



Alaska State Legislature

Conference Committee

HB 2001-APPROP: OPERATING BUDGET/LOANS/FUNDS

Official Business

June 9, 2015

The Honorable William Walker
Governor, State of Alaska
P.O. Box 110001
Juneau, AK 99801-0001

Dear Governor Walker:

This correspondence is intended to communicate the progress that members of the Conference Committee on HB 2001 have made in deliberations of the Fiscal Year (FY) 2016 operating budget and to solicit your support for a compromise that we have reached.

The leadership of the Conference Committee considering HB 2001 met with the leadership of several unions that represent state employees, including the AFL-CIO, the Alaska State Employees Association (ASEA), Public Employees Local 71, and the Public Safety Employees Association (PSEA).

The purpose of the meeting was to discuss the previously negotiated contracts and the 2.5% Cost of Living Allowance (COLA) that, for many of the covered State of Alaska employees, will be in effect July 1, 2015, if approved by the legislature. As you are aware, this has been a very contentious issue in our deliberations.

Through the course of the meetings and by all participants, we have agreed to the following:

- The COLA will be funded in the FY 2016 budget for covered and non-covered employees. The funding will be a one-time increment to the budget and will be funded as such.
- Any unallocated reduction that is adopted by the Conference Committee on HB 2001 is intended to be implemented in a manner that results in a minimum number of state employee lay-offs. An unallocated reduction is intended to be implemented in a manner that is geared towards finding internal agency and department efficiencies (IT, procurement, leasing, etc...).
- It is anticipated that no FY 2016 supplemental funding will be requested during the next regular session to fill the unallocated reduction that is adopted by this Conference Committee.
- The Walker Administration and union leadership will support flat funding in contract negotiations, beginning with contracts negotiated in 2015.

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- The Walker Administration and union leadership intend to include language in each of the negotiated contracts, which allows for a re-opener of the contract if the price of West Texas Intermediate (WTI) reaches \$95.00 and if that price is maintained or increases over that amount for a period of 60 consecutive days. This language should be reviewed at the end of the three year negotiated contract.
- The Walker Administration and union leadership intend to include language in each of the negotiated contracts, which allows for a re-opener of the negotiated contract if the price of WTI falls below \$45.00 and remains below this price point for 60 consecutive days. This language should be reviewed at the end of the three year negotiated contract.

This compromise is not intended to invade the powers of the executive branch, but was reached in an effort to solve the current budget impasse. While we understand that this is not a binding legal agreement, your support of this compromise will allow the legislature to move forward and take action on HB 2001 and move towards securing an affirmative $\frac{3}{4}$ vote of the members of each house of the legislature.

It is important to members of the Legislature and the representatives of the unions that were present in the meetings, for you and Commissioner Fisher to review this compromise and reply favorably.

The agreement was discussed and negotiated in good faith in an effort to resolve our differences, while maintaining our fiduciary responsibilities to the people of Alaska. We believe the compromise reflects fiscal policies that will protect our state in the future, in light of our current fiscal situation.

Thank you for your timely consideration. We look forward to working with you to complete this process and allow for the State of Alaska to continue providing necessary services to Alaskans.

Sincerely,



Representative Mark Neuman
Chair



Senator Pete Kelly
Vice-Chair