



Representative Sam Kito III

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 25th 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.*

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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 benefits¹. 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."

¹ 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.

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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.²

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

²The 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."