

**HB**

**309**

<TARGET><BILL>HB 309</BILL><SUBJECT>HB  
309</SUBJECT><COMM>HL&C30</COMM></TARGET>

Session:  
State Capitol  
Juneau, Alaska 99801  
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Alaska House of Representatives  
David Guttenberg



District 8

Interim:  
1292 Sadler Way  
Suite 304  
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**Date:** Jan. 31, 2018

**To:** Representative Sam Kito  
Chair, House Labor & Commerce

**From:** Representative David Guttenberg

**Re:** Hearing Request HB 309 "Reject Officers Comp. Commission Report"

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Dear Representative Kito,

I respectfully request that you schedule HB 309 for a hearing before House Labor & Commerce. HB 309 rejects the most recent State Officers Compensation Commission's recommendation.

Included in this request you will find:

1. A copy of the sponsor statement
2. Current version of the bill
3. Supporting Document: Bruce Bothello, letter to SOCC

Please contact my staff, Alliana Salanguit, for any additional information. My office will submit names of testifiers and additional information as soon as possible.

I appreciate your time and look forward to working with you on this issue.

Best regards,



Anderson • Cantwell • Chena • Denali Park • Ester • Geist • Goldstream • Healy • Pike  
University Campus • University Hills • University West  
Representative [David\\_Guttenberg@legis.state.ak.us](mailto:David_Guttenberg@legis.state.ak.us)

**Bruce Botelho  
401 F Street  
Douglas, Alaska 99824**

January 3, 2018

Mr. Glenn Clary, Chair  
State Officers Compensation Commission  
Division of Personnel and Labor Relations  
Alaska Department of Administration  
P.O. Box 110201  
Juneau, AK 99811

Dear Mr. Clary:

I will be out of state on January 9 and therefore submit this written testimony respecting the commission's proposed recommendations to the 2018 Alaska Legislature.

### **Salary Recommendation**

You have proposed that the salaries of legislators be reduced by 10% based on your generalized finding that "various groups within the State of Alaska are seeing reductions in areas such as wages and the Permanent Fund Dividend." You note: "While many legislators do spend more time serving the public than the 90-day session, it is important that their wages reflect some reduction to be in line with reductions found elsewhere and to assist in overall budget reductions."

For the reasons set forth below, I write to express my opposition to this recommendation.

When the legislature established the commission in 2009, it vested the commission with unprecedented authority: its recommendations would become law unless rejected by a majority of each house within 60 days. Legislators understood that it would be nearly impossible politically to reject a commission recommendation—even a grossly unfair one. For that reason the legislature relied on the good faith of its commissioners when it incorporated the following language into its statutory framework: "It is the policy of the legislature that the commission recommend an equitable rate and form of compensation."

I believe that the commission has failed in this charge. None of the data supplied by the division to assist the commission supports your recommendation. There have been no involuntary reductions in public sector salaries anywhere in the state. Private sector reductions have not been documented, by either sector, absolute amount, or as a percentage of overall wages. Anecdotal accounts, while having some probity, should not be the deciding factor. And, while it is true that there has been a reduction in the permanent fund dividend, legislators were not held harmless—they too saw the reduction.

I contrast your deliberations with those of the commission in 2009. It made extensive findings, many of which should guide you as you make your final recommendations. It began by asking the question: What is fair and reasonable compensation for legislative service? The 2009 commission concluded that there were 4 factors:

#### **1, Time Spent in Regular and Special Session.**

The 2009 Commission: “Although there is a constitutional session limit of 120 days, and a statutory limit of 90 days, the reality is that special sessions are increasingly relied upon to deal with legislation. In 2006, legislators were in regular and special session for a total of 187 days. That is almost 80 percent of a normal work year.”

#### **2. Time Spent on Legislative Business**

The 2009 Commission: “Between sessions legislators must deal with constituent’s problems, attend community meetings and events, and see to the work of their committee assignments. Legislative leaders and committee chairmen are busier than others, but no legislator escapes the multiple demands of his or her legislative responsibilities between sessions.”

#### **3. Risk of Loss of a Citizen Legislature**

The 2009 Commission: “When a generally low and ambiguous system of compensation is combined with the large commitment of time required by legislative service, the disruption of careers and family life that it often entails, the increasing use of special sessions called at all times of the year, the general decline of remunerative seasonal employment, and the increasingly stringent ethics regulations that foreclose many business opportunities for self-employed attorneys and other professional people, legislative service is not an attractive or even realistic prospect for many people. Consequently, the legislature does not represent a cross section of the Alaska public in terms of age, gender, and socioeconomic characteristics. It is heavily weighted with older, retired individuals, and those who are financially independent or without family obligations.

#### **4. Dignity of the Legislature as a Co-Equal Branch of Government**

The 2009 Commission: “The Alaska Legislature is a branch of government co-equal with the executive and judiciary, and it deserves all of the dignity and respect properly due the other branches. The current system of compensating Alaskans who serve in the legislature is unworthy of the far-reaching duties and responsibilities inherent in the institution of the legislature.”

Applying these factors and examining compensation offered other state legislatures and past adjusted salaries for Alaska legislators, the 2009 commission concluded that \$50,400 was a fair and equitable salary.

In contrast to the salary of the governor which commissioners have recommended be increased in 2009, 2011, and 2014, your recommendations to the 2018 legislature are the first to deal with legislative salaries since the inception of the commission in 2009.

None of the factors outlined by the 2009 commission supports your conclusions. If anything, the first factor—the length of session—is a greater burden today than nine years ago. If the commission acted in a manner consistent with its treatment of the governor, it would be increasing rather than decreasing salaries. The material provided the commission by its staff suggests that an adjustment for inflation would place legislative salaries at \$57,195, contrasted with a statutory adjustment under AS 39.25 at \$55,924.

### **Per Diem Recommendation**

You originally recommended that legislative per diem be reduced from the federal rate to the executive branch rate, but then decided to maintain that rate, but eliminate it entirely for legislators living within 50 miles of the session. The stated justification for this action: “the lack of legislative affairs agency staff to process actual payments as well as the desire that legislators not receive per diem when staying in their own homes.”

Once again, the commission appears to have acted without any data or exploration of the expenses legitimately incurred by all legislators during the course of session, among them hosting responsibilities, a fact that the current per diem system—which sets a lower per diem rate for Juneau-based legislators—takes into account.

My overall impression is that the commission has made its proposals less to provide for equitable rates, than to make concrete its frustrations over perennial stalemate in the Alaska legislature. These frustrations are understandable, but legislators are best sanctioned at the ballot box, not by curtailing salaries and allowances. As the 2009 commission noted: “Legislators have the responsibility for decisions of momentous importance for Alaska and its citizens.” The commission plays a crucial role in creating the environment in which the most talented Alaskans, whatever their financial capacity, have a chance to dedicate their full energies to representing their fellow citizens in the state legislature.

I ask you to reconsider your actions.

Sincerely yours,



Bruce Botelho

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**HB 309: REJECT OFFICERS COMP. COMMISSION REPORT**

The legislature established the State Officers Compensation Commission in 2009 with unprecedented authority: its recommendations would become law unless rejected by a majority of each house within 60 days. The legislature, trusting the commission and its decisions, incorporated the following language into its statutory framework: "It is the policy of the legislature that the commission recommend an equitable rate and form of compensation."

On January 7<sup>th</sup>, 2018, the commission failed in this charge. The data supplied by the division to assist the commission failed to support the SOCC's final recommendation.

The SOCC initially recommended reducing per diem from the federal rate to the executive rate but instead decided to eliminate per diem entirely for legislators living within 50 miles of the session; "the lack of legislative affairs agency staff to process actual payments as well as the desire that legislators not receive per diem when staying in their own homes."

The commission acted without proper data or exploration of incurred expenses by legislators during session.

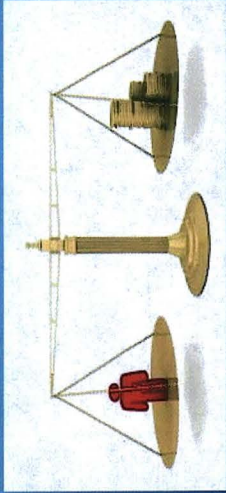
The SOCC's job is not to reprimand legislators for political stalemates and tension by curtailing salaries and allowances- that is done through votes at the ballot box. The SOCC's recommendations fails its statutory obligation by not providing "an equitable" rate, and it makes having a citizen legislature more work to achieve.

# HOUSE BILL 309

COMPENSATION COMMISSION  
RECOMMENDATION



## ASOCC HISTORY

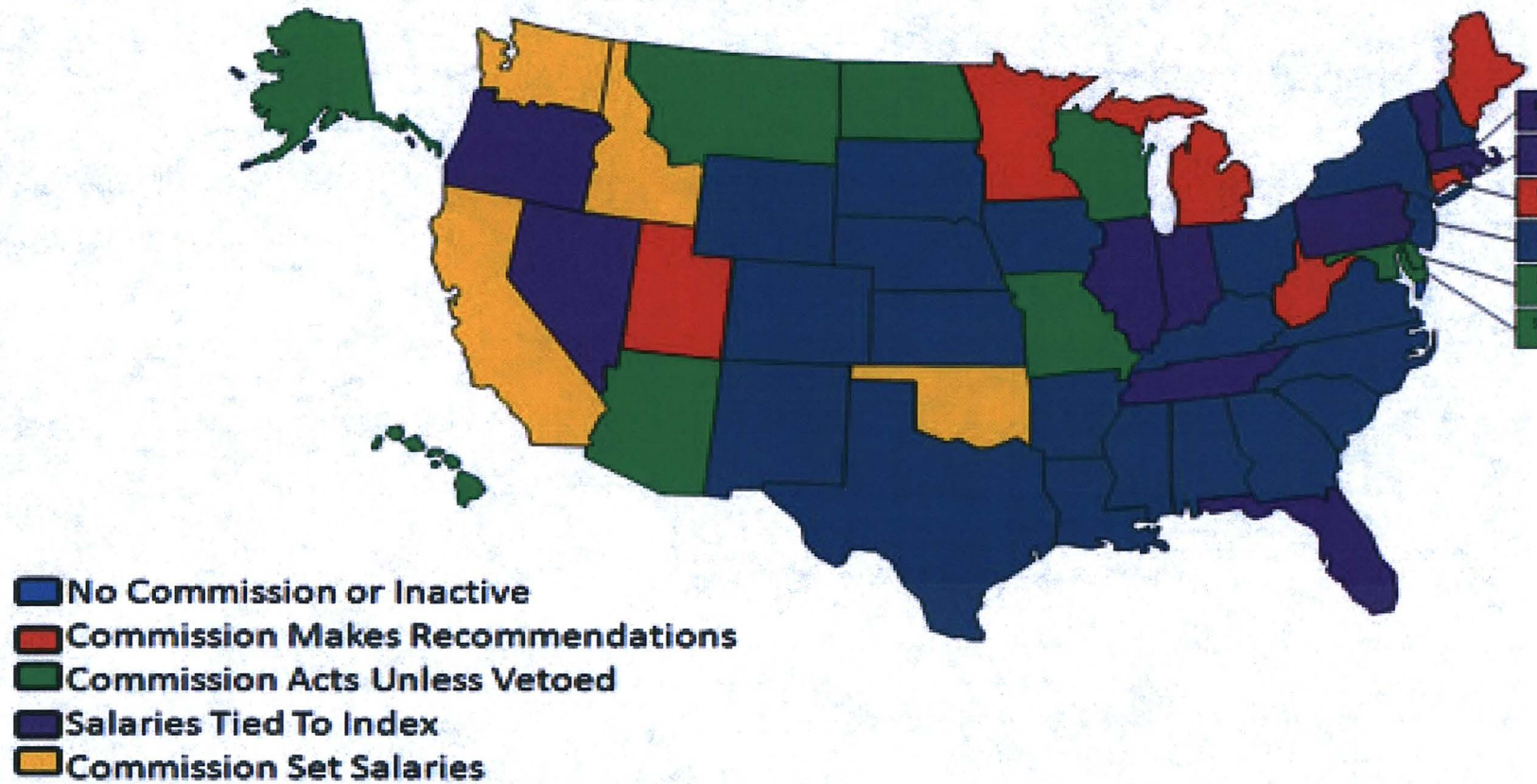


## EQUITABLE COMPENSATION?



## COST COMPARISON

# Compensation Methods



# ASOCC HISTORY

## ▶ **Alaska Officers Compensation Commission**

- ▶ Authorized under AS 39.
- ▶ Passed as House Bill 417 during the 25<sup>th</sup> Alaska Legislature (2008).
- ▶ 2009 was the first issued report.

# ASOCC HISTORY

- ▶ **Alaska Officers Compensation Commission**
- ▶ 2009 Report Recommended:
  - ▶ Legislator Salary of \$50,400
  - ▶ An additional \$500 for President of the Senate and Speaker of the House
  - ▶ Per Diem, Office Expenses and Moving Expenses to be set by Legislative Council

# ASOCC HISTORY

## ▶ **Alaska Officers Compensation Commission**

- ▶ 2011 Recommended an increase to salaries of Governor (\$125k to \$145k) and Lt. Governor (\$100k to \$115k). Recommendation was not rejected.
- ▶ 2014 Recommended an increase to salaries for Governor, Lt. Governor and Department Heads. Recommendation was rejected by Legislature and Governor.

# ASOCC HISTORY

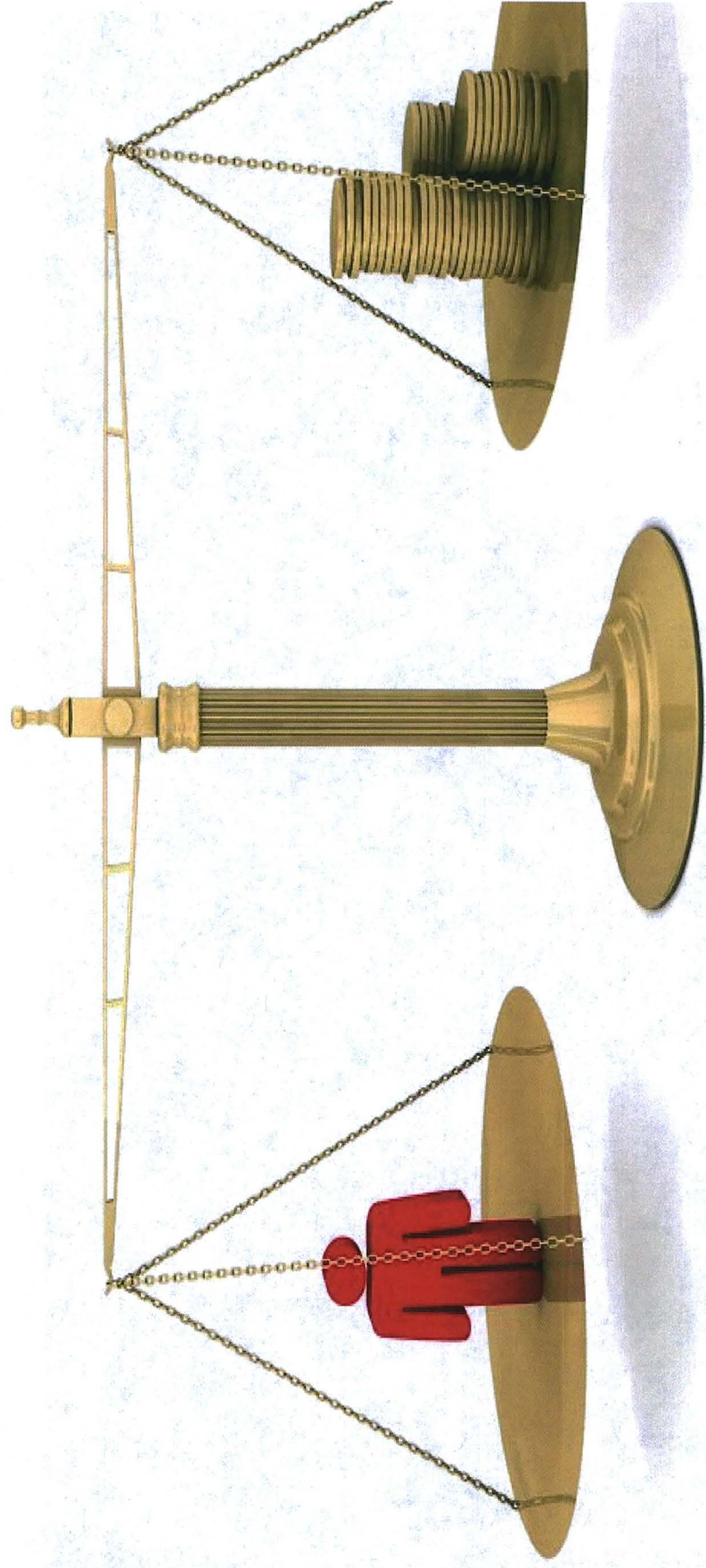
## ▶ **Alaska Officers Compensation Commission**

- ▶ ASOCC recommended salary increases for the Governor and Lt. Governor on two occasions and for department heads on one occasion,
- ▶ 2017 was the first recommended change to legislative compensation since 2009, and that recommendation was to decrease Juneau legislators compensation.

# ASOCC HISTORY

- ▶ **Alaska Officers Compensation Commission**
- ▶ In 10 years of existence, the ASOCC has failed to engage in a periodic review of legislative compensation, however, has on two occasions recommended increases to executive compensation.

# ASOCC HISTORY



EQUITABLE COMPENSATION?

