

State Officers Compensation Commission Meeting

January 4th, 2022, 10 a.m.

550 W. 7th Ave., Suite 1236

Meeting Minutes

Members:

Kurt Olson

Johnny Ellis (via telephone)

Carrigan Grigsby

Lee Cruise

Others present:

Kate Sheehan, Department of Administration, Secretary

Senator Jesse Kiehl (telephonic)

I. CALL TO ORDER

Johnny Ellis called the meeting to order at 10:35 a.m.

II. Review of Agenda

Mr. Ellis asked Director Sheehan to call role, Members Ellis, Olson, Grigsby, and Cruise were present. He then stated the purpose of this meeting was to receive written and oral testimony from both the public and the legislature. Comments were received from the House Republican Caucus as well as the general-public. Director Sheehan agreed with Mr. Ellis that they had not received voluminous feedback on the Commission's proposal letter. Director Sheehan reviewed what was in their proposal and the responses received including the Governor's letter stating that he would decline any raise proposed or enacted by the Commission. It was discussed that would result in the Commissioners would end up making a higher salary than the Governor.

III. Overview of Available Material/Information; Preliminary Findings and Recommendations

DISCUSSION:

Director Sheehan continued her review of what was proposed in their letter to legislators. The first letter included a proposal to raise legislator salaries to \$74,500 and cap the per diem at \$5,000. The second letter proposed giving them \$54,400 which is their current salary amount, but with an increase in the per diem cap to \$12,000. The first public comment was taken from Ray Metcalfe, he stated that when he was a legislator he had to use roughly \$1,000 of his own money per month to survive, he spoke about how elected officials in Southern states get paid only one dollar per year but their families are wealthy enough to support them while they are relatively unpaid and that those folks were on boards and owned companies that benefited from their

legislation. Mr. Metcalfe spoke of two legislators that worked for oil companies that then received raises after they pushed through the tax cut for oil companies. He proposed that the Commission looks at outside income and interest and restrict those while raising the salaries to help avoid the corruption that has happened in the past. He asserted that today's legislators cannot survive on their current salaries, and he believes that this leads to corruption. Mr. Cruise asked him what he thought they should be paid. He said \$100,000 per year, his point being that the less you pay them, the more likely they are to become corrupt to make up for earning the lower salary.

Discussion returned to the topic of per diem payments and Mr. Grigsby asserted that housing and rental car prices go up starting in May as the tourist season in Juneau begins, so when there is a special session that gets extended, there is a significant additional cost to legislators that must stay in Juneau longer. Mr. Ellis asked Senator Jesse Kiehl to respond to the per diem issues affecting the legislators. He summarized issues that have occurred in the past and stated that ending per diem on a firm date would create a shift in the power dynamic. He stated that he would like to ensure that any changes to salaries does not cause a change in power and suggested that they get reimbursed for actual expenses. Mr. Cruise asserted that they would need a new position to audit the expenses of legislators in to enact that process. There was further discussion about the possibility of that approach. Mr. Cruise mentioned figures from Barbara Bachmeier's written testimony where she highlights the figures specific legislators have earned. They then moved on to hear telephonic testimony from Daniel Lynch from Soldotna who asserted that compensation for these folks also includes health care and retirement benefits, which would not ordinarily be included with part-time positions. He asked the Commission to be proactive for the long-term effects of their decisions and suggested that they replace per diem payments with "man camps" using the state ferries to house legislators during session. This concluded the public testimony part of the meeting.

Director Sheehan reminded the members that if their vote is split evenly that they will conclude that there are no preliminary findings. Mr. Ellis proposed that they hear from members Olson and Grigsby as Mr. Cruise has clearly stated his position. Mr. Grigsby asked Mr. Ellis what his current take is, and he stated that he would want to stick with their original proposal to the legislature for a \$74,500 salary and significantly reduce the per diem to a range of \$12,000-\$15,000, he discussed how he does not think that per diem payments greatly affect the length of session etc. Mr. Cruise further asserted that if they lower their salaries, they will still get plenty of folks that will want to run for office. He asserted that there is a fair amount of entitlement within the legislature and used the large salary of a specific Senator that works as a Fedex Pilot as an example of such entitlement. Mr. Ellis further discussed the possibility of per diem being a reimbursement for actual expenses with a \$1,500 cap on rent or mortgage per month instead of a set amount. The

members then voted on receipt-based reimbursement instead of the set amount. Mr. Grigsby suggested that they also address special session per diem needs. Mr. Cruise discussed that they should consider the average salaries for regular Alaskans as well and that some may be incentivized to make session last longer, Mr. Grigsby disagreed and asserted that many legislators just want to return to their homes and families and would not want to extend session to earn more per diem payments. Mr. Cruise again stated that Alaskan legislators are already making much more than the national average of \$34,000 for other state legislatures. There was further discussion held about the letter from the Republican House Caucus and the details that they proposed. The members continued to go over the proposed figures for salary and per diem, without much agreement. Mr. Cruise reiterated that Alaskan legislators make 48% more than the national average. Members Olson and Grigsby argued that the special needs of two households for Alaska legislators requires the higher compensation. Mr. Ellis asked the members Olsen and Grigsby to state the highest salary number that they are comfortable with, they decided on \$64,000 with a cap of \$100 per day per diem on a receipt-based reimbursement regardless of whether special session is initiated or not. Mr. Grigsby moved that the base salary is set at \$64,000 with a \$100 per day maximum on per diem payments with reimbursement made only when receipts are provided. Olson seconded. Mr. Ellis asked Director to call the roll of member Grigsby's motion, it was passed three to one. Director Sheehan said she will draft a preliminary report as well as post it online, this will need to be submitted by January 28th 2022. Mr. Cruise posed the question as to if this could be enacted sooner than 2023, the other members reminded him that the enactment date of their proposals was already agreed upon as January of 2023. Director Sheehan said that she would nonetheless ask Legislative Affairs if their proposed changes could go into effect before 2023.

IV. SCHEDULE PUBLIC HEARINGS AND FINAL MEETING

Public testimony, as well as the final meeting was scheduled for Tuesday January 18th at 10:00 a.m. at the Atwood Building, Suite 1236

V. OTHER BUSINESS

The meeting adjourned at 12:46 p.m.