ALASKA DEPARTMENT OF ADMINISTRATION UNDERSTANDING LABOR CONTRACTS

Presentation to

Senate Finance Committee February 24, 2016

Commissioner Sheldon Fisher Deputy Commissioner Leslie Ridle



BARGAINING 101

- Negotiations are mandated by the Public Employment Relations Act (PERA) AS 23.40.070-23.40.250.
- The State begins bargaining successor agreements between October and December; start date
 may be accelerated if both parties agree.
- Wages, hours and other terms and conditions of employment are mandatory subjects of bargaining.
- The State may, but is not required to, negotiate permissive subjects of bargaining.
 - Classification, retiree benefits, representation of non-permanent employees
- Monetary terms must be approved by the Legislature.
 - Provided that monetary terms of agreements are submitted to the Legislature by the 60th day, PERA requires legislative session consideration during that calendar year.
 - If rejected by the Legislature, then it is as if there is no agreement. The parties must renegotiate to impasse or agreement.
- If negotiations do not lead to agreement and mediation fails, employees have the right to strike.
 - Exception: protective service personnel do not have the right to strike but must enter binding arbitration after impasse.
- 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.

MONETARY TERMS

Marine Units (IBU, MEBA, MMP)

- Cost of living differential (COLD)
- Travel pay
- Training funding
- Pass privileges
- Non-watch pay

Correctional Officers

- Uniform allowance
- Duty station incentive pay (Spring Creek)
- Education incentive pay
- Prisoner transportation officer cert pay
- CDL Cert pay

Public Safety

- Uniform allowance
- State provided medical exams
- Pilot, diver, and canine pay

Mt. Edgecumbe Teachers

- Family night pay
- Activities and extracurricular pay

General Government Unit

- Sea duty pay
- Uniform provision
- Life, Travel, and Accident insurance
- Travel and per diem

Labor Trades and Crafts

- First Aid training
- Subsistence pay
- Tool allowance
- Bunkhouse and housing rentals

Supervisory Union

- Hazard pay
- Supervisory differential
- Sea duty pay
- Physicals

Alaska Vocational Technical Center Teachers

- Initial Teacher Placement and Step Advancement
- Department Head Pay
- Sabbatical Leave

RANGE OF OPTIONS TO REACH RESOLUTION



 Sometimes described as the "nuclear option."

Arbitrate

- Arbitrator will determine.
 - Interest
 Arbitration: "split-the-baby" and give each side something.
 - BaseballArbitration: Must choose one proposal

Negotiate - Settle

 Both sides get something out of negotiations.

BARGAINING UNIT (BU) DETAIL

Bargaining Unit	Business Lead	# Emp in 2015	% of Total
Currently Negotiating			
LTC - Public Employees, Local 71	Dennis Moen	1,772	10.6%
APEA - Alaska Public Employees Association	Pete Ford	2,317	13.9%
CEA - Confidential Employees Association	Pete Ford	204	1.2%
Reached Tentative Agreement			
TEAME – Teachers' Education Assoc. of Mt. Edgecu	ımbe Christy Anderson	27	0.2%
ASEA - Alaska State Employees Association	Jim Duncan	8,794	52.8%
Non-Covered			
Non-Covered - Exempt, Partially Exempt and Excl	uded	1,300	7.8%
TOTAL EMPLOYEES AT ISSUE IN CURRENT NEGOTIAT	TIONS	14,414	87%
Fall 2016 Negotiations			
AVTECTA - AK Vocational Technical Center Teache	rs Dale Butts	33	0.2%
PSEA - Public Safety Employees Association	Jake Metcalfe	508	3.0%
Fall 2017 Negotiations			
IBU – Inlandboatmens' Union of the Pacific	Joshua Stephenson	565	3.4%
MEBA - Marine Engineers Beneficial Association	Ben Goldrich	103	0.6%
MMP - Masters, Mates and Pilots	Shannon Adamson	96	0.6%
Fall 2019 Negotiations			
ACOA - Alaska Correctional Officers Association	Brad Wilson	942	5.7%
		46.551	4000/
GRAND 1	16,661	100%	

