



Idaho Legislature

August 24, 2018

Dear Members of the Citizens Committee on Legislative Compensation:

This letter is sent to assist you in your constitutional duty to set the salaries and compensation of legislators as outlined in Article III, § 23 of the Idaho Constitution. Reviewing the minutes of the Committee's June 1, 2016, meeting, we note that the Committee repeatedly referenced that its members had not heard from the Legislature with regard to the salary and compensation issues before them. In light of that, Majority and Minority Leadership respectfully submit this letter to assist the Committee in its careful consideration of legislative salaries and compensation.

Legislative Salary and Compensation Generally

Legislative salary and compensation have historically been approached conservatively by the Committee. This approach carefully preserves Idaho's citizen legislators and protects the Legislature from being overtaken by professional politicians. Legislative salary and compensation have also historically been set by contemplating legislators as "part-time." These concepts are essential to the Committee's evaluation and consideration.

But it is also important to place these concepts into the appropriate context. Although legislators are part-time, it is difficult, if not impossible, for them to not be legislators when not in session. In today's hyper-connected world, legislators are contacted through various mediums at all hours of the day, seven days a week. Committee and interim Committee work now spans the summer and fall as legislators work to balance the need for short legislative sessions with the demands of the state and of their constituents.

In sum, no legislator is truly part-time, but conversely Idaho's Legislature is not full-time either. The challenge before the Committee is to adequately recognize the demands on legislators while ensuring retention of Idaho's part-time citizen Legislature. This is further reflected in the Committee's careful consideration of the base legislative salary. Historically, the Committee has worked from the same base salary and added percentages onto it. But a significant question arises as to whether the base itself is an accurate reflection of the work of the Legislature. In particular, the base may define who is able to run for the Legislature, which in turn reflects the need for the Committee to consider the effect of legislative salaries on the makeup of the Legislature. Carefully weighed, these

considerations ensure that Idaho will continue to be governed by the people, for the people.

Salary

Idaho's Legislature has authorized salary increases for state employees over the past four years as follows:

- 2015: 1% ongoing and 1% one-time
- 2016: 3% ongoing
- 2017: 3% ongoing
- 2018: 3% ongoing
- Four Year Total: 10% ongoing + 1% one-time increase.

Over the same time period, Idaho legislators received:

- 2015: 1.5%
- 2016: 0%
- 2017: 2%
- 2018: 2%
- Four year total: 5.5%

Based upon the current state of Idaho's economy, the increasing workload of legislators, and the lag of legislative compensation, it is recommended that the Committee provide a 6% increase to legislators' salaries, which would result in an increase from \$17,538 to \$18,590.

President Pro Tem, Speaker, and Senate and House Majority and Minority Leaders

The Majority and Minority Leader positions require significant work on the part of legislators occupying those roles. Those positions carry with them additional responsibility and workload that should be recognized. We recommend the following additional salary amounts be considered:

President Pro Tem and Speaker:	\$5,000 per year
Senate Majority Leader and House Majority Leader:	\$2,000 per year
Senate Minority Leader and House Minority Leader:	\$2,000 per year

Unvouchered Expense Allowances

- A. The Committee has traditionally set a higher allowance rate for those members with a primary residence outside of Ada County. The current rate is \$129 per day for

each day of the legislative session for members who maintain a second residence in Ada County. An issue has arisen within the Legislature as to what the phrase “maintain a second residence in Ada County” means. For example, does “maintain a second residence” require the payment of rent, lodging, lease, or mortgage payments? Would an arrangement where two legislators split an apartment with one paying rent and the other paying utilities suffice?

A simpler solution may be to allow the higher reimbursement for those with a primary residence more than 50 miles away from the State Capitol. This would eliminate the need to define a second residence and account for the fact that legislators outside of that radius would most likely be required to find lodging and accommodations close to the Capitol.

The rate of the allowance should be considered as well. Idaho is currently experiencing significant growth, and some of the fastest growth is currently occurring within Boise. This growth creates scarcity in the rental market and increases the cost of hotel rooms. Legislators from outside the area who are looking for short-term leases may find it very difficult to locate housing and cover daily expenses within the expense allowance.

- B. Our final proposal regarding unvouchered expense allowances concerns the rate provided to members living 50 miles or less from the State Capitol. Following a review of past Committee minutes, we note that this rate has typically been linked to the federal per diem rate for meals and incidentals (M&IE). (Although the rate at times has not precisely matched the M&IE rate, there is ample Committee discussion that the M&IE rate has been used as a guide.) Consequently, we propose that the Committee adopt a provision that the unvouchered expense allowance for members living 50 miles or less from the State Capitol be equal to the then-applicable federal M&IE rate for Idaho. We note that the current M&IE federal rate for Idaho is \$51/day; that rate will increase for FY19 on October 1, 2018, to \$55/day.