- ▶ Base Salary \$50,400
- ▶ Per diem based on federal short-term rate
- ▶ Relocation expenses provided
- ▶ Travel per diem provided
- ▶ Non-Juneau Base = \$75,150
- ▶ Juneau Base = \$68,692.5
- ▶ Total All Legislators Base = \$4.49 Million

	Current Compensation				Indiv
	Salary	Meeting Stipend	Per Diem Lodging	Per Diem Meals	
<b>w/in 50 miles</b>					
Salary	\$ 50,400.00				
90-days	\$ -	\$ -	\$ 11,407.50	\$ 7,155.00	\$ 68,692.50
120-days	\$ -	\$ -	\$ 15,435.00	\$ 9,540.00	\$ 75,150.00
Special Session	\$ -	\$ -	\$ 19,687.50	\$ 11,925.00	
Special Session	\$ -	\$ -	\$ 23,940.00	\$ 14,310.00	
Special Session	\$ -	\$ -	\$ 28,192.50	\$ 16,695.00	
					\$ 95,150.00
<b>Outside 50-miles</b>					
Salary	\$ 50,400.00				
90-days	\$ -	\$ -	\$ 15,210.00	\$ 9,540.00	\$ 75,150.00
120-days	\$ -	\$ -	\$ 20,580.00	\$ 12,720.00	\$ 83,300.00
Special Session	\$ -	\$ -	\$ 26,250.00	\$ 15,900.00	
Special Session	\$ -	\$ -	\$ 31,920.00	\$ 19,080.00	
Special Session	\$ -	\$ -	\$ 37,590.00	\$ 22,260.00	
					\$ 110,450.00

# CURRENT COMPENSATION

- ▶ Base Salary \$42,000
- ▶ Per day stipend
  - ▶ \$180 for Regular session
  - ▶ \$150 for extended session
  - ▶ \$50 for first special session
  - ▶ \$30 for second special session
  - ▶ \$10 for third special session
  - ▶ \$0 for an additional special sessions
- ▶ Per diem based on federal per diem
- ▶ Non-Juneau Base = \$73,635
- ▶ Juneau Base = \$58,200
- ▶ Total All Legislators Base = \$4.37 Million

**Lower Salary to \$42,000, Add Meeting Stipend (\$180, \$150, \$50, \$30, \$10, \$0) and federal per diem only for legislators residing 50 miles from Juneau**

	Salary	Per Diem			Estimated Total	Diff
		Meeting Stipend	Lodging	Meals		
<b>w/in 50 miles</b>						
Salary	\$ 42,000.00					
90-days	\$ 16,200.00	\$ -	\$ -	\$ -	\$ 58,200.00	\$
120-days	\$ 20,700.00	\$ -	\$ -	\$ -	\$ 62,700.00	\$
Special Session	\$ 22,200.00	\$ -	\$ -	\$ -		
Special Session	\$ 23,100.00	\$ -	\$ -	\$ -		
Special Session	\$ 23,400.00	\$ -	\$ -	\$ -	\$ 65,400.00	\$
<b>Outside 50-miles</b>						
Salary	\$ 42,000.00					
90-days	\$ 16,200.00	\$ 8,280.00	\$ 7,155.00	\$ -	\$ 73,635.00	\$
120-days	\$ 20,700.00	\$ 11,205.00	\$ 9,540.00	\$ -	\$ 83,445.00	\$
Special Session	\$ 22,200.00	\$ 16,875.00	\$ 12,720.00	\$ -		
Special Session	\$ 23,100.00	\$ 22,545.00	\$ 15,900.00	\$ -		
Special Session	\$ 23,400.00	\$ 28,215.00	\$ 19,080.00	\$ -		
					\$ 112,695.00	\$

OPTION A

- ▶ Base Salary \$40,200
- ▶ Per day stipend
  - ▶ \$300 for Regular session
  - ▶ \$150 for extended session
  - ▶ \$50 for first special session
  - ▶ \$30 for second special session
  - ▶ \$10 for third special session
  - ▶ \$0 for an additional special sessions
- ▶ Per diem based on state long-term rate of \$78 per day
- ▶ Non-Juneau Base = \$74,220
- ▶ Juneau Base = \$67,200
- ▶ Total All Legislators Base = \$4.43 Million

**Lower Salary to \$40,200, Add Meeting Stipend (\$300, \$150 state per diem only for legislators residing 50 miles from**

	Salary	Per Diem			Estimated Total	In Differ C
		Meeting Stipend	Lodging	Meals		
<b>w/in 50 miles</b>						
Salary	\$ 40,200.00					
90-days	\$ 27,000.00	\$ -	\$ -	\$ 67,200.00	\$	
120-days	\$ 31,500.00	\$ -	\$ -	\$ 71,700.00	\$	
Special Session	\$ 33,000.00	\$ -	\$ -			
Special Session	\$ 33,900.00	\$ -	\$ -			
Special Session	\$ 34,200.00	\$ -	\$ -			
				\$ 74,400.00	\$	
<b>Outside 50-miles</b>						
Salary	\$ 40,200.00					
90-days	\$ 27,000.00	\$ 4,050.00	\$ 2,970.00	\$ 74,220.00	\$	
120-days	\$ 31,500.00	\$ 5,400.00	\$ 3,960.00	\$ 81,060.00	\$	
Special Session	\$ 33,000.00	\$ 6,750.00	\$ 4,950.00			
Special Session	\$ 33,900.00	\$ 8,100.00	\$ 5,940.00			
Special Session	\$ 34,200.00	\$ 9,450.00	\$ 6,930.00			
				\$ 90,780.00	\$	

OPTION B

- ▶ Base Salary \$30,000
- ▶ Per day stipend
  - ▶ \$300 for Regular session
  - ▶ \$150 for extended session
  - ▶ \$50 for first special session
  - ▶ \$30 for second special session
  - ▶ \$10 for third special session
  - ▶ \$0 for an additional special sessions
- ▶ Per diem based on state long-term rate of \$78 per day
- ▶ Non-Juneau Base = \$64,020
- ▶ Juneau Base = \$57,000
- ▶ Total All Legislators Base = \$3.82 Million

**Lower Salary to \$30,000, Add Meeting Stipend (\$300, \$150 for extended session, \$50 for first special session, \$30 for second special session, \$10 for third special session, \$0 for an additional special sessions)**

**state per diem only for legislators residing 50 miles from Juneau**

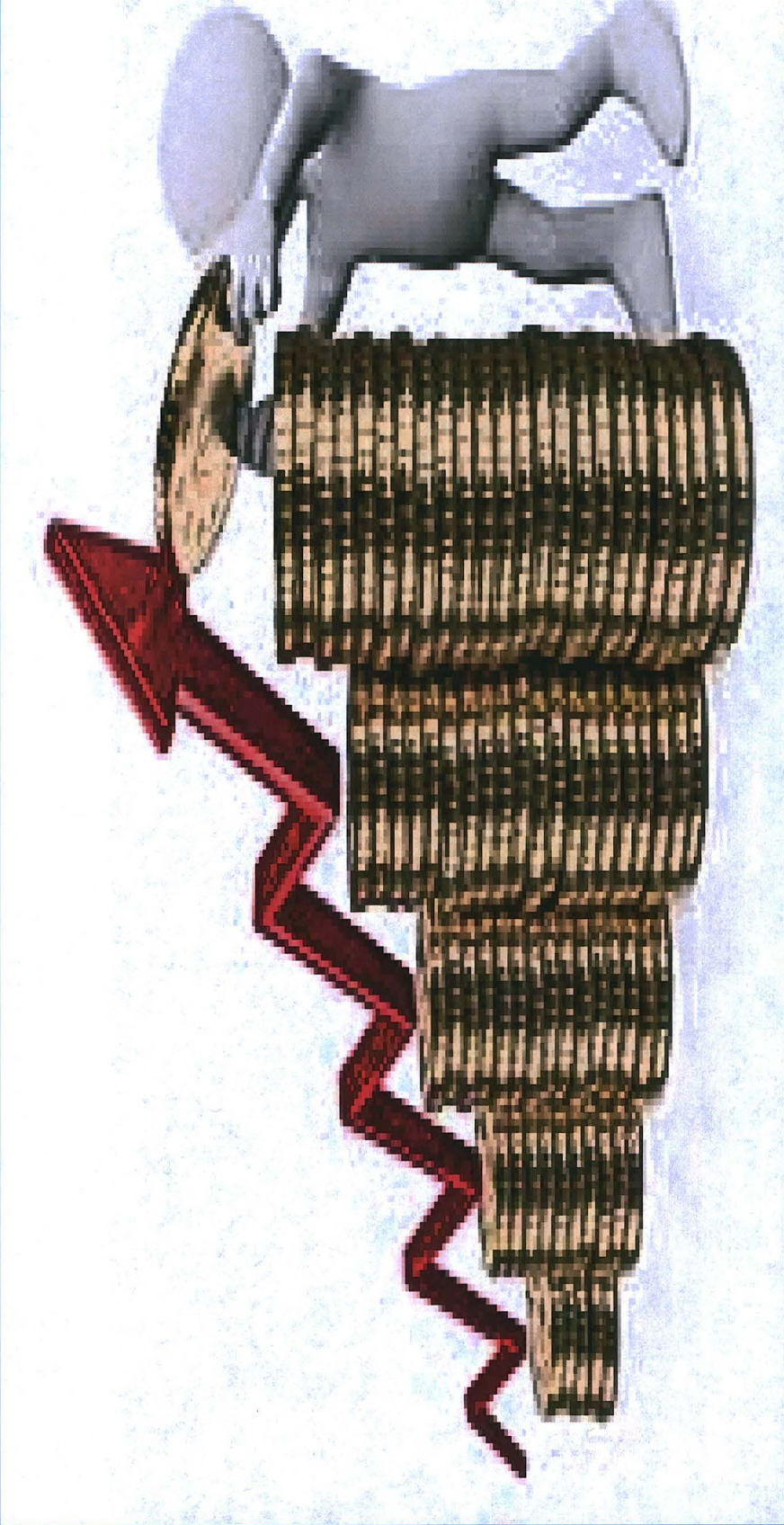
	Salary	Per Diem			Estimated Total	In Difference
		Meeting Stipend	Lodging	Meals		
<b>w/in 50 miles</b>						
Salary	\$ 30,000.00					
90-days	\$ 27,000.00	\$ -	\$ -	\$ -	\$ 57,000.00	\$
120-days	\$ 31,500.00	\$ -	\$ -	\$ -	\$ 61,500.00	\$
Special Session	\$ 33,000.00	\$ -	\$ -	\$ -		
Special Session	\$ 33,900.00	\$ -	\$ -	\$ -		
Special Session	\$ 34,200.00	\$ -	\$ -	\$ -		
					\$ 64,200.00	\$
<b>Outside 50-miles</b>						
Salary	\$ 30,000.00					
90-days	\$ 27,000.00	\$ 4,050.00	\$ 2,970.00	\$ -	\$ 64,020.00	\$
120-days	\$ 31,500.00	\$ 5,400.00	\$ 3,960.00	\$ -	\$ 70,860.00	\$
Special Session	\$ 33,000.00	\$ 6,750.00	\$ 4,950.00	\$ -		
Special Session	\$ 33,900.00	\$ 8,100.00	\$ 5,940.00	\$ -		
Special Session	\$ 34,200.00	\$ 9,450.00	\$ 6,930.00	\$ -		
					\$ 80,580.00	\$

OPTION C

- ▶ Base Salary \$70,000
- ▶ No meeting stipend
- ▶ Per diem based on state long-term rate of \$78 per day
- ▶ Non-Juneau Base = \$70,000
- ▶ Juneau Base = \$77,020
- ▶ Total All Legislators Base = \$4.60 Million

	Raise Salary,					In Diffe
	state Per Diem only for legislators residing 50 miles from					
	Salary	Meeting Stipend	Per Diem			
Lodging			Meals			
<b>w/in 50 miles</b>						
Salary	\$ 70,000.00					
90-days	\$ -	\$ -	\$ -	\$ -	\$ 70,000.00	\$
120-days	\$ -	\$ -	\$ -	\$ -	\$ 70,000.00	\$
Special Session	\$ -	\$ -	\$ -	\$ -		
Special Session	\$ -	\$ -	\$ -	\$ -		
Special Session	\$ -	\$ -	\$ -	\$ -		
					\$ 70,000.00	\$
<b>Outside 50-miles</b>						
Salary	\$ 70,000.00					
90-days	\$ -	\$ -	\$ 4,050.00	\$ 2,970.00	\$ 77,020.00	\$
120-days	\$ -	\$ -	\$ 5,400.00	\$ 3,960.00	\$ 79,360.00	\$
Special Session	\$ -	\$ -	\$ 6,750.00	\$ 4,950.00		
Special Session	\$ -	\$ -	\$ 8,100.00	\$ 5,940.00		
Special Session	\$ -	\$ -	\$ 9,450.00	\$ 6,930.00		
					\$ 86,380.00	\$

OPTION D

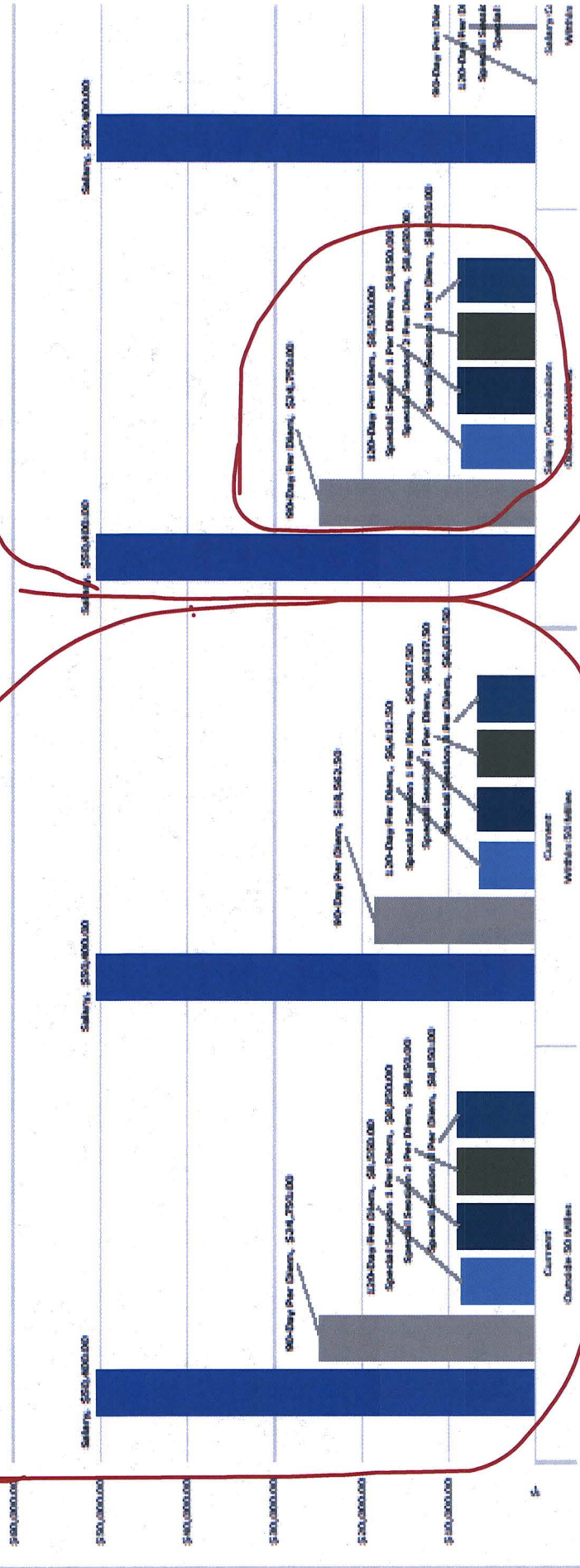


# COST COMPARISON

- ▶ **ASOCC Overall difference from current**
- ▶ **90-day: (\$55,687.50)**
- ▶ **120-day: (\$74,925.00)**
- ▶ **Three special sessions in first year: (\$134,662.50)**

**COST COMPARISON**

### Effect of Salary Compensation Recommendation on Legislator Compensation



## ▶ **Option A Overall Difference from current**

- ▶ 90-day: (\$118,642.50)
- ▶ 120-day: (\$52,560.00)
- ▶ Three special sessions in first year: \$47,295.00

## ▶ **Option B Overall Difference from current**

- ▶ 90-day: (\$58,297.50)
- ▶ 120-day: (\$161,505.00)
- ▶ Three special sessions in first year: (\$1,172,452.50)

# COST COMPARISON

## ▶ **Option C Overall Difference from Current**

- ▶ 90-day: (\$670,297.50)
- ▶ 120-day: (\$773,505.00)
- ▶ Three special sessions in first year: (\$1,784,452.50)

## ▶ **Option D Overall Difference from Current**

- ▶ 90-day: \$109,702.50
- ▶ 120-day: (\$263,505.00)
- ▶ Three special sessions in first year: (\$1,436,452.50)