87% of State employees are impacted by current round of negotiations

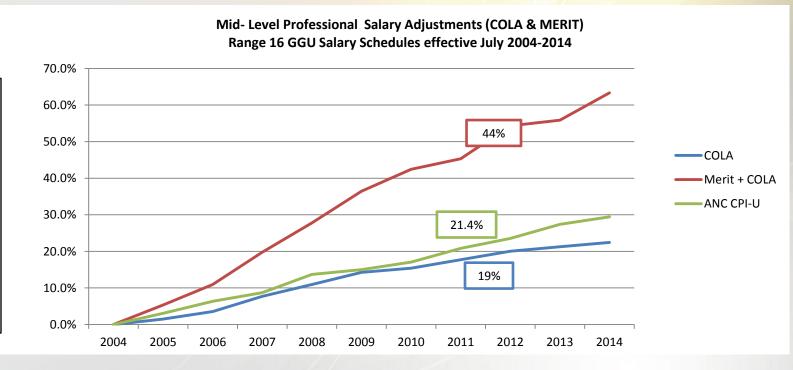
^{* #} of Employees based on filled positions, not total positions w/vacancies

NEGOTIATING FRAMEWORK: CASH COMPENSATION

- Cash Component of Compensation
 - Below Market
 - High income professional employees tend to be below market
 - New employees tend to be below market
 - Above Market
 - Low income employees tend to be at or above market
 - More tenured employees tend to be above market

In addition to negotiated COLAs ("acceptable or better"): • Merit Increases (1-5 yr) - ~3.5% every year • Pay Increments (5+ yr) - 3.25% increase awarded every two

years No limit



NEGOTIATING FRAMEWORK: BENEFITS

Employee Benefits: Overall tend to be above market.

- Health Benefit:
 - Economy Plan zero employee premiums
 - Low deductible options across plans
 - Flat rate for dependents
 - Retiree health insurance with 10 years of service
 - Retiree premium percentage lowers with longer term of service
- Pension: Alaska Public Employees' (PERS) and Teachers' Retirement (TRS) Systems are hybrid defined benefit and defined contribution plans providing:
 - Contribution amounts structured to reach retirement goals
 - PERS: 8% employee + 5% employer + 12.26% SBS totaling: 25.26%
 - TRS: 8% employee + 7% employer +12.26% SBS totaling: 27.26%
 - Most private plans offer employer match of 3-4%
- Leave accrual (even with negotiated caps)
 - Accrue 270 hours per year (36 days)
 - After 10 years, if hired before 7/1/13
 - After 15 years, if hired on or after 7/1/13
- Job Flexibility
 - Alternative work weeks
- Hours worked: 37.5 hours

NEGOTIATING FRAMEWORK: STATE AND NATIONAL TRENDS

National:

- 2007-2015 saw little to no pay increases
- Current trends include pay increases, elimination of furloughs

State:

- Municipality of Anchorage: 1.5% COLA per year for 3 years
- Anchorage School District: 1% COLA + \$1,000 bonus through 2017
- Juneau School District: 2% COLA, 1 year agreement

BARGAINING PRIORITIES

Cash Component:

- Overall below market
- Current Fiscal climate requires modest reductions
 - 0-0-0%
 - 15 hours of furlough per employee per fiscal year
 - Modest changes to other monetary terms of the CBAs

Benefits:

- Overall above Market
- Healthcare costs are growing at a multiple of inflation making cost containment a critical objective of these negotiations
 - Ask Employees to accept plan design changes and contribute to monthly health care premiums in order to control costs and align interests in minimizing future cost increases.
 - For employees that are not part of AlaskaCare, we want to right-size health trust reserves

Other Priorities

- Performance Evaluations: Create a meaningful performance view system
- Consistency
 - Create consistency in our contracts
 - For example: Leave, administrative manual, travel rules, pay procedures
- Flexibility
 - Create flexibility in our contracts.
 - For example: contracting out, promotional rules
- Leave Terms continue the progress of prior negotiations to address leave accruals

