

To: State Officers Compensation Commission

From Rick Koch

Date: December 12, 2008

Subject: Discussion of State Officers Compensation

I spent some time attempting to determine a logical connection between the salaries of the Gov., Lt. Governor, Commissioners, and Legislators, as I believe there is value in those salaries being coupled for ease of future modification and/or adjustment. While I believe it is easy to couple the Gov. Lt. Gov. and Commissioners, I was unable to find a logical connection to the salaries of the legislators. The duties were just too different, especially given that legislators do not have conventional year-round employment.

That being said, I do think it is possible to have the Gov./Lt. Gov./Commissioners Group, and the Legislators subject to the same criteria for future modifications/adjustment.

Since I was unable to find a comprehensive logical formula to address all the positions, I first looked at legislative compensation. After much consideration, I made the following assumptions:

1. Long Term per diem would be discontinued.
2. Session per diem would remain unchanged.
3. For purposes of this exercise the present total compensation for a legislator would be considered to be the sum of long term per diem and salary.
4. The 1991 legislative salary of \$ 2,001 per month was reasonable.

Based on the above assumptions I developed a table (exhibit A) that took the 1991 legislative salary and adjusted the salary each year to the present, based on the Anchorage CPI (exhibit C). This resulted in a present day legislative salary, adjusted for inflation, of \$ 38,969. If the average long term per diem of \$ 11,147 in 2007 (exhibit B) were added to the adjusted salary, the total legislative salary would be \$ 50,116.

The following is an analysis of the impact of the above on the highest salary, average salary, and lowest salary earned by legislators in 2007 (exhibit B).

2007 Legislative Salary	Sum of 2007 Salary and Long Term Per Diem	Hypothetical 2008 Salary based on above analysis	Difference
Highest	\$ 46,632	\$ 50,116	\$ 3,484
Average	\$ 35,151	\$ 50,116	\$ 14,965
Lowest	\$ 24,012	\$ 50,116	\$ 26,104

As previously state each legislator would continue to receive session per diem which averaged \$ 25,011 per legislator in 2007 (exhibit B).