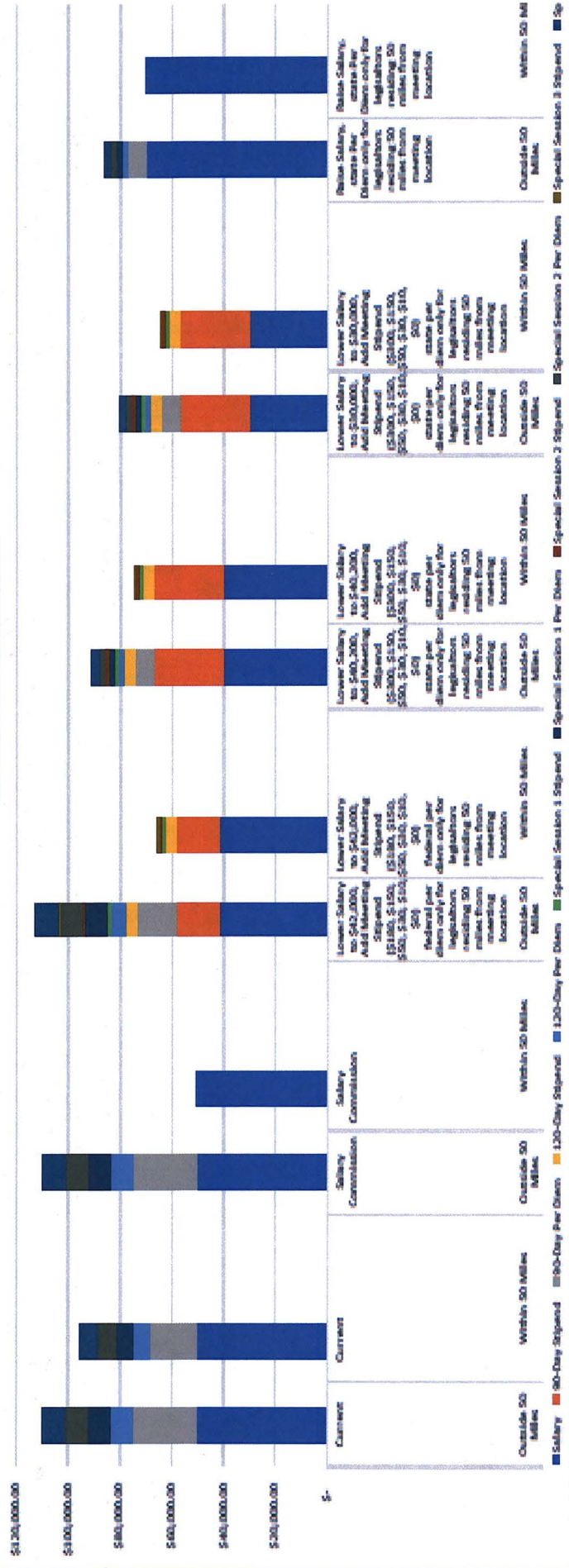
# COST COMPARISON



► Individual differences between non-Juneau and Juneau

	90-day	120-day	Three Ses
Current	(\$6,167.50)	(\$8,325.00)	(\$14,9
ASOCC	(\$24,750.00)	(\$33,300.00)	(\$59,8
OPTION A	(\$15,435.00)	(\$20,745.00)	(\$47,2
OPTION B	(\$7,020)	(\$9,360.00)	(\$16,5
OPTION C	(\$7,020)	(\$9,360.00)	(\$16,5
OPTION D	(\$7,020)	(\$9,360.00)	(\$16,5

INDIVIDUAL COMPENSATION



Legend: ■ Salary ■ 90-Day Stipend ■ 120-Day Stipend ■ 120-Day Per Diem ■ 120-Day Stipend ■ Special Session 1 Stipend ■ Special Session 2 Stipend ■ Special Session 3 Stipend ■ Sp

- ▶ **Overall goal of the Committee Substitute**
  - ▶ **Take politics out of legislative compensation**
  - ▶ **Provide a mechanism for equitable compensation**
  - ▶ **Acknowledge per diem as cost of being displaced from own residence**
  - ▶ **Provide a disincentive for extending work beyond the 90-day session**
  - ▶ **Demonstrate cost savings**

**SUMMARY**

# QUESTIONS?



# Representative Sam Kito

## Alaska State Legislature

House District 33

Downtown Juneau  
Douglas  
Haines  
Klukwan  
Skagway  
Gustavus  
Excursion Inlet

Chair

House Labor & Commerce

Chair

Legislative Council

Member

House Health &  
Social Services

Member

House Rules

Contact

Rep. Sam Kito  
Alaska State Capitol 403  
120 4<sup>th</sup> St  
Juneau, AK 99801

907-465-4766

Rep.Sam.Kito@akleg.gov

February 28, 2018

Committee on Labor and Commerce  
Alaska House of Representatives  
Alaska Legislature

Re: 2018 Alaska State Officers Compensation Commission  
House Bill 309

Dear Committee Members:

As a result of the recommendation submitted to the Legislature by the Alaska State Compensation Commission (ASOCC), I have spent a considerable amount of time and effort reviewing the statutes and past reports, and have come up with this report as my analysis regarding the 2018 ASOCC recommendations supported by the attached exhibits, and presented here as supporting documentation for the Committee Substitute for House Bill 309, rejecting the recommendations of the 2017 amended ASOCC report.

The current ASOCC met initially on October 25, 2017 and released their Preliminary Findings and Recommendations report on November 14, 2017. The ASOCC recommendations from the preliminary report proposed the "salaries of the legislature be reduced by 10%" and recommended that the "legislature follow the State of Alaska per diem, travel and lodging rates as found in the Alaska Administrative Manual." The report did not provide supporting documentation for the recommendations provided in the preliminary report, and the only discussion point made in the preliminary report was that "Due to budget constraints, various groups within the State of Alaska are seeing reductions in areas such as wages and the Permanent Fund Dividend." The report goes on to state that the wages should "...reflect some reduction to be in line with reductions found elsewhere and to assist in overall budget reductions." The report provided no evidence that there indeed were "...reductions found elsewhere..." and the net savings were so small as to be inconsequential with respect to the overall budgeting process. In regard to executive branch compensation, the preliminary report only included a statement that "With regards to the Governors, Lieutenant Governor and executive salaries, the commission decided to not make any recommendations." This despite one of the primary goals of the ASOCC being "...to assist in overall budget reductions."

After a review of the preliminary report, I sent an email to the Governor expressing my concerns over the equitability of the recommendations that were being proposed, along with my concern that the "... decision will not provide equitable compensation, and therefore, will be a violation of state law." [Exhibit A1] [AS 39.23.580]. As a curiosity, I also requested a legal memo addressing the ASOCC authority to make per diem change recommendations where I learned that the ASOCC does have the ability to propose per diem, and other compensation changes [Exhibit A2]. This conclusion was also confirmed in an email received from Department of Administration Commissioner Leslie Ridle [Exhibit A3]. Of note, as a policy call the ASOCC report from 2009 [Exhibit B1] deferred recommendations regarding "Session per diem, travel expenses, moving allowances, and office expense accounts...", and clearly stated that those "...shall not be considered compensation. (AS 24.10.100)", also providing that "The Legislative Council shall set the amount and rules governing moving expense and per diem allowances. (AS 24.10.130)".

The ASOCC released their amended preliminary findings on December 21, 2017 [Exhibit B3]. The amended report postponed the salary reduction recommendation to January 1, 2019, which raises the question as to what advice the ASOCC was given regarding their statutory obligations as statute clearly provides that the recommendations for legislators have "...the force of law and becomes effective on the first day of the next regular legislative session..." [AS 39.23.540(d)(1)]. The amended report also modified the per diem recommendation stating that "...the legislature continue to pay the federal per diem rates; however, per diem cannot be taken when a legislator is within 50 miles of his/her primary residence."

According to statute [AS 39.23.540(d)], the ASOCC shall make their report available to the governor and legislature "during the first 10 days of a legislative session". The ASOCC solicited public comment regarding their amended report by January 9, 2018. I responded to the request for public comment by submitting a letter expressing my concerns [Exhibit A4]. Based on the analysis provided to the ASOCC in that letter and another letter submitted by Bruce Bothelo, the ASOCC reconsidered their recommendations, and issued a final report that removed the salary reduction recommendation. However, the ASOCC left one recommendation in their final report, and that was the recommendation to eliminate per diem for legislators residing more than 50 miles from their primary residence [Exhibit B4].

The basis of my concern over the equitability of the single remaining recommendation provided by the ASOCC in their final report is as follows:

- 1) The proposed recommendation will result in a reduction of compensation for Juneau legislators during the regular legislative session in the amount of approximately \$18,500 that Juneau legislators receive as taxable compensation.
- 2) The legislators residing more than 50 miles from Juneau will continue to receive non-taxable per diem payments during regular session in an amount of \$24,750. It does not cost \$24,750 for a non-Juneau legislator to pay for housing and food for three months work in Juneau (an amount equating to \$8,020 per month.) The chart provided as Exhibit C2 graphically depicts the difference between the current compensation and the ASOCC recommended change.

- 3) As an extension of the discussion provided under 2), in a year with a regular session, extended session and three full special sessions, the difference in compensation between Juneau and non-Juneau legislators could grow to \$60,000 that non-Juneau legislators would continue to receive tax-free. Again, it does not cost a non-Juneau legislator \$60,000 to pay for food and lodging for the seven months of session described under this scenario.

When I completed my additional analysis regarding the monetary difference that would result with implementation of the ASOCC recommendations, I sent a follow up email to Commissioner Ridle restating my concern over equitable compensation [Exhibit A5] and was informed that the ASOCC existed under the authority of the Department of Administration for budgetary purposes only, but that the department also provides secretarial support to the ASOCC [Exhibit A6]. Upon receipt of the response from Commissioner Ridle, I forwarded the email to the ASOCC chair, Mr. Glenn Clary [Exhibit A7], and have yet to receive a response to that email.

The compensation recommendation provided by the ASOCC is clearly not equitable, and therefore constitutes a violation of state law. I have requested a legal opinion from legislative legal services asking if the ASOCC is not under the administrative jurisdiction of the Department of Administration, who is obligated to provide oversight and assurance that statutory provisions are met? If the only check to the ASOCC authority is a legislative rejection of the ASOCC recommendation, then I have a very strong concern that the ASOCC is operating outside of state law, and that their activities, and hence their recommendations are unconstitutional. That question has yet to be answered but will be provided as soon as it is available.

Concerns regarding the equitability and the legal basis of the ASOCC, resulted in my effort to identify a more equitable means by which to establish compensation for Alaska's legislators. To that end, I performed a sensitivity analysis comparing several compensation alternatives that would result in moderate to substantial cost savings [Exhibit C1].

All the options described below were compared to current compensation. Each option is further described as follows, and can be found graphically in Exhibit C3:

- A. Reduce annual legislative salary to \$42,000 and institute a per day session stipend of \$180 that decreases to \$150 during extended session, \$50 during the first special session, \$30 during the second special session, \$10 during the third special session, and no meeting stipend for special sessions beyond three. This option maintains the federal per diem rate for non-Juneau legislators, but modifies it to the long-term rate of \$171.5-182.5 for regular and extended session but maintains the short term per diem rate for non-Juneau Legislators of \$189 for special sessions. Overall savings for regular session is approximately \$118,600, but the regular session difference between Juneau and non-Juneau legislators is more than \$15,400, which is still a large disparity, and due to the use of the federal per diem rate, this option can result in an increase in legislative costs of almost \$50,000 over current rates for the scenario that includes three full special sessions in a year.

- B. Reduce annual legislative salary to \$40,200 and institute a per day session stipend of \$300 that decreases to \$150 during extended session, \$50 during the first special session, \$30 during the second special session, \$10 during the third special session, and no meeting stipend for special sessions beyond three. This option proposes using the state per diem rate that currently amounts to \$78 per day, and results in a small but equitable decrease in compensation for all legislators, and a savings of \$58,300 for a 90-day session, with savings that can increase to over \$1.1 million for years with three full special sessions. This option utilizes a higher stipend than found under Option A for a 90-day session but decreases the stipend in the same manner as Option A resulting in an increase of savings over the current compensation method. This stepping down of the stipend is designed to provide a disincentive to extended and special sessions by decreasing the daily stipend significantly beyond 90-days, while still providing a per diem rate that will adequately provide for food and lodging.
- C. Reduce annual legislative salary to \$30,000 and institute a per day session stipend of \$300 that decreases to \$150 during extended session, \$50 during the first special session, \$30 during the second special session, \$10 during the third special session and no meeting stipend for special sessions beyond three. This includes the same per diem rate (\$78) for non-Juneau legislators, but decreases compensation and is provided only as a proof of concept that the compensation method described in Option B is scalable, and results in equitable compensation for Juneau and non-Juneau legislators. This option has a greater savings in the 90-day and extended session options, but the savings is less pronounced for the scenario where there are three full special sessions in a year because of the effect of per diem, even at the \$78 level, for those special sessions.
- D. Increase salary to \$70,000 and allow for state per diem in an amount of \$78 per day for non-Juneau legislators. This option is moving in to consideration of compensation for a full-time legislature, where everyone receives the same salary of \$70,000, and the non-Juneau legislators receive per diem at the state rate (currently \$78). This option costs an additional \$109,000 for a 90-day session but results in savings over current compensation of \$260,000 for an extended session and can result in savings of \$1.4 million in a year that includes three full special sessions. The major difference between this option and Option B is that under Option B, there is a designed disincentive to extend legislative work beyond 90-days, and this option does not provide a disincentive to additional special sessions.

I have also compared the ASOCC recommendation to current compensation and determined that under the three scenarios provided for each option above, the ASOCC recommendation will save approximately \$55,600 for a regular 90-day session, an additional \$19,200 in a 120-day extended session, and only an additional \$4,050 in a year with three full special sessions. A chart comparing all the options with current compensation is attached as Exhibit C4.

Based on the analysis provided above, I have drafted a Committee Substitute [ Exhibit D1] that implements Option B as the most equitable compensation solution for the legislature. This option provides savings to the state that is slightly higher than the savings provided by the ASOCC for the 90-session, but also provides increasing savings amounting to over \$1,100,000 in the case where there are three full special sessions in a single year. As stated in the analysis above, this option also provides a decreasing per day amount that is designed to provide a disincentive to extended and special sessions by decreasing the per day amount significantly when session extends beyond the statutory 90-days. The CS also removes legislative compensation from the prevue of the ASOCC as the analysis provided above clearly shows that ASOCC is not complying with Alaska Statute, and not operating in the best interests of the state.

I encourage member of the Labor and Commerce Committee to consider this report and supplemental information and consider moving CS for House Bill 309 from committee.

Sincerely,



Representative Sam Kito III  
House District 33

cc:

Representative Bryce Edgmon, Speaker of the House  
Senator Pete Kelly, President of the Senate

30-LS1228J  
Wayne  
2/27/18

**CS FOR HOUSE BILL NO. 309(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE GUTTENBERG

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to salary, per diem, stipends, and annual allowances for legislators;  
2 relating to the powers and duties of the State Officers Compensation Commission;  
3 disapproving all recommendations of the State Officers Compensation Commission  
4 relating to the compensation, benefits, and allowances of state officers; and providing  
5 for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 \* **Section 1.** AS 24.10.100 is amended to read:

8       **Sec. 24.10.100. Salary of legislators.** Legislators shall receive a monthly  
9 salary of \$3,350. During tenure of office, the [UNDER AS 39.23. THE] president of  
10 the senate and the speaker of the house of representatives may receive additional  
11 compensation determined by the legislative council [UNDER AS 39.23 DURING  
12 TENURE OF OFFICE].

13 \* **Sec. 2.** AS 24.10.100 is amended by adding new subsections to read:

1 (b) For each day of a legislative session that a legislator is within 50 miles of  
2 the Capitol or other facility in which the legislative session is convened or in which a  
3 legislative committee is meeting, the legislator shall receive a stipend as follows:

- 4 (1) before the 91st day of a regular legislative session, \$300;
- 5 (2) after the 90th day of a regular legislative session, \$150;
- 6 (3) during a first special legislative session, \$50;
- 7 (4) during a second special legislative session, \$30;
- 8 (5) during a third special legislative session, \$10;
- 9 (6) during a fourth or later special legislative session, \$0.

10 (c) The stipend under (b) of this section is in addition to a monthly salary or  
11 additional compensation under (a) of this section, an annual allowance under  
12 AS 24.10.110, and a moving expense and per diem allowance under AS 24.10.130.

13 \* **Sec. 3.** AS 24.10.110 is amended to read:

14 **Sec. 24.10.110. Additional allowances.** In addition, each member of the  
15 legislature is entitled to an annual allowance, in an amount determined by the  
16 legislative council, [PRESCRIBED IN ACCORDANCE WITH AS 39.23] for  
17 postage, stationery, stenographic services, and other expenses.

18 \* **Sec. 4.** AS 24.10.120 is amended to read:

19 **Sec. 24.10.120. Method of payment.** (a) Salaries, per diem, travel expenses,  
20 moving [RELOCATION] expenses, and additional allowances for members of the  
21 legislature shall be paid as approved by the legislative fiscal officer.

22 (b) The legislative fiscal officer shall file a travel and compensation report  
23 with the legislature's fiscal office by January 31 of each year. The report must contain  
24 detailed information for the previous calendar year of the salaries, per diem, travel  
25 expenses, moving [RELOCATION] expenses, and any additional allowances for each  
26 legislator and each legislative director.

27 \* **Sec. 5.** AS 24.10.130(b) is amended to read:

28 (b) Legislators and officers and employees of the legislative branch of  
29 government may be entitled to a travel per diem allowance for travel on legislative  
30 business.

31 \* **Sec. 6.** AS 24.10.130(c) is amended to read:

1 (c) The Alaska Legislative Council shall adopt a policy [IN ACCORDANCE  
2 WITH AS 39.23.540(d)] regarding reimbursement for moving expenses **and travel**  
3 **per diem** applicable to all legislators [AND AN APPLICABLE PER DIEM  
4 ALLOWANCE POLICY]. The policy must set conditions for the reimbursement for  
5 moving expenses and payment of **travel** per diem and prescribe the amounts of  
6 reimbursement adapted to the special needs of the legislative branch as determined by  
7 the council.