STATUS OF CONTRACTS BEFORE THE LEGISLATURE

TEAME (27 Employees)	ASEA (GGU, 8,795 Employees)
Contract expired June 30, 2015	Contract expires June 30, 2016
 Agreement reached December 2015, ratified by members 	 Agreement reached February 2016, pending ratification by members
Contract pending Legislative approval	Contract pending Legislative approval.
<u>Terms Include:</u>	Terms Include:
• 0-0-0	• 0-0-0
 Addition of coordinators to improve student activity sponsorship Improvements and clarifications to the grievance process Additional time for management to complete annual evaluations Contract language improvements regarding leave use, cash-in, and donation 	 Reduced health care contribution rate in FY17 Furloughs Improvements to the grievance and complaint process Performance tied geographic limitation for layoffs Contract language improvements for finance and payroll processing Transition fully to the Administrative Manual for
	Travel and Per Diem

FY 2017 SAVINGS

Fiscal Year 2017	Wages 0%	EE Health Care Contribution	Furlough (15 hrs)	AAM- Travel	Contracting Out	Subsistence/ Geo Diff	Advisors (TEAME Only)	TOTAL Est. Savings
GGU	\$0	-\$4,007,772	-\$4,134,856	UNK	UNK	\$29,060	n/a	-\$8,113,568
TEAME (K Reached FY17-18)	\$0	n/a	n/a	n/a	n/a	n/a	\$3,600.00	\$3,600
Total Savings FY '17 Cash Savings		-\$4,007,772 - \$4,007,772	-\$4,134,856 -\$1,393,480	UNK U NK	UNK UNK	\$29,060 \$29,060	\$3,600.00 \$3,600	-\$8,109,968 -\$5,368,592

	:							
Bargaining Unit	Category of Employee	EE Count	Furlough Savings	Leave Cash-in %	Leave Cash-in Cost	Total Wage Savings	Employer Charge Savings ⁽¹⁾	Net Savings
GGU - Group 1	Range 16 or below	4,420	\$1,697,769	90%	\$1,527,992	\$169,777	\$393,034	\$562,810
GGU - Group 2	Range 17 - 21	2,434	\$1,374,334	75%	\$1,030,751	\$343,584	\$3 <mark>1</mark> 8,158	\$661,742
GGU - Group 3	Range 22 - 24	274	\$207,512	50%	\$103,756	\$103,756	\$48,039	\$151,795
GGU - Group 4	Range 25 and above	18	\$17,455	25%	\$4,364	\$13,091	\$4 <mark>,</mark> 041	\$17,132
	Total	7,146	\$3,297,070		\$2,666,863	\$630,208	\$763,272	\$1,393,480

- Healthcare contribution: Reduced payment in FY '17, growing in FY '19.
- Furlough Savings
 - \$3.3m Gross Employee Savings
 - Forecasted 2.6m will be cashed in by Employees
 - \$763k Employer Savings
 - 22% Pension Contribution
 - 1.15% Term Leave Rate

UPDATE ON OTHER NEGOTIATIONS

- Labor Trades and Crafts (LTC) 1,772 Employees
 - On-going
 - Likelihood of reaching agreement by 60th Day
- Supervisor's Union(SU) 2,317 Employees
 - On-going
 - Challenging negotiations
 - Possibility of not reaching agreement by 60th Day
- Confidential Employees Association 204 Empl.
 - On-going
 - Likelihood of reaching agreement by 60th Day
- Marine Engineers' Beneficial Association (MEBA) 103 Employees
 - Tentative agreement July 2014 (0%- 1%- 2%). Legislature approved contract in 2015.
 MEBA has yet to send contract for a vote. Mediation pending.

NEXT STEPS

- 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.
- A contract submitted to the Legislature after the 60th day does not prevent the Legislature from either considering or funding the contract.
- If a union fails to ratify the agreement, then the funding is reduced proportionately, and we operate under status quo and return to negotiations.

