

ALASKA DEPARTMENT OF ADMINISTRATION
**UNDERSTANDING
LABOR CONTRACTS**



Presentation to
**House Finance
Committee**

FEBRUARY 27, 2013

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BARGAINING 101

- Negotiations are mandated by the Public Employment Relations Act (AS 23.40.070-23.40.250).
- Bargaining begins in accordance with the terms set forth in the collective bargaining agreements but generally commences between the months of October and December.
- The State must negotiate and enter into written agreements on matters of wages, hours and other terms and conditions of employment. These are considered mandatory subjects of bargaining.
 - For example: cost of living increases, merit increases, pay increments, leave accrual, health insurance
- The State may, but is not required, to negotiate permissive subjects of bargaining.
 - For example: classification, benefits for retirees, representation of non-permanent employees
- Monetary terms of the agreement must be submitted to the Legislature no later than the 60th day of the legislative session to receive consideration during that calendar year (AS 23.40.215).

BARGAINING 101

- If negotiations do not lead to agreement and mediation fails, employees (except protective service personnel) have the right to strike.
- Employees who are on strike do not get paid, but may not be terminated because they choose to lawfully strike.
- Striking employees may be replaced – either temporarily for the duration of the strike, or permanently under certain circumstances.
- Our goal is to reach a fair and balanced agreement.

Contracts are...

- three years in duration
- typically bargained by the State on a cycle of 3-5 separate agreements each year

BARGAINING UNITS (BU)

Contracts That Expire on June 30, 2013	Number of Employees
ASEA - Alaska State Employees Association	8,231
APEA - Alaska Public Employees Association	2,219
CEA - Confidential Employees Association	192
Contracts That Expire on June 30, 2014	
AVTECTA - Alaska Vocational Technical Center Teachers	39
IBU – Inlandboatmen’s Union of the Pacific	654
MEBA - Marine Engineers Beneficial Association	99
MMP - Masters, Mates and Pilots	97
PSEA - Public Safety Employees Association	487
Contracts That Expire on June 30, 2015	
ACOA - Alaska Correctional Officers Association	777
LTC - Public Employees, Local 71	1,675
TEAME – Teachers’ Education Association of Mt. Edgecumbe	29
Non-Covered - Exempt, Partially Exempt and Excluded	1,359

SOURCE: Workforce and Unit Profiles, collected June 30, 2012

AVERAGE YEARLY BASE SALARY FOR FY 12

Yearly Average Pay*

ASEA - Alaska State Employees Association	\$55,119.36
APEA - Alaska Public Employees Association	\$79,660.56
CEA - Confidential Employees Association	\$55,383.96
AVTECTA - Alaska Vocational Technical Center Teachers	\$75,491.88
IBU – Inlandboatmens’ Union of the Pacific.....	\$50,165.40
MEBA - Marine Engineers Beneficial Association	\$79,111.44
MMP - Masters, Mates and Pilots	\$85,181.52
PSEA - Public Safety Employees Association	\$81,521.88 (AA), \$68,38.66 (AP)
ACOA - Alaska Correctional Officers Association	\$63,031.68
LTC - Public Employees, Local 71	\$53,807.88
TEAME – Teachers’ Education Association of Mt. Edgecumbe	\$62,662.44
Non-Covered – Exempt, Partially Exempt and Excluded	\$96,447.32

Total Personal Services Line for Executive Branch in FY 12: \$1,689,191,400

Average employee benefits percentage is 49%

* Includes geographic differential AA – Troopers; AP – Airport, Police and Fire Officers

SOURCE: Workforce and Unit Profiles, collected June 30, 2012

CONTRACT NEGOTIATIONS NOW UNDERWAY

Alaska State Employees Association

Represents the General Government Unit (GGU)



Total Bargaining Unit Members	8,941
Average age of all members:	44
Average years of service:	7.87
Average monthly pay for permanent full-time member:	\$4,593.28
Average yearly pay for permanent full-time member:	\$55,119.36
Total FY12 gross pay* for all members:	\$414,678,660.14