8 \* **Sec. 7.** AS 24.10.130 is amended by adding new subsections to read:

9 (d) Except as provided in (e) of this section, for each day of a legislative  
10 session, the legislator is entitled to a per diem allowance of \$45 for lodging and \$33  
11 for meals.

12 (e) A legislator may not receive a per diem allowance under (d) of this section

13 (1) for lodging and meals for any day

14 (A) during the interim between one legislative session and the  
15 next legislative session;

16 (B) during a legislative session if the legislator's principal place  
17 of residence is within 50 miles of the Capitol or other facility in which the  
18 legislative session is convened or a legislative committee is meeting;

19 (C) for which the legislator claims or is entitled to a travel per  
20 diem allowance under (b) of this section;

21 (2) for meals for any day during a legislative session during which the  
22 legislator is not within 50 miles of the Capitol or other facility in which the legislative  
23 session is convened or a legislative committee is meeting.

24 \* **Sec. 8.** AS 24.20.060 is amended by adding a new subsection to read:

25 (b) The legislative council shall determine

26 (1) any additional compensation provided to the president of the senate  
27 and the speaker of the house of representatives under AS 24.10.100; and

28 (2) the amount of the annual allowance provided to legislators under  
29 AS 24.10.110.

30 \* **Sec. 9.** AS 24.20.062 is amended to read:

31 **Sec. 24.20.062. Legislative internship program.** A legislative internship

1 program established by the legislative council under AS 24.20.060(a)(8)  
2 [AS 24.20.060(8)] shall provide that

3 (1) the University of Alaska provide academic support and credit to the  
4 program;

5 (2) students enrolled and in good standing at any accredited  
6 postsecondary educational institution who have successfully completed at least two  
7 years of study are eligible to participate in the program;

8 (3) interns will be selected by a committee composed of members of  
9 the legislature appointed by the legislative council and representatives of the  
10 university appointed by the university;

11 (4) interns will be selected on the basis of their experience and interest  
12 in subjects that [WHICH] the legislative council feels are likely to be considered  
13 during a legislative session;

14 (5) legislative interns are entitled to receive academic credit and  
15 payment of \$30 for each day of participation in the program during the legislative  
16 session.

17 \* **Sec. 10.** AS 39.23.540(a) is amended to read:

18 (a) The commission shall review the salaries, benefits, and allowances of  
19 [MEMBERS OF THE LEGISLATURE,] the governor, the lieutenant governor, and  
20 each principal executive department head and prepare a report on its findings at least  
21 once every two years, but not more frequently than every year. The commission shall  
22 notify the legislature that the report is available.

23 \* **Sec. 11.** AS 39.23.540(b) is amended to read:

24 (b) The commission may request reports or studies from any state agency as to  
25 the rate and form of compensation, benefits, and allowances for [LEGISLATORS,]  
26 the governor, the lieutenant governor, and each executive department head. A state  
27 agency from which a report or a study is requested shall furnish it within a period of  
28 time prescribed by the commission.

29 \* **Sec. 12.** AS 39.23.540(d) is amended to read:

30 (d) The commission shall make available to the governor and presiding  
31 officers of each house of the legislature a final report of its findings and

1 recommendations as to the rate and form of compensation, benefits, and allowances  
2 for [LEGISLATORS,] the governor, the lieutenant governor, and each principal  
3 executive department head during the first 10 days of a legislative session. Subject to  
4 (g) of this section and unless a bill disapproving all the recommendations for all  
5 officers listed in this section is enacted into law within 60 days after the  
6 recommendations are submitted to the governor and presiding officers of each house  
7 of the legislature, a recommendation as to the compensation, benefits, and allowances  
8 for

9 [(1) A LEGISLATOR HAS THE FORCE OF LAW AND BECOMES  
10 EFFECTIVE ON THE FIRST DAY OF THE NEXT REGULAR LEGISLATIVE  
11 SESSION; AND

12 (2)] the governor, the lieutenant governor, and each principal executive  
13 department head has the force of law and becomes effective on the first day of the  
14 fiscal year following the fiscal year in which the recommendation is submitted.

15 \* **Sec. 13.** AS 39.23.560 is amended to read:

16 **Sec. 39.23.560. Recommendations relating to benefits.** The  
17 recommendations of the commission relating to benefits may not include any  
18 recommendation relating to health, retirement, disability, or death benefits under  
19 AS 39.30 and AS 39.35 for [MEMBERS OF THE LEGISLATURE,] the governor, the  
20 lieutenant governor, and each principal executive department head.

21 \* **Sec. 14.** AS 39.23.570 is amended to read:

22 **Sec. 39.23.570. Filing with lieutenant governor and certification.** The  
23 commission shall, on transmitting its final recommendations for the compensation of  
24 [LEGISLATORS,] the governor, the lieutenant governor, and each principal executive  
25 department head to the legislature, file the recommendations in the office of the  
26 lieutenant governor. When the recommendations become effective, the commission  
27 shall certify the copy of the recommendations on file in the office of the lieutenant  
28 governor.

29 \* **Sec. 15.** AS 39.23.580 is repealed.

30 \* **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           DISAPPROVAL OF THE STATE OFFICERS COMPENSATION COMMISSION'S  
2 RECOMMENDATIONS. The recommendations contained in the final report of the State  
3 Officers Compensation Commission relating to the compensation, benefits, and allowances of  
4 members of the legislature, the governor, the lieutenant governor, and each principal  
5 executive department head, made available under AS 39.23.540(d), as that subsection read  
6 before the effective date of sec. 12 of this Act, to the governor and presiding officers of each  
7 house of the legislature during the Second Regular Session of the Thirtieth Alaska State  
8 Legislature, are disapproved.

9       \* **Sec. 17.** Section 16 of this Act takes effect immediately under AS 01.10.070(c).

10       \* **Sec. 18.** Except as provided in sec. 17 of this Act, this Act takes effect January 1, 2019.

## **A Exhibits**

- A1 - Email to Gov. Walker re Pending Compensation Commission report 12/18/17
- A2 - SOCC Legal Memo 12/21/17
- A3 - Comm Ridle Response re Comp Commission 12/26/17
- A4 - Letter to Compensation Commission 1/8/18
- A5 - Email to Comm Ridle re Compensation Commission Decision 2/21/18
- A6 - Commissioner Ridle Response re Compensation Commission Decision 2/22/18
- A7 - Email to Clary re Compensation Commission Decision 2/23/18

# Exhibit A1

**From:** [Rep. Sam Kito](#)  
**To:** [Governor Bill Walker](#)  
**Cc:** ["Peterson, Darwin R \(GOV\)"; Rep. Bryce Edgmon; Crystal Koeneman; "leslie.ridle@alaska.gov"; Sen. Dennis Egan; Rep. Justin Parish](#)  
**Bcc:** [Heidi Drygas \(Heidi.Drygas@alaska.gov\)](#)  
**Subject:** Pending Compensation Commission report  
**Date:** Monday, December 18, 2017 1:02:00 PM

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Dear Governor Walker:

I am sending this email in response to the pending final report of the State Officers Compensation Commission. Alaska statute states that it is the policy of the Legislature to "recommend an equitable rate and form of compensation, benefits, and allowances for legislators." Based on the information available from the press regarding the upcoming report, it is apparent to me that the decision will not provide equitable compensation, and therefore, will be a violation of state law.

The original purpose of the compensation commission was to take politics out of the decision making for salary and benefits for the Governor, Lt. Governor and Legislators. To make a decision that makes a recommendation that is not based on a review of compensation, benefits or per diem provided in other states, or a recognition of the differing cost of living and transportation specific to Alaska, is short sighted and appears to be a decision based on political outcomes as opposed to non-political review of appropriateness of compensation.

It is especially troubling that the changes proposed by the salary commission have an inordinate effect on legislators that live in the Capitol City, and would not have a similar effect on other legislators in the state.

Therefore, I recommend that the Governor request the commission review its decision and reconsider it based on the fact that making a purely political decision is not in the best interests of the state.

Sincerely,

Sam Kito III  
Representative  
House District 33

**Sec. 39.23.580. Policy of the legislature.** It is the policy of the legislature that the commission recommend an equitable rate and form of compensation, benefits, and allowances for legislators.

# LEGAL SERVICES

# Exhibit A2

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329


## MEMORANDUM

December 21, 2017

**SUBJECT:** Alaska State Officers Compensation Commission authority to adjust legislator per diem (Work Order No. 30-LS1200)

**TO:** Representative Sam Kito  
Attn: Crystal Koener

**FROM:** Dan Wayne  
Legislative Counsel



### Question Presented

You asked whether the Alaska State Officers Compensation Commission (ASOCC) has the statutory authority to adjust legislator per diem rates that have been adopted by the Alaska Legislative Council.

### Brief Answer

The ASOCC is authorized to make findings and recommendations regarding per diem for legislators. Although ASOCC does not directly set or change the legislative per diem allowance policy adopted by the Alaska Legislative Council, once ASOCC makes its recommendations final after public comment, the recommendations have the force of law under AS 39.23.540(d) unless a bill disapproving all the recommendations made under AS 39.23.540 is enacted into law within 60 days after the recommendations are submitted or the legislature fails to appropriate enough money to fully fund all of the commission's recommended increases.

### Discussion

Article II, sec. 7, Constitution of the State of Alaska, provides:

**SECTION 7. Salary and Expenses.** Legislators shall receive annual salaries. They may receive a per diem allowance for expenses while in session and are entitled to travel expenses going to and from sessions. Presiding officers may receive additional compensation.

In order to establish the required salaries for legislators and the discretionary per diem allowance that legislators may receive, AS 39.23.540 provides:

Sec. 39.23.540. Duties of the commission.

(a) The commission shall review the *salaries, benefits, and allowances* of members of the legislature, the governor, the lieutenant

governor, and each principal executive department head and prepare a report on its findings at least once every two years, but not more frequently than every year. The commission shall notify the legislature that the report is available.

(b) The commission may request reports or studies from any state agency as to the rate and form of compensation, benefits, and allowances for legislators, the governor, the lieutenant governor, and each executive department head. A state agency from which a report or a study is requested shall furnish it within a period of time prescribed by the commission.

(c) By November 15, the commission shall prepare its preliminary findings and recommendations for compensation of state officers that is reasonable and equitable. The commission shall give reasonable public notice of its preliminary findings and recommendations, solicit public comments, and give due regard to the public comments, before submitting a final report under (d) of this section.

(d) The commission shall make available to the governor and presiding officers of each house of the legislature a final report of its findings and recommendations as to the rate and form of compensation, benefits, and allowances for legislators, the governor, the lieutenant governor, and each principal executive department head during the first 10 days of a legislative session. *Subject to (g) of this section and unless a bill disapproving all the recommendations for all officers listed in this section is enacted into law within 60 days after the recommendations are submitted to the governor and presiding officers of each house of the legislature, a recommendation as to the compensation, benefits, and allowances for*

*(1) a legislator has the force of law and becomes effective on the first day of the next regular legislative session; and*

*(2) the governor, the lieutenant governor, and each principal executive department head has the force of law and becomes effective on the first day of the fiscal year following the fiscal year in which the recommendation is submitted.*

(e) The commission may prepare amendments to the report submitted under (d) of this section and notify the legislature that the amendments are available.

(f) A commission member who does not concur in the proposed or final recommendations may attach written objections to the commission's report of its findings and recommendations.

(g) A recommendation under this section increasing the compensation, benefits, and allowances of a public officer is not effective unless all recommended increases included in the final report under (d) of this section are fully funded by appropriations.<sup>1</sup>

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<sup>1</sup> Emphasis added.

The legislature's use of the phrase "compensation, benefits, and allowances," in my opinion, includes per diem allowances for legislators. This reading is supported by the legislature's 2008 amendment of the statutory provision that requires the Alaska Legislative Council to adopt a per diem allowance policy. In 2008, when the 25th Legislature repealed AS 37.23.200 - 39.23.270 and AS 39.23.400 and enacted AS 39.23.500 - 599, it amended AS 24.10.130(c) to include the language "in accordance with AS 39.23.540(d)":

(c) The Alaska Legislative Council shall adopt a policy *in accordance with AS 39.23.540(d) regarding reimbursement for moving expenses applicable to all legislators and an applicable per diem allowance policy*. The policy must set conditions for the reimbursement for moving expenses and payment of per diem and prescribe the amounts of reimbursement adapted to the special needs of the legislative branch as determined by the council.<sup>[2]</sup>

Despite this broad authority, the ASOCC deferred to the Alaska Legislative Council to regulate "long-term per diem" after recommending its elimination when the ASOCC issued its first ever Findings and Recommendations on January 10, 2009.<sup>3</sup> At that time, the ASOCC concluded:

While the commission recommends the elimination of the long-term per diem stipend, it also specifies that payments for living expenses during session, reimbursable expenses for legislative travel during and between sessions, relocation allowances, and office expense accounts shall not be considered a form of compensation and that the Legislative Council shall continue to regulate these payments.

In ASOCC's November 14, 2017, Preliminary Findings and Recommendations,<sup>4</sup> ASOCC reversed its decision in 2009 to defer to the Legislative Council on per diem allowances by including in its findings and recommendations, a recommendation regarding per diem for legislators. Specifically, ASOCC proposed "that the legislature follow the State of Alaska per diem, travel and lodging rates as found in the Alaska Administrative Manual." While ASOCC's reversal of its 2009 approach likely surprised legislators, it is my opinion based on the plain language of AS 39.23.540, that the commission continues to have the authority to set per diem for legislators, subject to possible rejection by the

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<sup>2</sup> Emphasis added. *See* ch. 21, SLA 2008 (SCS CSHB 417(FIN)).

<sup>3</sup> Available online at: <http://doa.alaska.gov/dop/socc/2009archive>

<sup>4</sup> Available online at: <http://doa.alaska.gov/dop/fileadmin/socc/pdf/2017/PreliminaryFindingsandRecommendations2017.pdf>

legislature, under AS 39.23.540(d). At its December 5, 2017, meeting, ASOCC apparently altered its recommendation for per diem allowances by recommending that the rate remain unchanged but prohibiting legislators from collecting per diem while within 50 miles of their primary residence.<sup>5</sup>

As of the writing of this memorandum, ASOCC's Final Findings and Recommendations are not available. If the legislature is satisfied with ASOCC's Final Findings and Recommendations once they are submitted to the legislature and other affected parties as provided in AS 39.23.540(d), the legislature does not need to act any further other than to fund the recommendations in the operating budget.

However, if the legislature does not agree with ASOCC's Final Findings and Recommendations, the legislature can reject them under AS 39.23.540(d). To comply with the language in AS 39.23.540(d), allowing rejection of ASOCC recommendations, a bill must be enacted into law within 60 days disapproving of "all the recommendations for all officers listed" in AS 39.23.540.

If you have further questions, please advise.

DDG:dls  
17-612.dls

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<sup>5</sup> See Nathaniel Herz, "State commission reverses plan to slash Alaska legislators' expense checks," Anchorage Daily News, Dec. 5, 2017, <http://www.adn.com/politics/alaska-legislature/2017/12/05/state-commission-reverses-plan-to-slash-alaska-legislators-expense-checks/>; Pat Forgey, "Commission delays cutting legislator pay until after elections," Juneau Empire, Dec. 7, 2017, <http://www.juneauempire.com/state/news/2017-12-06/commission-delays-cutting-legislator-pay-until-after-elections>. ASOCC's revised Preliminary Findings and Recommendations are not available on ASOCC's website.

## Rep. Sam Kito

---

**From:** Ridle, Leslie D (DOA) <leslie.ridle@alaska.gov>  
**Sent:** Tuesday, December 26, 2017 12:17 PM  
**To:** Rep. Sam Kito  
**Cc:** Peterson, Darwin R (GOV); Montalbo, Minta C (DOA); Gorle, Nicole A (GOV); Kendall, Ryan S (DOA); Sheehan, Kate E (DOA)  
**Subject:** FW: 2009 commission report  
**Attachments:** 2009 Compensation Commission Report.pdf

**Follow Up Flag:** Flag for follow up  
**Flag Status:** Flagged

Hi Rep. Kito

Thanks for sending a copy of the 2009 recommendations. I had Kate Sheehan and our Department of Law review the issue again. The highlighted portion you sent concerned the recommendations made in 2009; however, that does not change the law that the SOCC may make recommendations regarding allowances such as per diem any time they meet.

In AS 24.10.130, you will see that the Legislative Council sets the policy for per diem in accordance with the SOCC recommendations. It is true that the SOCC has not made any recommendations on per diem since 2009 but part of the rationale for having the commission is to revisit issues every one or two years. This current commission has chosen to address the per diem issue and final recommendations will be sent to the legislature according to the statutory timelines.

The recourse for rejecting the Commission's recommendations is the passage of disapproving legislation. There are no statutory provisions creating an avenue for the executive branch to intervene prior to any action by the legislative branch.

If you have any other questions on the work of the commission, please let me know.

Thank you,  
Leslie

Leslie Ridle  
Commissioner  
Department of Administration  
907-465-2200

---

**From:** Rep. Sam Kito [mailto:Rep.Sam.Kito@akleg.gov]  
**Sent:** Tuesday, December 19, 2017 1:37 PM  
**To:** Ridle, Leslie D (DOA) <leslie.ridle@alaska.gov>  
**Subject:** 2009 commission report



## Representative Sam Kito III

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Alaska State Legislature

January 8, 2018

Glenn Clary, Chair  
Alaska State Officers Compensation Commission  
State of Alaska  
Department of Administration  
P.O. Box 110200  
Juneau, AK 99811-0200

Dear Mr. Clary:

This correspondence is being transmitted in response to the notice for public comments requested for January 9, 2018, solicited by the Alaska State Officers Compensation Commission [hereinafter referred to as the Commission].