REJECTION OF MONETARY TERMS: CBA TERMS

If the monetary terms of an agreement are rejected the following contractual provisions apply:

ASEA: Re-enter negotiations for 10 days; if no agreement, Class 2 and Class 3 employees may take a strike vote

APEA: Not required to enter negotiations; impasse exists and members may call for a strike vote

CEA: Must re-enter negotiations upon demand by either party; negotiations last for 10 days but may be extended by

mutual agreement; if no agreement, impasse exists and members may call for a strike vote

IBU: Must re-enter negotiations within five days

MEBA: Must re-enter negotiations immediately

MMP: Must re-enter negotiations immediately

PSEA: Upon written request, immediately negotiate a mutually satisfactory supplemental agreement

ACOA: Must re-enter negotiations immediately

LTC: Impasse exists and parties agree to pursue reasonable efforts to obtain a mutually satisfactory resolution

AVTECTA: Must re-enter negotiations

TEAME: Must re-enter negotiations immediately

*Note: No definition of "immediately" is provided for in the collective bargaining agreements.

Thank you!

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for more information about our department.

Questions?

APPENDIX



MONETARY TERMS

In addition to negotiated Cost of Living Adjustments, State employees receive:

Merit Increases

- Steps A-F (A-G for General Government Unit members) on the salary schedule;
- Represent an increase of approximately 3.5% every year providing the employee's performance is considered "acceptable or better;"
- Automatically awarded unless a proactive action is taken to deny the merit increase through a timely performance evaluation. OF ADM

Pay Increments

- 3.25% increase awarded every two years providing the employee's performance is "acceptable or better;"
- For administrative purposes, pay increments are designated as steps J and above on the salary schedule;
- No limit as to how many pay increments an employee can earn.

SAMPLE HISTORICAL COLAS & CPI COMPARISON

Year	СРІ	Non- Covered	ACOA	ASEA	APEA	AVTECTA	CEA	IBU	LTC	MEBA	ММР	PSEA	TEAME
2006	3.2%	2%	4%	2%	2%	1%	2%	6%	2%	6%	6%	3%	3%
2007	2.2%	5.5%	3%	4%	5.5%	3%	4%	0%	5%	3%	3%	3%	3%
2008	4.6%	3%	3%	3%	3%	3%	3%	Lump	2/1%	Lump	Lump	5%	3%
2009	1.2%	3%	3%	3%	3%	2.5%	3%	5%	Lump	5%	5%	3%	0%
2010	1.8%	2%	3%	1%	2%	2.5%	2%	4%	2.5%	4%	4%	3%	0%
2011	3.2%	2%	3%	2%	2%	2%	2%	2%	2.5%	0%	0%	2%	1%
2012	2.1%	2%	2%	2%	2%	2%	2%	2%	2%	0%	0%	2%	2%
2013	1.5%	1%	2%	1%	1%	1%	1%	1%	1%	0%	0%	1%	1%
2014	1.6%	1%	2%	1%	1%	1%	1%	0%	1%	0%	0%	1%	1%
2015	1.6%*	2.5%	1%	2.5%	2.5%	1%	2.5%	1%	0%	1%	1%	1%	0%
Totals	23%	24%	24%	21.5%	24%	19%	22.5%	21%	18/17%	19%	19%	24%	14%

^{*}Estimated CPI

AVG YEARLY BASE SALARY FOR FY15

	Yearly Average Pay*
ASEA - Alaska State Employees Association	\$58,840.92
APEA - Alaska Public Employees Association	\$85,167. <mark>12</mark>
CEA - Confidential Employees Association	\$60,760,68
AVTECTA - Alaska Vocational Technical Center Teachers	\$79,972.08
IBU – Inlandboatmens' Union of the Pacific	\$52,326,12
MEBA - Marine Engineers Beneficial Association	\$73,606.56
MMP - Masters, Mates and Pilots	\$85,599.60
PSEA - Public Safety Employees Association\$88,9	
ACOA - Alaska Correctional Officers Association	\$63,727.08
LTC - Public Employees, Local 71	\$56,076.12
TEAME – Teachers' Education Association of Mt. Edgecumbe	\$66,206.28

Average employee benefits percentage is approximately 49%

SOURCE: Bargaining Unit Profiles, collected June 30, 2015

^{*} Includes geographic differential AA – Troopers, AP – Airport, Police and Fire Officers