** Includes premium pays, excludes benefits*

CONTRACT NEGOTIATIONS NOW UNDERWAY

Alaska Public Employees Association

Represents the Supervisory Bargaining Unit (SU)



Total Bargaining Unit Members	2,240
Average age of all members:	49
Average years of service:	13.69
Average monthly pay for permanent full-time member:	\$6,638.38
Average yearly pay for permanent full-time member:	\$79,660.56
Total FY12 gross pay* for all members:	\$173,348,813.26

** Includes premium pays, excludes benefits*

CONTRACT NEGOTIATIONS NOW UNDERWAY

Confidential Employees Association

Represents the Confidential Unit (KK)



Total Bargaining Unit Members	201
Average age of all members:	42
Average years of service:	8.26
Average monthly pay for permanent full-time member:	\$4,615.33
Average yearly pay for permanent full-time member:	\$55,383.96
Total FY12 gross pay* for all members:	\$9,948,271.57

* Includes premium pays, excludes benefits

MONETARY TERMS

Examples of monetary terms found in State collective bargaining agreements

- Cost of Living Increases
 - General wage increase granted to all bargaining unit members typically effective on July 1 of every year of the agreement
- Merit Increases/Pay Increments
 - Merit steps are steps A-F (A-G for General Government Unit members) of the currently negotiated salary schedule, AS 39.27.011(a), and represent an increase of approximately 3.5% every year providing the employee's performance is considered "acceptable or better." Merit increases are automatically awarded under the contract unless the appointing authority takes proactive action to deny the merit increase through a timely performance evaluation.
 - Pay increments are in statute and bargained, AS 39.27.011(h), and have been negotiated at a 3.75% increase awarded under the contract every two years providing the employee's performance is "acceptable or better" as documented through a written performance evaluation. For administrative purposes, pay increments are designated as steps J and above on the salary schedule. There is currently no limit as to how many pay increments an employee can earn.

MONETARY TERMS*

The following illustrates how merit increases/pay increments factor into the overall costs for the General Government Unit, Supervisory Unit and Confidential Unit:

Estimated 1% Increases

- **General Government Unit:**
 - FY 2014 would be \$6,668,300
 - Cumulative total over 3 years would be \$46,678,100
- **Supervisory Unit:**
 - FY 2014 would be \$2,559,500
 - Cumulative total over 3 years would be \$17,916,500
- **Confidential Unit:**
 - FY 2014 would be \$154,300
 - Cumulative total over 3 years would be \$1,080,100

Merit Increases/Pay Increments**

- **General Government Unit:**
 - FY 2014 is \$15,042,300
 - Cumulative total over 3 years is \$105,296,100
- **Supervisory Unit:**
 - FY 2014 is \$6,275,500
 - Cumulative total over 3 years is \$43,928,500
- **Confidential Unit:**
 - FY 2014 is \$335,500
 - Cumulative total over 3 years is \$2,348,500

* all calculations include benefits based on a percent of pay

** does not reflect vacancy or turnover

MONETARY TERMS

Understanding the increases over time...

Year	CPI Increase	COLA	Employee Hired at step A Effective 2006*	Employee Hired at Step G Effective 2006**
2006	3.2%	2.0%	2.0%	2.00%
2007	2.2%	4.0%	7.5%	4.00%
2008	4.6%	3.0%	6.5%	6.75%
2009	1.2%	3.0%	6.5%	3.00%
2010	1.8%	1.0%	4.5%	4.75%
2011	3.2%	2.0%	5.5%	2.00%
2012	2.1%	2.0%	5.5%	5.75%
	18.3%	17.0%	38.0%	28.25%

* Includes projected merit increases

** Includes projected pay increments

LEAVE

Leave Accrual (personal, per calendar year)

- 0 to 2 years – 180 hours/24 days
- 2 to 5 years – 202.56 hours/27 days
- 5 to 10 years – 225.12 hours/30 days
- 10+ years – 270 hours/36 days

By December 16, 2000 all units had converted from an annual/sick leave program to a personal leave program. Upon conversion, the maximum balance cap was removed and the mandatory usage requirement was reduced.