A review of the "Preliminary Findings and Recommendations" [hereinafter referred to as the Report], and the "Amended Preliminary Findings and Recommendations" [hereinafter referred to as the Amended Report] raises questions regarding the process and goals of the recommendations proposed by the Commission.

The current iteration of the Commission was created through legislation [House Bill 260 from the 25<sup>th</sup> Alaska Legislature]. The stated goal of the legislation as presented by the bill sponsor in the House State Affairs Committee hearing that took place on January 17, 2008, was as follows:

**House State Affairs Committee meeting 1-17-2008 [*emphasis added*]:**

REPRESENTATIVE DOOGAN said he does not think people run for the legislature because they want to get rich, or become commissioners because they cannot make money someplace else. He stated his *intent is to keep the compensation from being a barrier.*

REPRESENTATIVE COGHILL *concurred.* He said the commission would be tasked to look at equitable rate, so the word equitable is a huge issue. He said he thinks "this public record" will help the commission to find some direction in that regard. He added, "Because otherwise they have to look at what .... probably could be termed competitive rates rather than equitable rates."

REPRESENTATIVE DOOGAN reiterated his aforementioned point regarding *removing the barrier to public service.*

Mr. Glenn Cleary, Chair

January 8, 2018

Page 2

This sentiment was further expressed during the House Finance Committee hearing that took place on January 30, 2008, where Representative Nelson noted "... that it is wrong to have more rich and retired people doing the work for the State and that it is better for the legislative body to have more variety in who serves."

Representative Nelson's sentiment was greeted with concurrence from the bill sponsor Representative Doogan who stated that he "wholeheartedly agreed. He added that many people are kept from public office because of their obligations in life versus the compensation offered."

The Commission, in its Report and Amended Report, recommends that legislator salaries be reduced by 10%, and that "per diem continue to be paid based on the federal rate, however, legislators would not be eligible for per diem if the session was being held within 50 miles of their primary residence."

The reasoning provided by the Commission for making its recommendations is contained in the following statement, and only in the following statement, included in the original Report:

"Due to budget constraints, various groups within the State of Alaska are seeing reductions in areas such as wages and the Permanent Fund Dividend. While many legislators do spend more time serving the public than the 90-day session, it is important that their wages reflect some reduction to be in line with reductions found elsewhere and to assist in overall budget reductions."

Without evidence or backup, this statement is left to stand alone, and can only be interpreted as the opinion of the Commission, and not as a deliberative statement.

The actions of the Commission are precisely contrary to the original intent of the legislation to "... keep compensation from being a barrier" to public service. Decreasing the salaries of all legislators, and eliminating per diem for some legislators, will only result in fewer Alaskans being willing to put their names forward to serve their fellow Alaskans in the state legislature.

In the Report, the Commission claims that "various groups within the State of Alaska are seeing reductions in ... wages", and that the Commission's proposed reduction should "be in line with reductions found elsewhere". The 10% wage reduction proposed by the Commission was offered as a reflection of "reductions found elsewhere", however, the Report or Amended Report fail to provide evidence that other industries have experienced wage reductions approximating 10%. In fact, the Governor, Lt. Governor, and each principal executive department head, who are also under the purview of the Commission, have not seen reductions in wages or benefits<sup>1</sup>. Further, the Report states: "With Regards to the Governors, Lieutenant Governor and executive salaries, the commission decided to not make any recommendations." This statement is provided without explanation, background or evidence, and can only be interpreted as favoritism towards the Governor and Administration given the stated goal of the Commission to "... assist in overall budget reductions."

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<sup>1</sup> Non-department head employees of the State of Alaska have not experienced reductions in wages or benefits either. However, State of Alaska employees have not seen wage increases due to the Governor freezing merit and step increases.

Mr. Glenn Cleary, Chair

January 8, 2018

Page 3

Legislators only receive changes in salary which are proposed by the Commission and not rejected by the legislature. Increases to legislative wages have not been proposed by the Commission since its original report in 2009, which fundamentally changed the way legislators are paid. Legislators do not receive annual merit, step or cost of living increases, so legislators' wages have been held at the same level since 2009, which cannot be said for any state employee, appointed or not. I would also argue that no other industry in Alaska stopped increasing wages since 2009.

The Commission also claims that "... various groups within the State of Alaska are seeing reductions in ... the Permanent Fund Dividend". The Permanent Fund Dividend reduction was experienced by all Alaskans, including legislators, and not just "some groups". As such, a reduction to wages and per diem for legislators adds an additional reduction to legislators' income.

The per diem reduction recommended by the Commission was also provided without the benefit of evidence or backup. A review of the meeting minutes for House Bill 260 from the Senate State Affairs Committee on February 26, 2008, found that an amendment was offered by Senator Bunde as Amendment #1 that included the following provision:

Page 2, line 4, following "allowance":

Insert ", except that those whose place of permanent residence is within 50 miles of a location in which the legislature is convened in regular or special session are not entitled to a per diem allowance for that session"

The amendment failed on a bipartisan vote of 2-3. Because the legislature considered and failed to adopt the above provision, the legislative intent on the issue of differential per diem is clear; the Commission does not have the authority to apply a differential per diem rate to legislators.<sup>2</sup>

Far from removing politics from the wage and benefit discussion for legislators and other state officials, the actions of the Commission, through its Report and Amended Report, provide purely political recommendations that do not fiscally impact the Governor, Lt. Governor or any principal department head, but does put fiscal pressure on all legislators, some more than others.

I hereby request that the Report and Amended Report of the Commission be withdrawn as incomplete.

Sincerely,



Sam Kito III, P.E.

Representative District 33

cc: Governor Bill Walker  
Lt. Governor Byron Mallott  
Commissioner Leslie Ridle, Department of Administration

---

<sup>2</sup> The original 2009 report aligns with this part of the legislative record in that it recommends "... payments for living expenses during session, reimbursable expenses for legislative travel during and between session, relocation allowances, and office expense accounts shall not be considered a form of compensation and that the Legislative Council shall continue to regulate these payments."

# Exhibit A5

**From:** [Rep. Sam Kito](#)  
**To:** ["Ridle, Leslie D \(DOA\)"](#)  
**Cc:** ["Peterson, Darwin R \(GOV\)"; Rep. Bryce Edgmon; Rep. David Guttenberg](#)  
**Bcc:** [Crystal Koeneman](#)  
**Subject:** Compensation Commission Decision  
**Date:** Wednesday, February 21, 2018 2:39:00 PM  
**Attachments:** [Compensation Commission.pdf](#)

---

Dear Commissioner Ridle,

In a further review and analysis of the Compensation Commission's proposed recommendation, I have compared the costs between the current system of legislative compensation and the commission's proposed recommendation. The attached chart graphically shows that difference.

If you will look at the chart, during a regular session, Juneau legislator compensation will be reduced by \$18,500, and non-Juneau Legislators will still receive per diem in the amount of \$24,750. This change will result in a regular session compensation difference between Juneau and other legislators of \$24,750. It is not reasonable to think that it costs a non-Juneau legislator \$24,750 to relocate to Juneau for 3 months. Over a full year with an extended, and three special sessions, that compensation *difference* can grow to nearly \$60,000. Again, and even more to the point, it is not reasonable to think that it costs a non-Juneau legislator \$60,000 to pay for food and lodging to relocate for 7 months of work.

According to AS 39.23.580 "It is the policy of the legislature that the commission recommend an equitable rate and form of compensation, benefits, and allowances for legislators." It is obvious to me that the compensation commission has not met their statutory obligation in recommending "an equitable rate" of compensation, and I respectfully request that the Department inform the Compensation Commission that, because they have not met their statutory obligation, that they therefore must remove their recommended change.

Sincerely,

Representative Sam Kito III  
State Capitol  
Juneau Alaska 99801  
(907) 465-4766

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**From:** Ridle, Leslie D (DOA)  
**To:** [Rep. Sam Kito](#)  
**Cc:** [Peterson, Darwin R \(GOV\)](#); [Rep. Bryce Edgmon](#); [Rep. David Guttenberg](#)  
**Subject:** RE: Compensation Commission Decision  
**Date:** Thursday, February 22, 2018 5:21:45 PM

---

Representative Kito:

Thank you for your email and the chart. I agree with the fact that the SOCC's actions disproportionately affect Juneau legislators over other legislators, and I understand how this could be a hardship for members of the Juneau Delegation. However, I consulted with the Department of Law again, and I confirmed I don't have the authority to direct the SOCC to change their recommendations.

As you know, [HB 417](#) passed in 2008 to create the SOCC and it contained the following:

[AS 39.23.500\(e\)](#)--the SOCC is in DOA for budgetary purposes and we provide a secretary to the committee, but DOA does not control the SOCC.

[AS 39.23.540](#)--the SOCC has been assigned certain statutory duties including most specifically preparing a report that includes recommendations regarding salaries for the governor, Lt. governor, legislators, and department heads.

[AS 39.23.540\(d\)](#) --the SOCC submits its report to the legislature which then has the authority to pass a bill disapproving the recommendations.

There is nothing in the statutes giving DOA or me "veto" authority over the SOCC's recommendations. Per the statute, only legislature can disapprove SOCC recommendations if it so chooses.

I know this isn't the answer you were looking for. I can forward your email and your chart to the chair of the SOCC if you like. If you prefer to send something on your own, the chair is Glenn Clary and his email is [gclary@ancbt.org](mailto:gclary@ancbt.org).

Member Duane Bannock's term is over March 1. I have communicated to Rep. Edgmon's office there will be a vacancy so the House can appoint a new member after March 1.

Thank you,  
Leslie

---

**From:** Rep. Sam Kito [<mailto:Rep.Sam.Kito@akleg.gov>]  
**Sent:** Wednesday, February 21, 2018 2:39 PM  
**To:** Ridle, Leslie D (DOA) <[leslie.ridle@alaska.gov](mailto:leslie.ridle@alaska.gov)>  
**Cc:** Peterson, Darwin R (GOV) <[darwin.peterson@alaska.gov](mailto:darwin.peterson@alaska.gov)>; Rep. Bryce Edgmon <[Rep.Bryce.Edgmon@akleg.gov](mailto:Rep.Bryce.Edgmon@akleg.gov)>; Rep. David Guttenberg <[Rep.David.Guttenberg@akleg.gov](mailto:Rep.David.Guttenberg@akleg.gov)>  
**Subject:** Compensation Commission Decision

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According to AS 39.23.580 "It is the policy of the legislature that the commission recommend an equitable rate and form of compensation, benefits, and allowances for legislators." It is obvious to me that the compensation commission has not met their statutory obligation in recommending "an equitable rate" of compensation, and I respectfully request that the Department inform the Compensation Commission that, because they have not met their statutory obligation, that they therefore must remove their recommended change.

Sincerely,

Representative Sam Kito III  
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**From:** [Rep. Sam Kito](#)  
**To:** ["gclary@ancbt.org"](mailto:gclary@ancbt.org)  
**Cc:** [Rep. Bryce Edgmon](#); ["Ridle, Leslie D \(DOA\)"](#); [Rep. David Guttenberg](#); ["Peterson, Darwin R \(GOV\)"](#)  
**Bcc:** [Crystal Koeneman](#)  
**Subject:** FW: Compensation Commission Decision  
**Date:** Friday, February 23, 2018 1:48:00 PM  
**Attachments:** [Ex 9-Compensation Commission Chart.pdf](#)

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Dear Mr. Clary,

This email is being transmitted to you as a follow up to the email below that I sent to the Department of Administration, and the attached chart identifying the compensation difference under the Alaska Salary Compensation Commission recommendations submitted to the Alaska Legislature earlier this session.

I have recently spent additional time reviewing the request, and the impact of that request on Juneau Legislators. Please review the attached chart that identifies the monetary effect of the ASOCC recommendation.

According to Alaska Statute 39.23.580 "It is the policy of the legislature that the commission recommend an equitable rate and form of compensation, benefits, and allowances for legislators." It is obvious to me that the ASOCC has not met their statutory obligation in recommending "an equitable rate" of compensation, and I respectfully request that the ASOCC, because they have not met their statutory obligation, retract the recommended change. The decision by the ASOCC is not in the public's best interest, does not meet the ASOCC statutory obligations, and will negatively impact the ability for the Juneau legislative district to attract qualified candidates for legislative office.

Sincerely,

Representative Sam Kito III  
State Capitol  
Juneau Alaska 99801  
(907) 465-4766

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Follow us on [Twitter](#)

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---

**From:** Ridle, Leslie D (DOA) [mailto:[leslie.ridle@alaska.gov](mailto:leslie.ridle@alaska.gov)]  
**Sent:** Thursday, February 22, 2018 5:22 PM

**To:** Rep. Sam Kito <Rep.Sam.Kito@akleg.gov>

**Cc:** Peterson, Darwin R (GOV) <darwin.peterson@alaska.gov>; Rep. Bryce Edgmon <Rep.Bryce.Edgmon@akleg.gov>; Rep. David Guttenberg <Rep.David.Guttenberg@akleg.gov>

**Subject:** RE: Compensation Commission Decision

Representative Kito:

Thank you for your email and the chart. I agree with the fact that the SOCC's actions disproportionately affect Juneau legislators over other legislators, and I understand how this could be a hardship for members of the Juneau Delegation. However, I consulted with the Department of Law again, and I confirmed I don't have the authority to direct the SOCC to change their recommendations.

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I know this isn't the answer you were looking for. I can forward your email and your chart to the chair of the SOCC if you like. If you prefer to send something on your own, the chair is Glenn Clary and his email is [gclary@ancbt.org](mailto:gclary@ancbt.org).

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Thank you,  
Leslie

---

**From:** Rep. Sam Kito [<mailto:Rep.Sam.Kito@akleg.gov>]

**Sent:** Wednesday, February 21, 2018 2:39 PM

**To:** Ridle, Leslie D (DOA) <[leslie.ridle@alaska.gov](mailto:leslie.ridle@alaska.gov)>

**Cc:** Peterson, Darwin R (GOV) <[darwin.peterson@alaska.gov](mailto:darwin.peterson@alaska.gov)>; Rep. Bryce Edgmon <[Rep.Bryce.Edgmon@akleg.gov](mailto:Rep.Bryce.Edgmon@akleg.gov)>; Rep. David Guttenberg <[Rep.David.Guttenberg@akleg.gov](mailto:Rep.David.Guttenberg@akleg.gov)>

**Subject:** Compensation Commission Decision

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## **B Exhibits**

B1 - 2009 Compensation Commission Report

B2 - SOCC Preliminary Findings and  
Recommendations 11.14.17

B3 - SOCC Amended Preliminary Findings 12.21.17

B4 - SOCC Final Findings and Recommendations  
1.17.19



**Alaska State Officers Compensation  
Commission**

**Findings  
and  
Recommendations**

January 10, 2009

# Alaska State Officers Compensation Commission

## Final Report of Findings and Recommendations

January 10, 2009

### Introduction

The Alaska State Officers Compensation Commission was created by legislation adopted during the last legislative session.<sup>1</sup> Unlike previous salary commissions in Alaska's history, which were advisory to the legislature, this commission has unusual power: its recommendations take effect unless the legislature passes a bill to disapprove them.

There are five unpaid commission members, all appointed by the governor. One appointee must be from a list of at least two nominees submitted by the speaker of the Alaska House of Representatives, and another must be from a similar list submitted by the president of the Alaska Senate. None of the commissioners may be an employee of the state or of the University of Alaska, a member of any other state board or commission, an elected municipal official, or a person who has held in the previous four years an office covered by the commission's recommendations.

The commission is directed by statute to "review the salaries, benefits, and allowances of members of the legislature, the governor, the lieutenant governor, and each principal executive department head and prepare a report on its findings at least once every two years, but not more frequently than every year (AS 39.23.540(a)).<sup>2</sup> The law stipulates that the commission is to prepare preliminary findings and recommendations for public comment. It directs the commission to present final recommendations to the legislature within the first 10 days of the session.

The commission met for the first time on November 21, 2008 in Anchorage. It elected Rick Halford as chair, discussed its statutory mandate, and reviewed background data prepared by staff. Commissioners requested staff to compile certain additional background information. The commission members were appointed on November 14, 2008, so it was impossible to meet the November 15 deadline for a preliminary report of findings and recommendations. However, contingent upon advice from the Department of Law, the commissioners decided there was adequate time to draft a preliminary report, solicit public comment, and submit final recommendations and findings to the legislature within the first 10 days of the next session,

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<sup>1</sup> SCS CSHB 417 (FIN). The commission's statutes are AS 39.23.500-599. The full text of HB 417 is available on the commission's website, <http://www.state.ak.us/local/akpages/ADMIN/dop/socc/home.html>, along with other pertinent background information.

<sup>2</sup> The term "benefits" does not include health, retirement, disability or death benefits (AS 39.23.560).

scheduled to convene January 20, 2009. With this objective in mind, the commission scheduled a series of meetings and hearings in December and January so that sufficiently advanced public notice could be made for the solicitation of comments.

The commission met on December 13, 2008 in Anchorage. Staff presented additional background information (most of which had been distributed to commissioners prior to the meeting in electronic format). Staff reported that the Department of Law concurred with the commission's decision to proceed with its work despite its late start. The commission adopted preliminary recommendations, and it drafted a summary statement of the recommendations for public distribution. The preliminary recommendations attracted immediate and widespread attention in the media.