Alaska Correctional Officers Association

ACOA Bargaining Unit



Total Bargaining Unit Members	942
Average age of all members:	41
Average years of service:	7.68
Average monthly pay for permanent full-time member:	\$5,310.59
Average yearly pay for permanent full-time member:	\$63,727.08
Total overtime for all members:	\$3,482,586.78
Total FY15 gross pay for all members:	\$60,820,628.41

^{*} Includes premium pays, excludes benefits

Alaska Public Employees Association

Represents the Supervisory Bargaining Unit (SU)



Total Bargaining Unit Members

Average age of all members:

Average years of service:

\$7,097.26 Average monthly pay for permanent full-time member:

Average yearly pay for permanent full-time member: \$85,167.12

Total overtime for all members:

Total FY15 gross pay for all members:

2,317

48

13.32

\$1,050,088.73

\$193,457,080.06

^{*} Includes premium pays, excludes benefits

Alaska State Employees Association

Represents the General Government Unit (GGU)



Total Bargaining Unit Members

Average age of all members:

Average years of service:

Average monthly pay for permanent full-time member:

\$58,840.92 Average yearly pay for permanent full-time member:

Total overtime for all members:

Total FY15 gross pay for all members:

8,794

44 7.86

\$4,903.41

\$20,586,569.81

\$442,813,259.13

^{*} Includes premium pays, excludes benefits



Alaska Vocational Technical Teachers Association

AVTECA Bargaining Unit

Total Bargaining Unit Members 33

Average age of all members: 51

Average years of service: 7.84

Average monthly pay for permanent full-time member: \$6,664.34

Average yearly pay for permanent full-time member: \$79,972.08

Total FY15 gross pay for all members: \$2,546,997.40

^{*} Includes premium pays, excludes benefits

Confidential Employees Association

Represents the Confidential Unit (KK)



Total Bargaining Unit Members 204

Average age of all members: 43

Average years of service: 8.56

Average monthly pay for permanent full-time member: \$5,063.39

Average yearly pay for permanent full-time member: \$60,760.68

Total overtime for all members: \$74,047.66

Total FY15 gross pay for all members: \$10,595,061.46

^{*} Includes premium pays, excludes benefits

Inlandboatmen's Union of the Pacific

IBU Bargaining Unit



Total Bargaining Unit Members 565

Average age of all members: 48

Average years of service: 7.32

Average monthly pay for permanent full-time member: \$4,360.51

Average yearly pay for permanent full-time member: \$52,326.12

Total overtime for all members: \$4,393,018.59

Total FY15 gross pay for all members: \$31,410,935.97

^{*} Includes premium pays, excludes benefits

Labor Trades and Crafts

LTC Bargaining Unit



Total Bargaining Unit Members 1772

Average age of all members: 47

Average years of service: 8.82

Average monthly pay for permanent full-time member: \$4,673.01

Average yearly pay for permanent full-time member: \$56,076.12

Total overtime for all members: \$10,133,878.07

Total FY15 gross pay for all members: \$93,898,901.48

^{*} Includes premium pays, excludes benefits

Marine Engineers' Beneficial Association

MEBA Bargaining Unit



Total Bargaining Unit Members

Average age of all members:

Average years of service:

Average monthly pay for permanent full-time member:

Average yearly pay for permanent full-time member:

Total overtime for all members:

Total FY15 gross pay for all members:

103

49

\$6,133.88

\$73,606.56

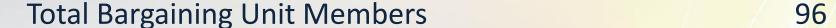
\$1,014,066.17

\$9,924,777.36

^{*} Includes premium pays, excludes benefits

Masters, Mates & Pilots

MMP Bargaining Unit



Average age of all members: 45

Average years of service: 11.63

Average monthly pay for permanent full-time member: \$7,133.30

Average yearly pay for permanent full-time member: \$85,599.60

Total overtime for all members: \$1,438,282.00

Total FY15 gross pay for all members: \$10,958,756.52

^{*} Includes premium pays, excludes benefits

Public Safety Employees Association

PSEA Bargaining Unit



Total Bargaining Unit Members

Average age of all members:

Average years of service:

Avg. monthly pay for permanent full-time member:

Avg. yearly pay for permanent full-time member:

Total overtime for all members:

Total FY15 gross pay for all members:

41 (AA), 38 (AP)

10.45 (AA), 8.90 (AP)

\$7,413.23 (AA) \$6,183.49 (AP)

\$88,958.76 (AA) \$74,201.88 (AP)

\$4,307,068.49 (AA) \$647,419.26 (AP)

\$43,621,046.10 (AA) \$6,008,589.96 (AP)

AA – DPS; AP – DOTPF

^{419 (}AA), 89 (AP)

^{*} Includes premium pays, excludes benefits



Teachers Association of Mt. Edgecumbe

TEAME Bargaining Unit

Total Bargaining Unit Members 27

Average age of all members: 44

Average years of service: 8.52

Average monthly pay for permanent full-time member: \$5,517.19

Average yearly pay for permanent full-time member: \$66,206.28

Total FY14 gross pay for all members: \$1,942,709.94

^{*} Includes premium pays, excludes benefits

STRIKING

AS § 23.40.200 specifies the three strike classes of public employees.

Strike Class 1

- This class is composed of police and fire protection employees, jail, prison and other correctional institution employees, and hospital employees.
- These employees may not strike.

Strike Class 2

- This class is composed of public utility, snow removal, sanitation and educational institution employees other
 than employees of a school district, a regional educational attendance area, or a state boarding school and
 AMHS vessel employees through the Alaska Labor Relations Agency decision.
- These employees may strike after mediation, subject to a vote (requiring a majority voting by secret ballot).
 The strike may only last for a limited time which is determined by the interests of the health, safety or welfare of the public.

Strike Class 3

- This class is composed of all other public employees who are not included in Strike Classes 1 or 2.
- These employees may strike if a majority of the employees in the collective bargaining unit vote by a secret ballot to do so.

STRIKE CLASSES

- 1 Prohibited
- 2 Limited Right
- 3 Unlimited Right
- N Non-unionized position

Exceptions by Position's Department:

Dept of Public Safety = 1 for all positions

Exceptions by Position's Facility:

Adult Corr. Institutions = 1 for all positions AK Pioneers' Homes = 1 for all positions AK Psychiatric Institute = 1 for all positions Juvenile Justice Youth Centers = 1 for all positions (except Soc Svcs Assoc and clerical positions that support a juvenile probation office collocated in a facility)

Exceptions by Position's Job Class:

Adult and Juvenile Probation Officers = 1 for all positions
Wildland Fire Dispatchers = 1 for all positions
Wildland Fire and Resource Technicians = 1 for all positions

Exceptions by a Combination of Elements:

Radio Dispatchers at Airports = 1
GP/GG positions in the Enterprise Technology Services division,
Department of Administration, in the following job classes = 2
Data Communications Specialist, Data Processing Technician, Data
Security Administrator, Data Security Specialist, Database Specialist, and
Systems Programmer.

Strike Clas	s by Bargaining Unit
Code	Unit

AA	PSEA Public Safety Officers	1
AP	PSEA Airport Police & Fire Officers	1
BB	MEBA Licensed Engineer Officers	2
CC	MM&P Deck Officers	2
EE	Executive Branch, Excluded Employees	N
GC	Correctional Officer Unit	1
GP/GG	General Government Unit	3 (with exceptions, see below)
GZ/GY	General Government Unit	1
KK	Confidential Employees Assoc	3 (with exceptions, see below)
LL	Labor, Trades, and Crafts Unit	3 (with exceptions, see below)
MM	IBU Unlicensed Marine Unit	2
NG	National Guard	N
RR	Retirees	N
SS	Supervisory Unit	3 (with exceptions, see below)
TA	AVTEC Teachers Assoc	2
TM	Teachers' Education Assoc of Mt. Edgecumbe	3
XA	Alaska Aerospace Corporation	N
XE	Partially Exempt and Exempt Exec Branch	N
XJ	Judicial Branch	N
XL	Legislative Branch	N

Strike Class