COMMENT: project summary

DOCUMENT NAME: resumes
DOCUMENT TYPE: Document
COMMENT: all resumes/public members

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COMMENT: outline for constitutional amend. back-up

DOCUMENT NAME: expenses
DOCUMENT TYPE: Document
COMMENT: list of committee expenses

DOCUMENT NAME: f report
DOCUMENT TYPE: Document
COMMENT: final committee report

DOCUMENT NAME: federal per diem rate
DOCUMENT TYPE: Document
COMMENT:

DOCUMENT NAME: final
DOCUMENT TYPE: Document
COMMENT: final letter to committee

DOCUMENT NAME: final 1
DOCUMENT TYPE: Document
COMMENT: final letter to committee

DOCUMENT NAME: final 3
DOCUMENT TYPE: Document
COMMENT: final letter to committee

DOCUMENT NAME: graph
DOCUMENT TYPE: Document
COMMENT: lines

DOCUMENT NAME: info
DOCUMENT TYPE: Document
COMMENT: memo to members with packet

DOCUMENT NAME: intent
DOCUMENT TYPE: Document
COMMENT: rough draft of Williams intent

DOCUMENT NAME: john
DOCUMENT TYPE: Document
COMMENT: letter to j butrovich

DOCUMENT NAME: minutes2
DOCUMENT TYPE: Document
COMMENT: minutes for aug 18 hearing



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COMMENT:	public member expenses
DOCUMENT NAME:	termination
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COMMENT:	termination letter to j fries
DOCUMENT NAME:	thanks
DOCUMENT TYPE:	Document
COMMENT:	public member resume
DOCUMENT NAME:	thanks2
DOCUMENT TYPE:	Document
COMMENT:	members selected
DOCUMENT NAME:	ALPAC
DOCUMENT TYPE:	Document
COMMENT:	reply to alpac support memo
DOCUMENT NAME:	COLA
DOCUMENT TYPE:	Document
COMMENT:	cola for ak and 4 states
DOCUMENT NAME:	H MEMO#1
DOCUMENT TYPE:	Document
COMMENT:	July 26 Hearing Memo

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DOCUMENT TYPE:	Document
COMMENT:	agenda for 10/4 hearing
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DOCUMENT TYPE:	Document
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DOCUMENT NAME:	agenda2
DOCUMENT TYPE:	Document
COMMENT:	for members
DOCUMENT NAME:	agenda4
DOCUMENT TYPE:	Document
COMMENT:	nov 5 hearing agenda
DOCUMENT NAME:	agree
DOCUMENT TYPE:	Document
COMMENT:	summary of 10/4 hearing findings
DOCUMENT NAME:	amend
DOCUMENT TYPE:	Document
COMMENT:	proposed constitutional amendment
DOCUMENT NAME:	approve
DOCUMENT TYPE:	Document
COMMENT:	letter to members on 3 bills +int
DOCUMENT NAME:	contacts
DOCUMENT TYPE:	Document
COMMENT:	committee contact list
DOCUMENT NAME:	draft
DOCUMENT TYPE:	Document
COMMENT:	rough cover letter
DOCUMENT NAME:	draft 1
DOCUMENT TYPE:	Document
COMMENT:	rough cover letter
DOCUMENT NAME:	draft 2
DOCUMENT TYPE:	Document
COMMENT:	cover letter to speaker

1/5/85

Tammy —

These minutes are on the diskette named 'Salary' that was in the Salary box.

If Senate/House records need them they will have to edit a few things here & there.

Otherwise - I have copies of them on my diskette & I'll edit & send them down a week after session starts.

No - one has wanted them yet - 1 week shouldn't make too much of a difference.

Besides my plane leaves in 2 hrs. & I'm not even packed. (I know it's all my fault!)

I'll Call - Linda