By the end of the business day on December 15, 2008, a website for the commission was operational. All of the written information that the commissioners received from staff and other sources was posted on the website. The website had a link that allowed a person to send an email to the commissioners. A report explaining the rationale of the commission's preliminary recommendations, *Preliminary Findings and Recommendations*, was posted on the website December 17, 2008.

A public hearing on the commission's preliminary recommendations was held in Anchorage at the Legislative Information Office on December 18, 2008. The meeting was accessible by telephone through the LIO teleconference system.

A second public hearing was held on the preliminary recommendations the morning of January 10, 2009, at the Anchorage LIO. At that time the staff distributed to commissioners copies of all written comments to the commission that had been received through the website or by FAX. At 1:00 PM, the commission convened a meeting to consider the public comments and to adopt final recommendations regarding legislators' salaries in AS 24.10.100, certain reimbursable legislative expenses in AS 24.10.130, and executive salaries in AS 39.20.010(a), AS 39.20.030(a), and AS 39.20.080(a). These recommendations and the findings of the commission are set out below.

## Recommendations

The annual salary of the governor shall be \$125,000. (AS 39.20.010(a).)

The annual salary of the lieutenant governor shall be \$100,000. (AS 39.20.030(a).)

The annual salary of the head of each principal department of the state shall be \$135,000. The commissioner of the Department of Education and Early Development shall be considered the head of the department for purposes of this recommendation. (AS 39.20.080(a).)

The annual salary of legislators shall be \$50,400. Legislators shall receive no additional compensation for legislative service, except that the president of the senate and the speaker of the house shall each receive an addition payment of \$500. Session per diem, travel expenses, moving allowances, and office expense accounts shall not be considered compensation. (AS 24.10.100.)

The Legislative Council shall set the amount and rules governing moving expense and per diem allowances. (AS 24.10.130.)

## Findings

### Executive Branch

Currently, the governor's annual salary is \$125,000; the lieutenant governor's annual salary is \$100,000; and the commissioners' salaries are either \$122,640 (11) or \$127,236 (3). In 1985, Alaska ranked 4<sup>th</sup> among the states in terms of the relative amount paid the governor (only New Jersey, New York, and Texas paid their governors more). In 1989, Alaska ranked 18<sup>th</sup>. Today, Alaska ranks 27<sup>th</sup> among the states (26 states pay a higher salary, and 23 pay a lower salary).<sup>3</sup> Clearly, compensation for our chief executive officer has not kept pace with salary increases for this office in the rest of the nation.

Neither has the Alaska governor's salary kept pace with salaries paid in the judicial branch of government. Today, justices of the Alaska Supreme Court receive a salary of \$179,520. Alaska Superior Court judges, of which there are 40, are paid \$166,000.

Nor does the governor's salary compare favorably with salaries paid to the principal executive officers of the state's public corporations. The president of the University of Alaska is paid \$300,000 plus a car and housing allowance; the chancellor of the Anchorage campus is paid \$248,000 plus a car and housing allowance. The head of the Alaska Railroad is paid \$267,000;

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<sup>3</sup> Council of State Governments, *Book of the States*, 1984-85; 1988-89; 2007-2008.

the head of the Permanent Fund receives \$267,000; the head of the Alaska Aerospace Development Corporation is paid \$231,000; and so on.

Indeed, there are approximately 175 state employees who now earn more than the governor, including petroleum engineers, accountants, troopers, marine highway captains, doctors, and managers. Approximately 150 state employees earn more than the highest-paid department heads. These salaries reflect the reality of the job market today; they have been necessary to recruit and retain state employees for positions that pay well in the private sector.

It is, of course, impossible to equate the position of governor and lieutenant governor with private-sector jobs. And certainly salary is never the motivation for running for state-wide political office. However, the governor must recruit a cabinet of capable managers who are experienced and knowledgeable in their respective fields. These people have comparable employment opportunities in the private sector, and many of them are recruited from the private sector. Indeed, it is desirable that people with experience in the business world be represented in the governor's cabinet.

Public service has non-monetary compensation. For some commissioners, public service represents a form of repayment to society for the opportunities it has provided them to achieve success and prosperity. For some it has the rewards of shaping public policies about which they have strong feelings. But along with its rewards, public service also entails costs, such as the loss of privacy, exposure to public criticism, possible relocation to the capital, and interruption of a career. It may also involve financial loss, both because of a lower salary and because of conflict-of-interest regulations that require divestiture of certain assets. To make cabinet posts as attractive as possible, salary levels have to be commensurate with the heavy responsibilities of office and also reasonably competitive with private-sector employment. Members of the commission believe it is necessary to increase the salaries of department heads to make service in the governor's cabinet as attractive and feasible for as many people as possible.

In its preliminary recommendations and findings, the commission advocated the positions that the governor should be paid more than department heads, and that the salaries of the lieutenant governor and department heads should be expressed as a fraction of the governor's salary. That is, the commission sought a structure of compensation that linked the salaries of all of the state's chief executive officers. Thus, the commission sought to determine a reasonable and appropriate salary for the governor.

The Commission looked to governor's salaries in other states. In the range of salaries paid to governors—from a low of \$70,000 in Maine to a high of \$212,000 in California—Alaska's current salary of \$125,000 is only the 39<sup>th</sup> percentile. The Commission members concluded that an appropriate salary for Alaska's governor should be equal to at least the 75<sup>th</sup> percentile of all state gubernatorial salaries. This amount is \$150,000 per year. Ninety percent of this amount for

the lieutenant governor and commissioners is \$135,000 per year. These amounts were the preliminary recommendations of the commission.

After the preliminary recommendations were released, the governor announced that she would not accept a salary increase. Also, it was pointed out in public testimony that while it may be a laudable objective to pay the governor more than the cabinet members, it may be an unrealistic one because of the different expectations about pay for statewide elected officials and appointed commissioners. That is, we generally expect greater sacrifices for the public service of elected statewide officials than we do of the professional people appointed to head the principal departments of government. With these considerations in mind, the commission decided not to implement at this time the preliminary recommendation for a salary increase for the governor and lieutenant governor. The timing of salary increases for the governor and lieutenant governor will be subject to further study by the commission, although all members believe that an increase in the salary of the office of governor is appropriate.<sup>4</sup>

The commission decided that commissioner's salaries should be increased at this time even if the governor's salary is to remain unchanged. The commission recommends that the salaries of all of the heads of the principal departments be set at \$135,000. Whether a differential among commissioner's salaries is warranted, based on their respective responsibilities, and whether commissioners should receive longevity increments for years of service, will be subjects for additional study and deliberation by the commission. Although the recommendations of this commission are silent on the matter of benefits within the purview of the commission under AS 39.23.560, it is the intent of the commission to leave existing benefits unchanged.

### Legislative Branch

Recommendations of the commission with regard to the legislative branch of government are intended to bring transparency and equity to the matter of legislative salaries, as well as to provide fair and reasonable compensation for legislative service.

Currently, there are two components of legislative compensation: one is a salary of \$24,012, which was set in 1991; the other is a stipend of \$150 per day for attending meetings or performing certain other legislative duties when the legislature is not in session—i.e. during the interim. The stipend is known as long-term per diem. The Legislative Council determines the amount of this payment and also the rules governing it. Legislators must submit a claim for long-term per diem, and the amount claimed varies dramatically among them.

Table 1 illustrates the wide disparity in claims for long-term per diem and the resulting disparity in total compensation paid to individual legislators. In 2000, total legislative pay varied among

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<sup>4</sup> Recommendations of the commission pertain to the office of governor and lieutenant governor, not to the individuals holding these offices. That is, the salary recommendations are not and should not be regarded as performance bonuses for the incumbents.

legislators from a low of \$24,012 to a high of \$34,542; average compensation was \$27,928. In the year 2000, the long-term per diem rate was \$50, and the average claim was \$3,916. Seven years later, in 2007, when the per diem rate was \$150, the average claim for long-term per diem was \$11,641. Total compensation in 2007 ranged from a low of \$24,012 to a high of \$46,632, and the average was \$35,653.

Table 1

Legislative Compensation\*, 2000, 2005, 2007

Year	Per diem rate	Low	High	Average	Average Per Diem
2000	\$50	\$24,012	\$34,542	\$27,928	\$3,916
2005	\$150	\$24,012	\$48,207	\$34,130	\$10,118
2007**	\$150	24,012	\$46,632	\$35,653	\$11,641

\*Compensation is defined as base salary of \$24,012 plus long-term per diem.

\*\*Vic Kohring and Wes Keller excluded from 2007 data set because of partial terms.

Source: Legislative Affairs Agency, Alaska Legislature, *Salary and Expense Report*, 2000, 2005, 2007.

Disparity in claims for long-term per diem is only partially explained by differences in the amount of interim legislative work performed by legislators. Most of the disparity is explained by the varying degrees of reticence on the part of legislators to claim it. Some legislators regard long-term per diem receipts as a political liability in their bids for reelection. This is an important consideration to legislators in competitive districts; less so to those with safe seats. Also, the importance of the extra income in the personal finances of individual legislators may influence their willingness to claim long-term per diem for time spent on legislative work during the interim. Whatever the explanation, the result is striking inequality in legislative compensation.

Legislative pay is not only inequitable for legislators; it is poorly understood by the public and regarded as vaguely deceptive. Legislators are as uncomfortable with the opacity of the system as the public. It is a system that has evolved because of the recurring political difficulty of raising the base legislative salary of \$24,012.

The commission believes it is imperative that legislative pay be equal for all legislators and that the amount of legislative pay be unambiguous. This is accomplished by eliminating long-term per diem and establishing a salary that is fair and reasonable. Previous Alaska salary commissions have made the same recommendation.

What is fair and reasonable compensation for legislative service? An answer to this question must begin with the consideration of a number of factors. Among the most important of these factors is the time that legislators spend on legislative business. Table 2 shows the duration of legislative sessions for the last 6 years. Although there is a constitutional session limit of 120 days, and a statutory limit of 90 days, the reality is that special sessions are increasingly relied upon to deal with legislation. In 2006, legislators were in regular and special session for a total of 187 days. That is almost 80 percent of a normal work year.<sup>5</sup> The average for the period is 143 days, or 60 percent of a normal work year. Between sessions legislators must deal with constituent's problems, attend community meetings and events, and see to the work of their committee assignments. Legislative leaders and committee chairmen are busier than others, but no legislator escapes the multiple demands of his or her legislative responsibilities between sessions. Although we hold dear the notion of a "citizen legislature" composed of people from all walks of life who devote a few winter months each year to public service at the capital, the reality is something altogether different. Alaska's is not a professional legislature comparable to that of New York or California, which meet continuously much like the Congress, but it is much closer to that model than the public realizes, and becoming more so.

Table 2

Duration of Legislative Sessions, 2003-2008

Year	Session	Days	Total Days
2003	Regular	120	120
2004	Regular	120	123
	Special	3	
2005	Regular	120	134
	Special	14	
2006	Regular	120	187
	Special	30	
	Special	30	
	Special	7	
2007	Regular	120	151
	Special	1	
	Special	30	
2008	Regular	90	150
	Special	30	
	Special	30	

Source: Legislative Affairs Agency

<sup>5</sup> Assume a normal work year is 48 weeks, or 240 days.

When a generally low and ambiguous system of compensation is combined with the large commitment of time required by legislative service, the disruption of careers and family life that it often entails, the increasing use of special sessions called at all times of the year, the general decline of remunerative seasonal employment, and the increasingly stringent ethics regulations that foreclose many business opportunities for self-employed attorneys and other professional people, legislative service is not an attractive or even realistic prospect for many people. Consequently, the legislature does not represent a cross section of the Alaska public in terms of age, gender, and socioeconomic characteristics. It is heavily weighted with older, retired individuals, and those who are financially independent or without family obligations.

Legislators have the responsibility for decisions of momentous importance for Alaska and its citizens. The Alaska Legislature is a branch of government co-equal with the executive and judiciary, and it deserves all of the dignity and respect properly due the other branches. The current system of compensating Alaskans who serve in the legislature is unworthy of the far-reaching duties and responsibilities inherent in the institution of the legislature.

The commission computed \$4,200 per month, or \$50,400 per year, as a fair and reasonable salary for legislators by simply updating the 1991 base salary of \$24,012 to its equivalent value in today's dollars and adding to that amount the average long-term per diem that is now being paid to legislators. Various measures of inflation from 1991 produce somewhat different values for 2008; the Anchorage consumer price index yields a current value of approximately \$40,000; the average per diem claimed by legislators in 2007 was approximately \$11,640; hence, the commission's recommendation of \$50,400 per year, or \$4,200 per month.<sup>6</sup>

This salary recommendation represents a significant pay increase for many legislators, but only a modest increase for some. In 2007, eleven legislators had total compensation of over \$40,000; the highest received \$46,632. In 2005, the highest paid legislator received \$48,207. Without a transformation of the system of compensation such as that proposed by the commission, the inequality of legislative pay will be perpetuated, and the proposed ceiling of \$50,400 will be exceeded in the near future. Table 1 shows that average legislative compensation grew 28 percent between 2000 and 2007 (from \$27,928 to \$35,653). At this rate of growth, average compensation will be \$45,600 in seven years, and the high end will far exceed \$50,400.

While the commission recommends the elimination of the long-term per diem stipend, it also specifies that payments for living expenses during session, reimbursable expenses for legislative travel during and between session, relocation allowances, and office expense accounts shall not

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<sup>6</sup> Comparison with other state legislative salaries is difficult because, like Alaska, true amounts of compensation are impossible to divine from published statutory sources. However, it is interesting to note that the base salary of legislators in Washington State is \$41,280.

be considered a form of compensation and that the Legislative Council shall continue to regulate these payments.

The commission recommends that the presiding officers of the legislature continue to receive an additional payment of \$500 annually. This extra payment to the senate president and speaker of the house is a long-standing tradition, and the amount has not changed for many years. Today it is more of a symbolic recognition of these leadership positions than it is a significant source of compensation. The commission intends to consider further the subject of the leadership “premium” in the future.

Another subject for further study by the commission is the idea of linking legislative salaries to a benchmark so that periodic adjustments are made automatically, for example when certain executive or judicial branch salaries change, or when there is a change in a consumer price index. However, this is a complex matter that the commission believes needs more research, discussion, and public comment.

### **Fiscal Impact**

If the commission’s recommendations are not rejected during the first session of the twenty-sixth Alaska Legislature, the law stipulates that recommendations pertaining to executive branch salaries become effective on the first day of the next fiscal year (FY 10, beginning July 1, 2009), and that recommendations pertaining to legislative salaries become effective on the first day of the next legislative session, which is mid-way through the next fiscal year. Therefore, the full fiscal impact of the commission’s recommendations will not occur until FY 11 (the fiscal year beginning July 1, 2010).

The Alaska Department of Administration calculates that the cost of the commission’s recommendations for salary increases for the heads of the principal executive departments is \$203,302 annually. The Legislative Affairs Agency calculates that the cost of the commission’s recommendations for legislative compensation will be \$525,000 in FY 10, and \$1,220,000 annually beginning in FY 11.



**Alaska State Officers Compensation  
Commission**

**Preliminary Findings  
and  
Recommendations**

**November 14, 2017**

Commission Members:

Glenn Clary, Chair

Duane Bannock

Scott Cunningham

Richard Strutz

## Preliminary Findings and Recommendations

November 14, 2017

### Introduction

The Alaska State Officers Compensation Commission is directed by law to “review the salaries, benefits, and allowances of members of the legislature, the governor, the lieutenant governor, and each principal executive department head and prepare a report on its findings at least once every two years, but not more frequently than every year.” [AS 39.23.540(a)] The commission is to prepare preliminary recommendations by November 15, and, after soliciting public comment, submit final recommendations to the governor and legislature by the tenth day of the next legislative session.

On January 10, 2009, the commission recommended salary adjustments for legislators and department heads and on January 26, 2011, the commission recommended salary adjustments for the governor and lieutenant governor. These salary increases were not rejected by the legislature, and they became law according to AS 39.23.540(d). The commission recommended salary adjustments for executive salaries in 2014; however, those recommendations were rejected by the legislature. Finally, on December 15, 2016, the commission recommended that the salary of a deputy commissioner who accepts the office of department head with the same department with no break in service and is paid a salary higher than the salary authorized for the department head, shall retain his or her current salary while holding the position of department head. This recommendation was not rejected by the legislature and was subsequently became law.

On October 25, 2017, the commission met in Anchorage to consider recommendations for 2018. **With regards to the Governors, Lieutenant Governor and executive salaries, the commission decided to not make any recommendations.** With regards to legislative salaries and per diem, the commission decided to make the recommendations described below. The commission will solicit public comment on these findings and recommendations before making a final submission to the governor and legislature by the tenth day of the legislative session beginning in January 2018.

### Preliminary Findings and Recommendations

The commission proposes that the **salaries of the legislature be reduced by 10%.** In addition, the commission proposes that the legislature follow the State of Alaska per diem, travel and lodging rates as found in the Alaska Administrative Manual.

### Discussion

**Due to budget constraints, various groups within the State of Alaska are seeing reductions in areas such as wages and the Permanent Fund Dividend.** While many legislators do spend more

time serving the public than the 90-day session, it is important that their wages reflect some reduction to be in line with reductions found elsewhere and to assist in overall budget reductions.