Leave Usage/Cash-in Requirements

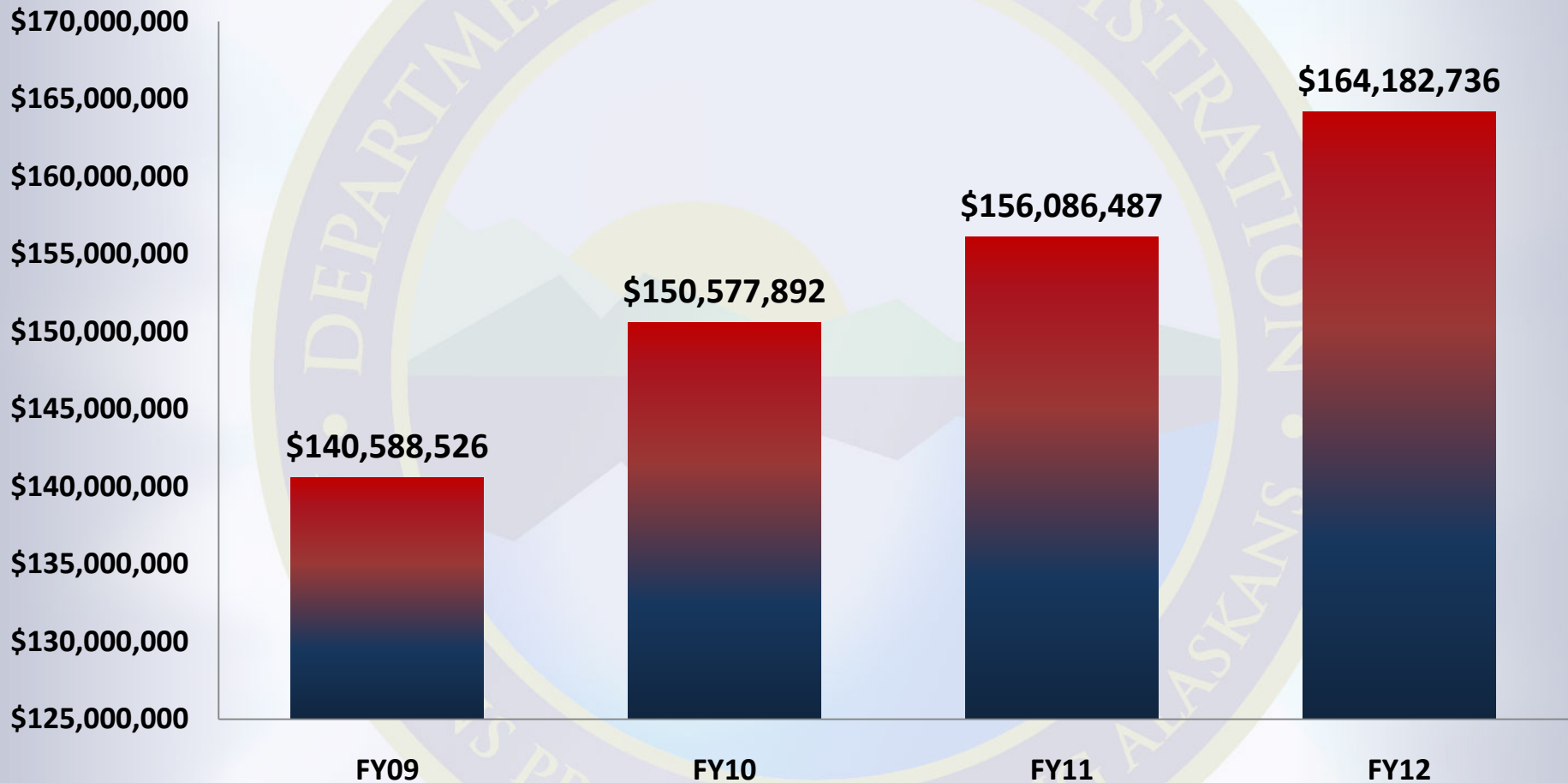
- Employees must use at least 37.5 hours per year
- Employees may cash-in unlimited leave providing they maintain a balance of 37.5 hours