With the above in mind, we recommend the Committee consider one or more of the following:

1. Eliminate the phrase “maintain a second residence in Ada County” and replace it with “for members whose primary residence is more than 50 miles from the State Capitol located at 700 W. Jefferson St., Boise, ID 83702.”
2. Increase the unvouchered expense allowance referred to above from \$129 to \$138 per day. (\$93 federal per diem for lodging for Boise, ID + \$45 Board of Examiners per diem rate for meals).

3. Provide that the per-day rate for legislators living 50 miles or less from the State Capitol located at 700 W. Jefferson St., Boise, ID 83702, be equal to whatever the current federal M&IE rate for Idaho is.

Unvouchered Constituent Allowance

- A. We recommend that the unvouchered constituent allowance be increased from \$2,250 to \$2,500. The allowance has remained at \$2,250 for the past four years and has not returned to the level at which it was set in 2009/2010, when the allowance was \$2,500. During the recession, the allowance was reduced as a cost-saving measure. This increase reflects the increasing cost of providing constituent services; for example, the average price of gas in 2015 was \$2.40, and the average price of gas is currently \$3.16 per gallon.
- B. We also recommend an additional unvouchered constituent allowance of \$400 for members who represent legislative districts of 1,000 square miles but less than 2,000 square miles; and \$600 for members who represent legislative districts of 2,000 square miles or more. Members representing large geographic districts are likely to spend significantly more time traveling to meetings and to visit with constituents at their businesses or homes. While travel is part of every legislator's work, the sheer size of some of our legislative districts imposes travel demands not faced by all members. Consequently, we believe a modest additional allowance should be provided for such members.

Vouchered Expense Allowance

No changes are recommended within this area or the corresponding **Requirements for Payment**.

Additional Benefits: Retirement, Medical, Dental, and Life Insurance

- A. No changes are recommended to the medical, dental, and life insurance benefits offered to legislators.
- B. We respectfully request that the Committee make a recommendation with regard to legislative retirement benefits. Although the Committee made a recommendation to the Legislature to reconsider the provisions of House Bill 100 from the 2015 Session, we would like the Committee to revisit that recommendation based on the considerations below. As the Committee is likely aware, some have expressed concern that legislators have the ability to increase their pensions by serving for a long time in the Legislature and then taking a full-time position with the state or other governmental entity. Upon the completion of 42 months, the pension benefits

would be for the entire span of the legislator's service at the highest rate of pay for 42 months. The argument suggests this approach results in a pension benefit higher than it should be. However, we note that this is the same approach that other part-time state employees enjoy (although we acknowledge that other elected and appointed officials do not qualify for this approach.)

The counter to this argument is that legislators moving to permanent state positions are often among the hardest working legislators, have served for a lengthy period of time, and selection to these positions is often based on specific expertise developed while serving in the Legislature. Additionally, this is not a partisan issue as these appointments have recognized the expertise and dedication of legislators from both sides of the aisle. According to PERSI, the PERSI fund will experience no material impact as a result of the legislative provision (PERSI letter to Idaho Lawmakers, July 14, 2015).

Regarding the 2016 Committee's recommendation to the Legislature on 2015 House Bill 100, we believe Article III, §23 of the Idaho Constitution may well prohibit the Legislature from taking action governing their own pensions. The Legislature has no authority to establish its compensation and expenses by law. Under Article III, § 23, the Legislature is limited to rejecting or reducing the rates of compensation and expenses set by the Citizens Committee. Compensation is a broader term than salary. Historically, this Committee has recognized the breadth of compensation by establishing a salary, and also establishing a benefits package that includes retirement benefits through PERSI. This practice appears to be supported by Article III, § 23.

Recognizing the attention the practice has received, we respectfully request that the Committee make a recommendation with regard to this issue. Additionally, if the Committee were to recommend a change from the current exemption from the "split calculation," it is requested that the Committee make the recommendation applicable to those legislators assuming office in the next year, while those elected and serving under the current law would remain "grandfathered" in.

We will endeavor to reflect the Committee's recommendation with either maintenance of the status quo or a revision to current practice.

Conclusion

Thank you for the opportunity to provide you with the Legislature's perspective. To reiterate, we offer these proposals in light of the Comments from this committee at its 2016 meeting. Our intent is that you consider each proposal on its own merit. The proposals are

not offered necessarily as a package to be adopted as a whole, but rather considered and adopted or rejected individually.

Your function and independence are critical constitutional components of Idaho's government. On behalf of Idaho's citizen legislators, thank you for your consideration and service.

Sincerely,



Rep. Scott Bedke
Speaker of the House



Sen. Brent Hill
President Pro Tem



Rep. Mat Erpelding
House Minority Leader



Sen. Michelle Stennett
Senate Minority Leader

CC: Bill Daniels
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