Additionally, reductions can be found through the use of per diem. Currently, legislators are paid the federal rate which most recently was as high as \$295 per day. State of Alaska employees follow the Alaska Administrative Manual (AAM). Under the AAM, long-term lodging is paid at \$45 per night and meals and incidentals are paid at \$33 per day. There is some increase in these rates for short term which is defined as 30 days or less. The short-term rates would be in effect for any special sessions, but the regular session would be paid at the long-term rates. Travel would also be paid under the AAM. It is anticipated that these changes will result in significant savings to the State. These savings will be available for review and discussion at the next scheduled meeting.

This report is available on the commission's website [www.doa.alaska.gov/dop/socc](http://www.doa.alaska.gov/dop/socc). Comments may be sent to the commission by email to [kate.sheehan@alaska.gov](mailto:kate.sheehan@alaska.gov). A Public Hearing is scheduled for December 5, 2017 at 11 a.m. in the Atwood Building, 550 w. 7<sup>th</sup>, 19<sup>th</sup> Floor, Suite 1270, Anchorage, Alaska. The commission welcomes public input on these preliminary findings and recommendations.



**Alaska State Officers Compensation  
Commission**

**Amended Preliminary Findings  
and  
Recommendations**

**December 21, 2017**

Commission Members:

Glenn Clary, Chair

Duane Bannock

Scott Cunningham

Richard Strutz

## Amended Preliminary Findings and Recommendations

December 21, 2017

### Introduction

The Alaska State Officers Compensation Commission is directed by law to “review the salaries, benefits, and allowances of members of the legislature, the governor, the lieutenant governor, and each principal executive department head and prepare a report on its findings at least once every two years, but not more frequently than every year.” [AS 39.23.540(a)] The commission is to prepare preliminary recommendations by November 15, and, after soliciting public comment, submit final recommendations to the governor and legislature by the tenth day of the next legislative session.

On January 10, 2009, the commission recommended salary adjustments for legislators and department heads and on January 26, 2011, the commission recommended salary adjustments for the governor and lieutenant governor. These salary increases were not rejected by the legislature, and they became law according to AS 39.23.540(d). The commission recommended salary adjustments for executive salaries in 2014; however, those recommendations were rejected by the legislature. Finally, on December 15, 2016, the commission recommended that the salary of a deputy commissioner who accepts the office of department head with the same department with no break in service and is paid a salary higher than the salary authorized for the department head, shall retain his or her current salary while holding the position of department head. This recommendation was not rejected by the legislature and was subsequently became law.

On October 25, 2017, the commission met in Anchorage to consider recommendations for 2018. With regards to the Governor’s, Lieutenant Governor and executive salaries, **the commission decided to not make any recommendations.** With regards to legislative salaries and per diem, the commission decided to make the recommendations that the salaries of the legislature be reduced by 10%. In addition, the commission proposed that the legislature follow the State of Alaska per diem, travel and lodging rates as found in the Alaska Administrative Manual.

**The commission solicited public comment and held a meeting on December 5, 2017** to discuss and finalize its preliminary findings and recommendations.

The commission will solicit public comment on these amended findings and recommendations before making a final submission to the Governor and legislature by the tenth day of the legislative session beginning in January 2018.

### Amended Preliminary Findings and Recommendations

The commission recommends that the salaries of the legislature be reduced by 10% effective January 1, 2019. In addition, the commission recommends that the legislature continue to pay

the federal per diem rates; however, per diem cannot be taken when a legislator is within 50 miles of his/her primary residence.

#### Discussion

Initially, the commission made the recommendation to **reduce legislators' salaries by 10%**. However, upon further discussion, the recommendation was modified to take effect January 1, 2019. Eighty-three percent (83%) of legislators will be up for reelection prior to that date. Only 10 of the current 60 legislators will not be required to seek reelection. By extending the effective date, current legislators can take the pay reduction into account when determining whether they will seek reelection. The reduced pay can also be considered by those members of the public when choosing whether they will seek election.

The commission's initial recommendation was to apply the State of Alaska Administrative Manual per diem rates and rules to legislators. **Upon further reflection and discussion,** it was determined that this manual was written for executive branch employees and did not translate well to legislators. Instead the commission decided to recommend that per diem continue to be paid based on the federal rate; however, legislators would not be eligible for per diem if the session was being held within 50 miles of their primary residence. Considerations that went into this recommendation include the **lack of legislative affairs agency staff to process actual payments** as well as **the desire** that legislators not receive per diem when staying in their own homes.

This report is available on the commission's website [www.doa.alaska.gov/dop/socc](http://www.doa.alaska.gov/dop/socc). Comments may be sent to the commission by email to [kate.sheehan@alaska.gov](mailto:kate.sheehan@alaska.gov). A Public Hearing is scheduled for January 9, 2018 at 11 a.m. This will be a telephonic hearing. The call in number is 1-800-315-6338, Access code 46544031. The commission welcomes public input on these amended preliminary findings and recommendations.



**Alaska State Officers Compensation  
Commission**

**Findings  
and  
Recommendations**

**January 17, 2018**

**Commission Members:**

**Glenn Clary, Chair  
Duane Bannock  
Scott Cunningham  
Richard Strutz  
Mike Miller**

## **Findings and Recommendations**

January 17, 2018

### **Introduction**

The Alaska State Officers Compensation Commission is directed by law to “review the salaries, benefits, and allowances of members of the legislature, the governor, the lieutenant governor, and each principal executive department head and prepare a report on its findings at least once every two years, but not more frequently than every year.” [AS 39.23.540(a)] The commission is to prepare preliminary recommendations by November 15, and, after soliciting public comment, submit final recommendations to the governor and legislature by the tenth day of the next legislative session.

On January 10, 2009, the commission recommended salary adjustments for legislators and department heads and on January 26, 2011, the commission recommended salary adjustments for the governor and lieutenant governor. These salary increases were not rejected by the legislature, and they became law according to AS 39.23.540(d). The commission recommended salary adjustments for executive salaries in 2014; however, those recommendations were rejected by the legislature. Finally, on December 15, 2016, the commission recommended that the salary of a deputy commissioner who accepts the office of department head with the same department with no break in service and is paid a salary higher than the salary authorized for the department head, shall retain his or her current salary while holding the position of department head. This recommendation was not rejected by the legislature and subsequently became law.

On October 25, 2017 and December 5, 2017, the commission met in Anchorage to consider recommendations for 2018. The commission held a final telephonic meeting on January 9, 2018. With regards to the Governor’s, Lieutenant Governor, executive salaries and legislative salaries, the commission decided to not make any recommendations. With regards to legislative per diem, the commission decided to make a recommendation that is described below. A report was issued on November 14, 2017 and an amended report was issued on December 21, 2017. At the close of the public hearing on January 9, 2018, the commission convened a meeting and adopted the following findings and recommendations.

### **Findings and Recommendations**

The commission recommends that the legislature continue to pay the federal per diem rates; however, per diem cannot be taken when a legislator is within 50 miles of his/her primary residence.

### **Discussion**

The commission decided to recommend that per diem continue to be paid based on the federal rate; however, legislators would not be eligible for per diem if the session was being held within

50 miles of their primary residence. Considerations that went into this recommendation include the desire that legislators not receive per diem when staying in their own homes and maintaining consistency with the rules that apply to executive branch employees. It was agreed that per diem is paid when traveling away from one's home and it is appropriate to pay in that manner for the legislature. This would include regular and special sessions.

This report as well as previous reports of the commission, including the preliminary report of November 14, 2017 and the amended preliminary report of December 21, 2017 are available on the commission's website [www.doa.alaska.gov/dop/socc](http://www.doa.alaska.gov/dop/socc).

## **C Exhibits**

C1 - Plan Comparisons

C2 - Compensation Commission Chart

C3 - Individual Plan Comparison Chart

C4 - Savings Over Current Chart

# Exhibit C1

<b>Current Compensation</b>							All Legislators	Total
	Salary	Meeting Stipend	Per Diem		Individual Estimated Totals	Totals	Difference From Current	
			Lodging	Meals				
w/in 50 miles								
Salary	\$ 50,400.00							
90-days		\$ -	\$ 11,407.50	\$ 7,155.00	\$ 68,962.50			
120-days		\$ -	\$ 15,435.00	\$ 9,540.00	\$ 75,375.00			
Special Session		\$ -	\$ 19,687.50	\$ 11,925.00				
Special Session		\$ -	\$ 23,940.00	\$ 14,310.00				
Special Session		\$ -	\$ 28,192.50	\$ 16,695.00				
					\$ 95,287.50			
Outside 50-miles								
Salary	\$ 50,400.00							
90-days		\$ -	\$ 15,210.00	\$ 9,540.00	\$ 75,150.00	\$ 4,490,437.50		
120-days		\$ -	\$ 20,580.00	\$ 12,720.00	\$ 83,700.00	\$ 4,997,025.00		
Special Session		\$ -	\$ 26,250.00	\$ 15,900.00				
Special Session		\$ -	\$ 31,920.00	\$ 19,080.00				
Special Session		\$ -	\$ 37,590.00	\$ 22,260.00				
					\$ 110,250.00	\$ 6,570,112.50		

**Lower Salary to \$42,000, Add Meeting Stipend (\$180, \$150, \$50, \$30, \$10, \$0)  
federal per diem only for legislators residing 50 miles from meeting location**

	Salary	Meeting Stipend	Per Diem		Estimated Total	Individual Difference from Current	All Legislators Totals	Total Difference From Current
			Lodging	Meals				
w/in 50 miles								
Salary	\$ 42,000.00							
90-days		\$ 16,200.00	\$ -	\$ -	\$ 58,200.00	\$ (10,762.50)		\$ (32,287.50)
120-days		\$ 20,700.00	\$ -	\$ -	\$ 62,700.00	\$ (12,675.00)		\$ (38,025.00)
Special Session		\$ 22,200.00	\$ -	\$ -				
Special Session		\$ 23,100.00	\$ -	\$ -				
Special Session		\$ 23,400.00	\$ -	\$ -	\$ 65,400.00	\$ (29,887.50)		\$ (89,662.50)
Outside 50-miles								
Salary	\$ 42,000.00							
90-days		\$ 16,200.00	\$ 8,280.00	\$ 7,155.00	\$ 73,635.00	\$ (1,515.00)	\$ 4,371,795.00	\$ (118,642.50)
120-days		\$ 20,700.00	\$ 11,205.00	\$ 9,540.00	\$ 83,445.00	\$ (255.00)	\$ 4,944,465.00	\$ (52,560.00)
Special Session		\$ 22,200.00	\$ 16,875.00	\$ 12,720.00				
Special Session		\$ 23,100.00	\$ 22,545.00	\$ 15,900.00				
Special Session		\$ 23,400.00	\$ 28,215.00	\$ 19,080.00	\$ 112,695.00	\$ 2,445.00	\$ 6,619,815.00	\$ 49,702.50

**Lower Salary to \$40,200, Add Meeting Stipend (\$300, \$150, \$50, \$30, \$10, \$0)  
state per diem only for legislators residing 50 miles from meeting location**

	Salary	Meeting Stipend	Per Diem		Estimated Total	Individual Difference from Current	All Legislators Totals	Total Difference From Current
			Lodging	Meals				
w/in 50 miles								
Salary	\$ 40,200.00							
90-days		\$ 27,000.00	\$ -	\$ -	\$ 67,200.00	\$ (1,762.50)		\$ (5,287.50)
120-days		\$ 31,500.00	\$ -	\$ -	\$ 71,700.00	\$ (3,675.00)		\$ (11,025.00)
Special Session		\$ 33,000.00	\$ -	\$ -				
Special Session		\$ 33,900.00	\$ -	\$ -				
Special Session		\$ 34,200.00	\$ -	\$ -				
					\$ 74,400.00	\$ (20,887.50)		\$ (62,662.50)
Outside 50-miles								
Salary	\$ 40,200.00							
90-days		\$ 27,000.00	\$ 4,050.00	\$ 2,970.00	\$ 74,220.00	\$ (930.00)	\$ 4,432,140.00	\$ (58,297.50)
120-days		\$ 31,500.00	\$ 5,400.00	\$ 3,960.00	\$ 81,060.00	\$ (2,640.00)	\$ 4,835,520.00	\$ (161,505.00)
Special Session		\$ 33,000.00	\$ 6,750.00	\$ 4,950.00				
Special Session		\$ 33,900.00	\$ 8,100.00	\$ 5,940.00				
Special Session		\$ 34,200.00	\$ 9,450.00	\$ 6,930.00				
					\$ 90,780.00	\$ (19,470.00)	\$ 5,397,660.00	\$ (1,172,452.50)

**Lower Salary to \$30,000, Add Meeting Stipend (\$300, \$150, \$50, \$30, \$10, \$0)  
state per diem only for legislators residing 50 miles from meeting location**

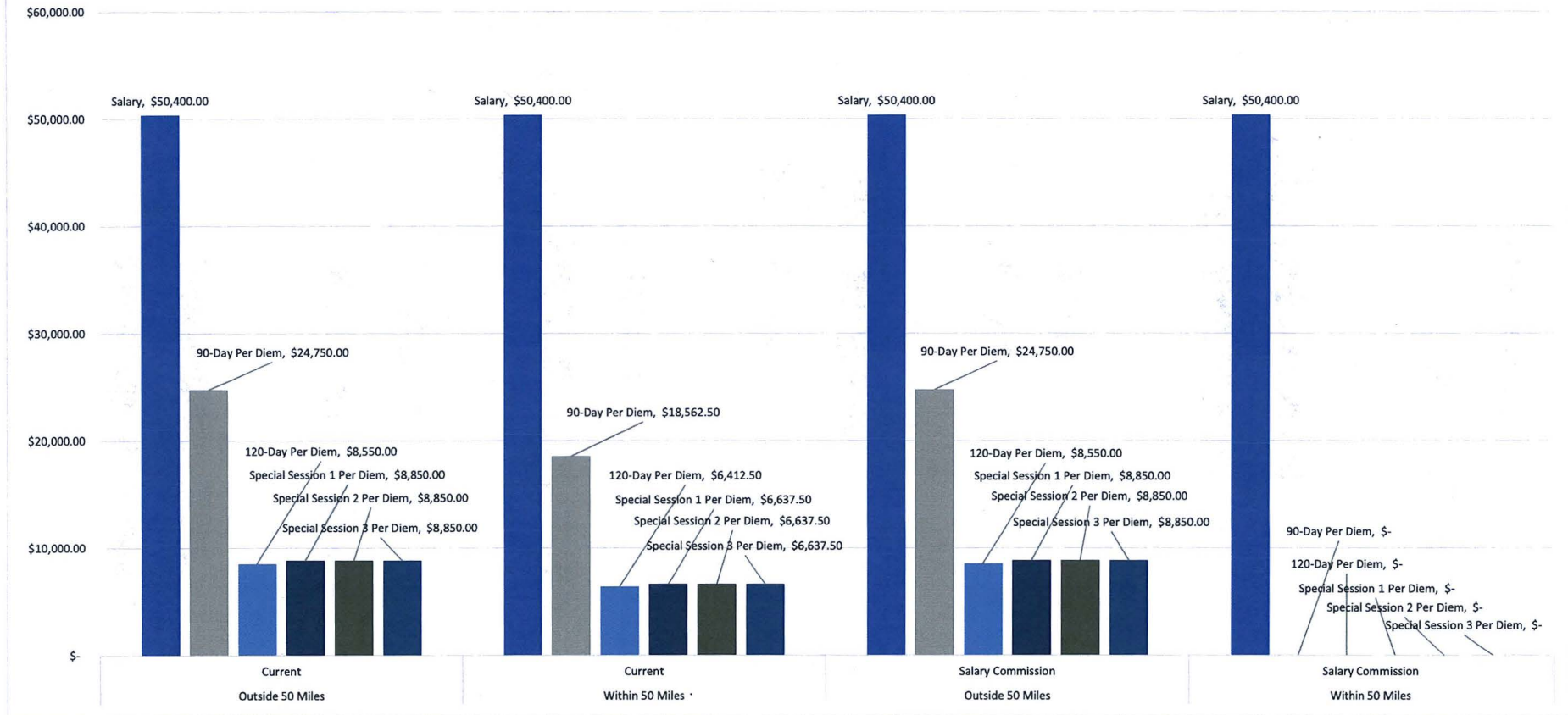
	Salary	Meeting Stipend	Per Diem		Estimated Total	Individual Difference from Current	All Legislators Totals	Total Difference From Current
			Lodging	Meals				
w/in 50 miles								
Salary	\$ 30,000.00							
90-days		\$ 27,000.00	\$ -	\$ -	\$ 57,000.00	\$ (11,962.50)		\$ (35,887.50)
120-days		\$ 31,500.00	\$ -	\$ -	\$ 61,500.00	\$ (13,875.00)		\$ (41,625.00)
Special Session		\$ 33,000.00	\$ -	\$ -				
Special Session		\$ 33,900.00	\$ -	\$ -				
Special Session		\$ 34,200.00	\$ -	\$ -	\$ 64,200.00	\$ (31,087.50)		\$ (93,262.50)
Outside 50-miles								
Salary	\$ 30,000.00							
90-days		\$ 27,000.00	\$ 4,050.00	\$ 2,970.00	\$ 64,020.00	\$ (11,130.00)	\$ 3,820,140.00	\$ (670,297.50)
120-days		\$ 31,500.00	\$ 5,400.00	\$ 3,960.00	\$ 70,860.00	\$ (12,840.00)	\$ 4,223,520.00	\$ (773,505.00)
Special Session		\$ 33,000.00	\$ 6,750.00	\$ 4,950.00				
Special Session		\$ 33,900.00	\$ 8,100.00	\$ 5,940.00				
Special Session		\$ 34,200.00	\$ 9,450.00	\$ 6,930.00	\$ 80,580.00	\$ (29,670.00)	\$ 4,785,660.00	\$ (1,784,452.50)