Value of Leave

- With the exception of non-covered employees, leave is valued at the employee's current rate of pay. For non-covered employees, the value is at the rate of pay at the time of accrual.
- The working reserve account (AS 37.05.510) includes funding for the payment of leave cash-ins and accrued leave upon separation.
- For FY12 payments from the working reserve totaled \$36,471,396 (all bargaining units).

GROWING LEAVE LIABILITY

Total Leave Liability



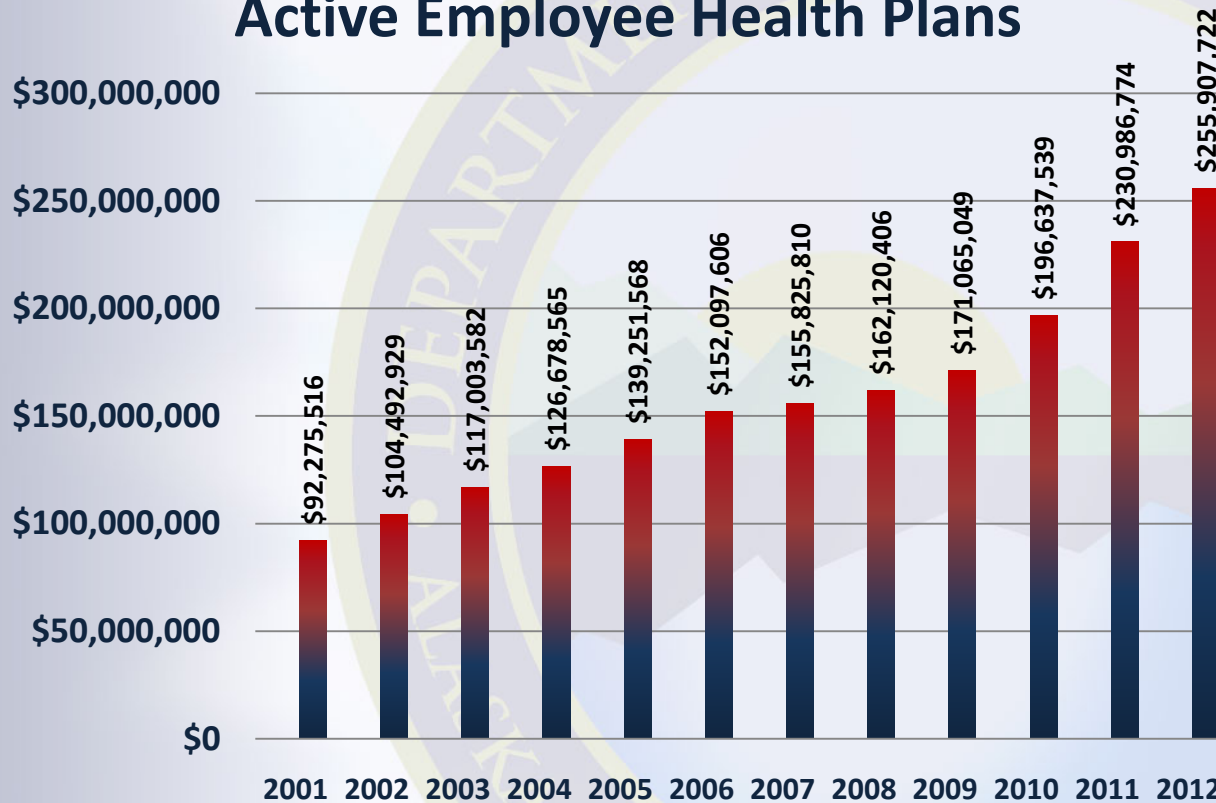
LEAVE LIABILITY EXAMPLE - TOP TEN

Personal Leave Balance	Annualized Hourly Rate	Value of Leave Accrued*	Bargaining Unit
3810.56	\$63.22	\$240,903.60	Supervisory
3170.57	\$75.46	\$239,251.21	Public Safety
3363.58	\$63.98	\$215,201.85	Supervisory
3183.61	\$60.49	\$192,576.57	Supervisory
3938.50	\$45.56	\$179,438.06	Supervisory
3159.65	\$54.44	\$172,011.35	General Government
4469.96	\$31.80	\$142,144.73	Confidential
3141.19	\$40.04	\$125,773.25	Correctional Officers
3130.20	\$26.17	\$81,917.33	General Government
3185.66	\$24.74	\$78,813.23	General Government
TOTAL	34,553.48	\$1,668,031.18	

*Excludes Benefits

HEALTH INSURANCE FOR PUBLIC EMPLOYEES

State of Alaska Contributions to Active Employee Health Plans



Contributions to:

- Group Health and Life Benefits Fund (AlaskaCare)
- ASEA Health Trust
- Public Employees Local 71 (LTC) Health Trust
- PSEA (3rd party insurance)
- MMP Health Trust
- ASCEA and TEAME (terminated in 2010)

Annual Health Insurance Contribution: \$16,506 (GGU) and \$15,960 (all others) per employee in FY13

Coverage Provided: Alaska is one of only four states that cover full premium for basic family plan (100% state contribution for economy plan).

Source: Source: National Conference of State Legislatures, 2012

NATIONAL TRENDS

- Little to no pay increases since 2007
- Extensive furlough of employees
- Extensive layoffs
- Freezing of longevity pay
- Increase in subcontracting – “managed competition”
- Limitations on “legacy” costs such as pensions, sick or vacation “buyback” upon retirement, and other such long-term costs.
- Greater operational flexibility, to provide more service at the same or lesser cost to taxpayers and citizens.