**Raise Salary,  
state Per Diem only for legisaltors residing 50 miles from meeting location**

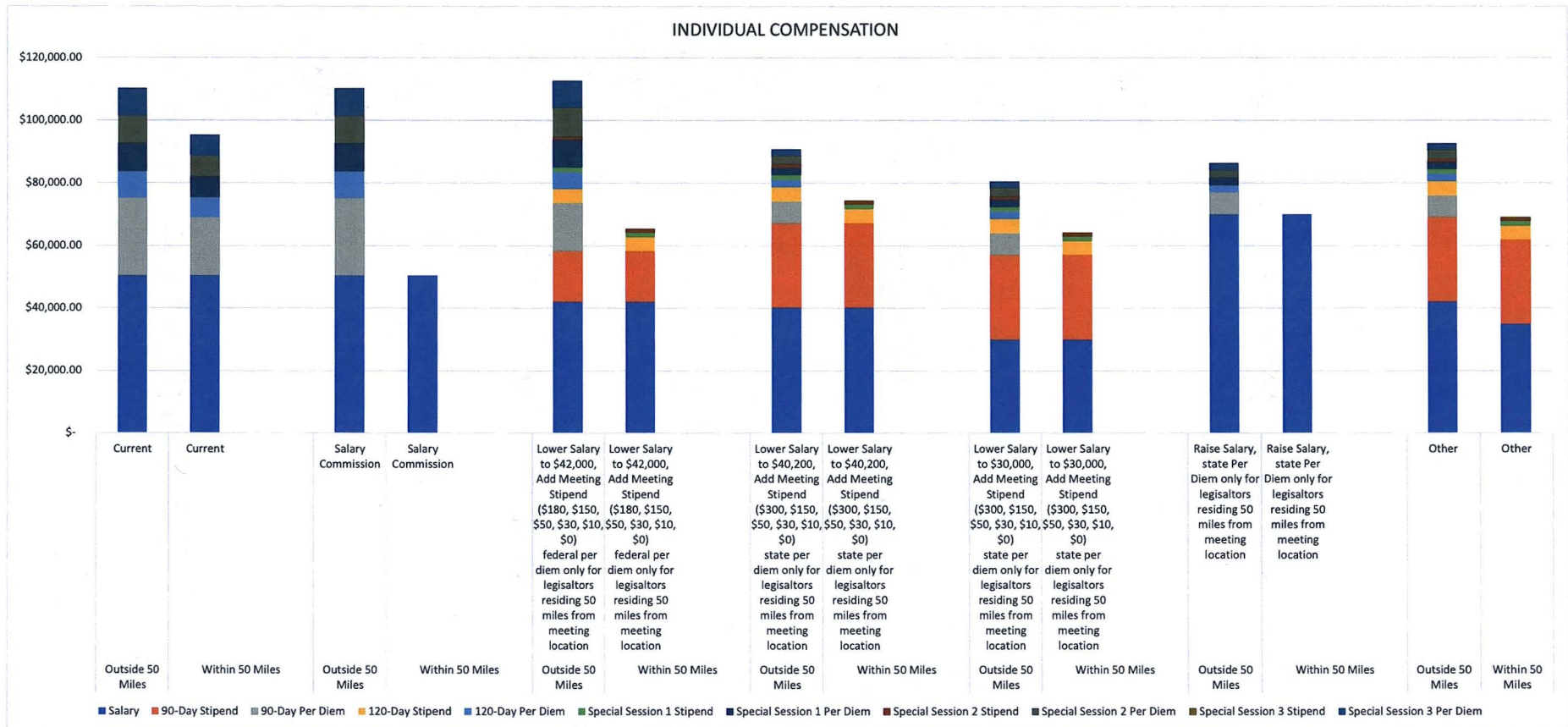
	Salary	Meeting Stipend	Per Diem			Estimated Total	Individual Difference from Current	All Legislators Totals	Total Difference From Current
			Lodging	Meals					
w/in 50 miles									
Salary	\$ 70,000.00								
90-days		\$ -	\$ -	\$ -	\$ 70,000.00	\$ 1,037.50		\$ 3,112.50	
120-days		\$ -	\$ -	\$ -	\$ 70,000.00	\$ (5,375.00)		\$ (16,125.00)	
Special Session		\$ -	\$ -	\$ -					
Special Session		\$ -	\$ -	\$ -					
Special Session		\$ -	\$ -	\$ -					
					\$ 70,000.00	\$ (25,287.50)		\$ (75,862.50)	
Outside 50-miles									
Salary	\$ 70,000.00								
90-days		\$ -	\$ 4,050.00	\$ 2,970.00	\$ 77,020.00	\$ 1,870.00	\$ 4,600,140.00	\$ 109,702.50	
120-days		\$ -	\$ 5,400.00	\$ 3,960.00	\$ 79,360.00	\$ (4,340.00)	\$ 4,733,520.00	\$ (263,505.00)	
Special Session		\$ -	\$ 6,750.00	\$ 4,950.00					
Special Session		\$ -	\$ 8,100.00	\$ 5,940.00					
Special Session		\$ -	\$ 9,450.00	\$ 6,930.00					
					\$ 86,380.00	\$ (23,870.00)	\$ 5,133,660.00	\$ (1,436,452.50)	

# Exhibit C2

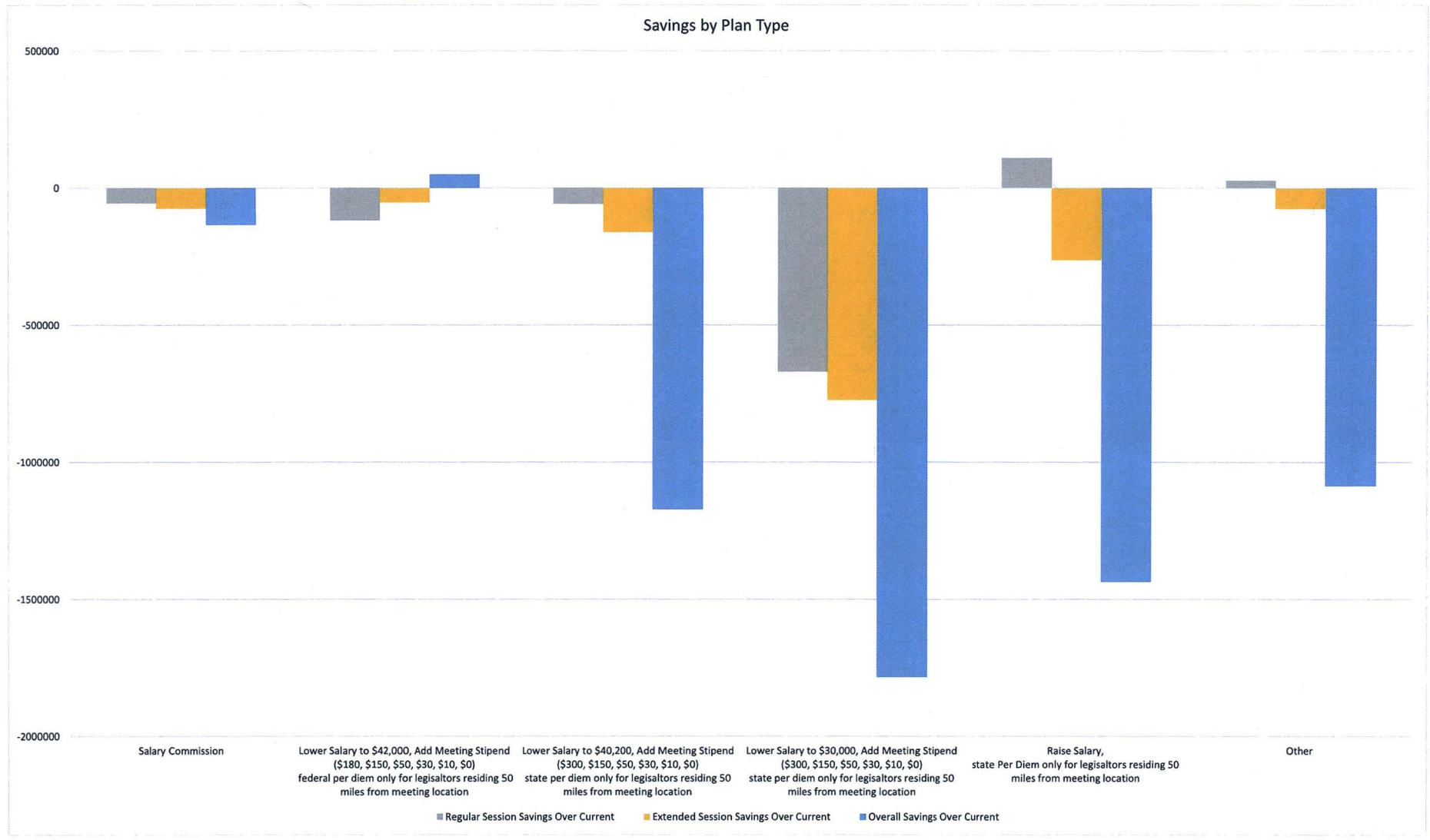
Effect of Salary Compensation Recommendation on Legislator Compensation



# Exhibit C3



# Exhibit C4



**Bruce M. Botelho**  
**401 F Street**  
**Douglas, Alaska 99824**

March 5, 2018

Representative Sam Kito, Chair  
House Labor and Commerce Committee  
State Capitol Room 403  
Juneau AK, 99801

Dear Chairman Kito:

Re: HB 309

I write to express my support for passage of HB 309 rejecting the state officers compensation commission recommendations issued in January.

The commission has been entrusted with the responsibility to make recommendations regarding legislators' compensation and that of certain executive branch officials. These recommendations are binding unless rejected within 60 days of presentment. This power has been circumscribed in two major respects: First, AS 39.23.580 directs that the commission recommend "an equitable rate and form of compensation, benefits, and allowances for legislators." Second, AS 39.23.540 describes how the commission is to exercise its responsibility:

- It shall review the salaries, benefits and allowances
- It may request reports or studies
- It shall prepare preliminary findings and recommendations
- It shall make available a final report of its findings and recommendations.

I was appalled when the commission made its preliminary recommendations to reduce the salary and per diem of all legislators without any study that suggested this action was warranted. The commission's work product was devoid of facts and stood in dramatic contrast to the recommendations of previous commissions that had thoroughly examined salaries and developed well-reasoned findings supportive of their recommendations. Ultimately the commission withdrew its recommendations, except to eliminate per diem for legislators living within 50 miles of the legislature in session.

Whether you agree or disagree with the commission's recommendation, the report remains fundamentally flawed because it lacks any findings based in fact.

One of the fundamental tenets of our democracy has been its opposition to the tyranny of arbitrary government. That principle has long been incorporated into our federal and state structures. Thus, for example, since the earliest days of statehood, Alaska law has required—and our courts have long enforced—administrative agencies to make decisions that include findings of fact based on substantial evidence in the record. There are several reasons for it—two of which are especially applicable here:

- (1) so that agencies don't make decisions that have no adequate basis in fact; and
- (2) so that opposing parties have an opportunity to challenge the agency's reasoning process as to the correctness of its decision.

It is in this regard that the state officers compensation commission has failed you and the Alaska public. It must anchor its recommendations on a factual record. If you ignore this failure, you invite more pernicious outcomes that you will find politically difficult to oppose. For that reason, I urge you to enact HB 309 and encourage you to append a letter of intent that asks the commission to make findings based on facts presented to and developed by the commission to accompany future recommendations.

Sincerely yours,



Bruce Botelho

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version: HB 309  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB309-LEG-LEG-03-05-18  
Title: REJECT OFFICERS COMP. COMMISSION  
REPORT  
Sponsor: GUTTENBERG  
Requester: HOUSE LABOR & COMMERCE

Department: Various (for Fiscal Notes only)  
Appropriation: Various  
Allocation: Legislative Branch  
OMB Component Number: 0

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

INITIAL VERSION.

Prepared By: SANTE LESH, ADMIN OPERATIONS MANAGER  
Division: LEGISLATIVE AFFAIRS AGENCY  
Approved By: JESSICA GEARY, EXECUTIVE DIRECTOR  
Agency: LEGISLATIVE AFFAIRS AGENCY

Phone: (907)465-6626  
Date: 03/05/2018 09:00 AM  
Date: 03/05/18

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. HB309

### Analysis

HB309 rejects all the recommendations of the Alaska State Officers Compensation Commission, of which there was only one. The Commission recommended that "legislators would not be eligible for per diem if the session was being held within 50 miles of their primary residence."

Per diem is budgeted in two components: House Per Diem and Senate Per Diem. The proposed FY 2019 budget includes per diem for all 60 legislators under the current per diem structure.

If HB309 is enacted, there would be no change to the budget.

If HB309 does not pass, the recommendation will become final with an effective date of January 2019; and will result in \$49,500 in savings to the House Per Diem component and \$24,600 in savings to the Senate Per Diem Component.

Because the FY19 Legislative Request didn't reduce the per diem components, this is a zero fiscal note.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
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## MEMORANDUM

March 16, 2018

**SUBJECT:** Authority over the State Officers Compensation Commission  
(Work Order No. 30-LS1498)

**TO:** Representative Sam Kito  
Attn: Crystal Koeneman

**FROM:** Daniel C. Wayne  
Legislative Counsel 

### **Question Presented**

You asked who, if anyone, has oversight over actions of the Alaska State Officers Compensation Commission (ASOCC). The short answer: the legislature.

A recommendation by ASOCC is only a recommendation. Under AS 39.23.540, ASOCC is authorized to make findings and recommendations regarding the salaries, benefits, and allowances of members of the legislature, the governor, the lieutenant governor, and each principal executive department head.<sup>1</sup> ASOCC does not directly set or change the

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<sup>1</sup> AS 39.23.540(a). AS 39.23.540, in its entirety, provides:

Sec. 39.23.540. Duties of the commission.

(a) The commission shall review the salaries, benefits, and allowances of members of the legislature, the governor, the lieutenant governor, and each principal executive department head and prepare a report on its findings at least once every two years, but not more frequently than every year. The commission shall notify the legislature that the report is available.

(b) The commission may request reports or studies from any state agency as to the rate and form of compensation, benefits, and allowances for legislators, the governor, the lieutenant governor, and each executive department head. A state agency from which a report or a study is requested shall furnish it within a period of time prescribed by the commission.

(c) By November 15, the commission shall prepare its preliminary findings and recommendations for compensation of state officers that is reasonable and equitable. The commission shall give reasonable public notice of its preliminary findings and recommendations, solicit public comments, and give due regard to the public comments, before submitting a final report under (d) of this section.

salaries, benefits, and allowances it reviews. Instead, once ASOCC makes its recommendations final after public comment and delivers them to the legislature, the recommendations are effective and have the force of law only if, under AS 39.23.540(d), the legislature does not enact a bill disapproving all the recommendations within 60 days or, under AS 39.23.540(g), the legislature appropriates enough money to fully fund all of the commission's recommended increases.

In addition, the five members of ASOCC are appointed by the governor under AS 39.23.500(a). Board members are in the exempt service and can be terminated at the will of the executive. Otherwise, as you pointed out in your email, ASOCC is largely independent. It is established in the Department of Administration "[f]or budgetary purposes,"<sup>2</sup> and the director of personnel in the Department of Administration serves as "ex officio secretary to the commission and provide[s] research, technical, and

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(d) The commission shall make available to the governor and presiding officers of each house of the legislature a final report of its findings and recommendations as to the rate and form of compensation, benefits, and allowances for legislators, the governor, the lieutenant governor, and each principal executive department head during the first 10 days of a legislative session. Subject to (g) of this section and unless a bill disapproving all the recommendations for all officers listed in this section is enacted into law within 60 days after the recommendations are submitted to the governor and presiding officers of each house of the legislature, a recommendation as to the compensation, benefits, and allowances for

(1) a legislator has the force of law and becomes effective on the first day of the next regular legislative session; and

(2) the governor, the lieutenant governor, and each principal executive department head has the force of law and becomes effective on the first day of the fiscal year following the fiscal year in which the recommendation is submitted.

(e) The commission may prepare amendments to the report submitted under (d) of this section and notify the legislature that the amendments are available.

(f) A commission member who does not concur in the proposed or final recommendations may attach written objections to the commission's report of its findings and recommendations.

(g) A recommendation under this section increasing the compensation, benefits, and allowances of a public officer is not effective unless all recommended increases included in the final report under (d) of this section are fully funded by appropriations.

<sup>2</sup> AS 39.23.500(e).

Representative Sam Kito  
March 16, 2018  
Page 3

administrative serves."<sup>3</sup>

It is also conceivable that suit could be brought against the ASOCC. However, ASOCC has broad authority under AS 39.23 in making its recommendations.<sup>4</sup> Given ASOCC's broad authority and the fact that the legislature has retained its power to reject ASOCC's advice and cause it to have no legal effect,<sup>5</sup> it is hard to envision the basis for such a suit against ASOCC.

Of course, another way that the legislature has "oversight" over ASOCC is that the legislature may amend or repeal any portion of AS 39.23 at any time.

If I may be of further assistance, please advise.

DCW:dls  
18-117.dls

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<sup>3</sup> AS 39.23.530.

<sup>4</sup> For an example of a statutory limitation on ASOCC's authority, see AS 39.23.560.

<sup>5</sup> AS 39.23.540(d) and (g).