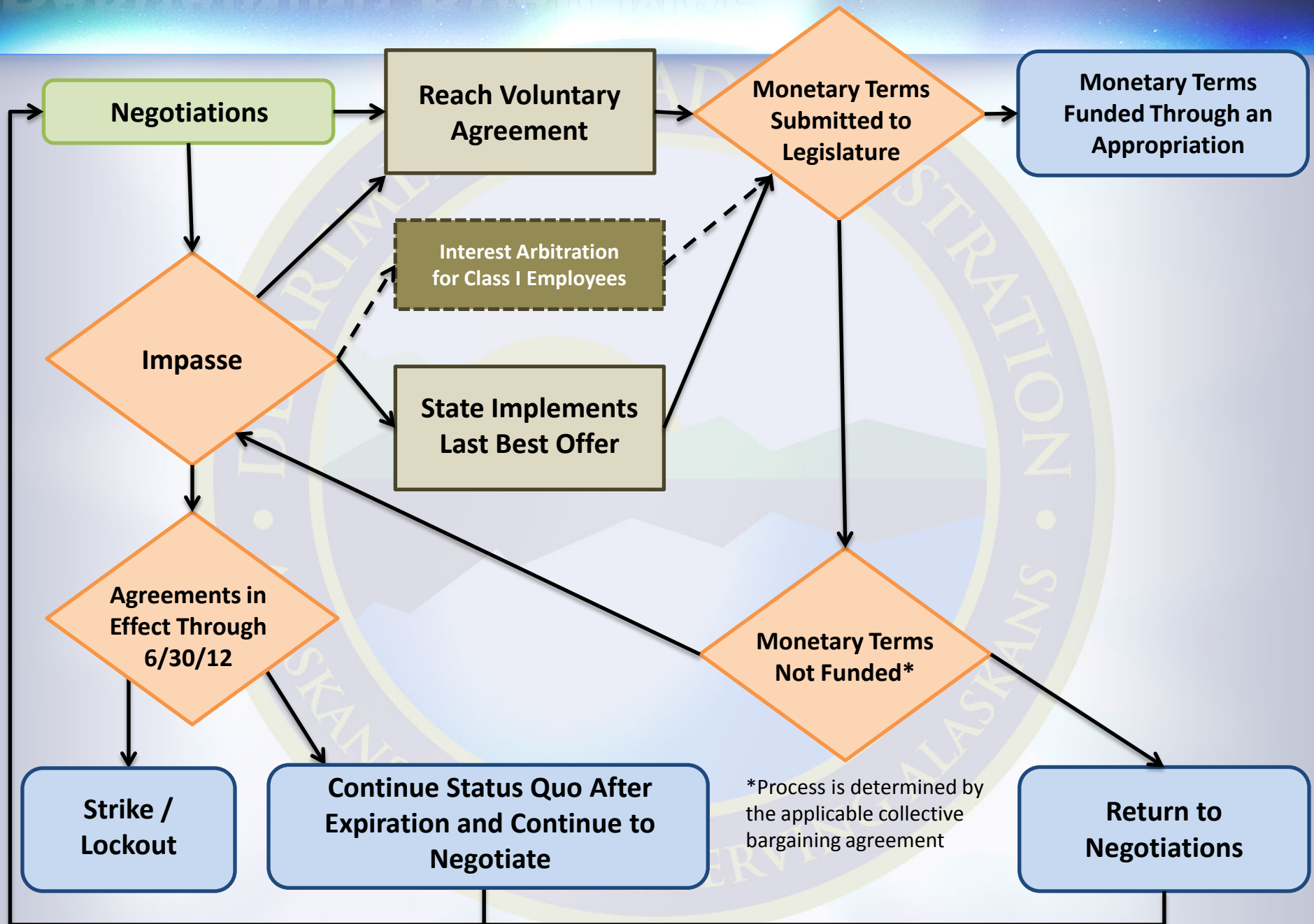
DEPARTMENT OF ADMINISTRATION'S BARGAINING PRIORITIES AND CONCERNS

- Fiscally prudent cost of living increases
- Reducing the cost of longevity steps (i.e. pay increments)
- Reducing the legacy costs of leave liability
- Operational productivity improvements
- Obtain voluntary, balanced agreements
- If a strike occurs, continue to provide essential services to citizens

NEXT STEPS

- Once the Department of Administration submits the monetary terms of an agreement, the Legislature decides whether to fund the monetary terms.
 - The monetary terms of a collective bargaining agreement are subject to funding by legislative appropriation. (AS 23.40.21)
 - If the Legislature fails to fund the monetary terms of an agreement, the next steps vary by bargaining unit and may be affected by whether a tentative agreement was reached with sufficient time to permit submittal by the 60th day of session.
 - For some, impasse is considered to exist and for others the parties have 10 days to reach agreement. However, each situation must be evaluated and is fact specific.
- The fact that the monetary terms of the parties' agreement might be submitted to the Legislature after the 60th day of the session does not prevent the Legislature from either considering or funding them.
- The appropriation is subject to the ratification of the collective bargaining agreement by the union's membership. If a union fails to ratify the agreement, then the funding is reduced proportionately.

BARGAINING ROAD MAP



The seal of the Department of Administration, State of Alaska, is a large, faint watermark in the background. It features a central figure of a person holding a staff, surrounded by the text "DEPARTMENT OF ADMINISTRATION" at the top and "ALASKANS PROUDLY SERVING ALASKANS" at the bottom.

Thank you!

Visit www.DOA.alaska.gov

for more information about our department.

Questions?