

**ALASKA STATE LEGISLATURE**  
**JOINT MEETING**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**  
9:02 a.m.

**MEMBERS PRESENT**

SENATE LABOR AND COMMERCE

Senator Mike Dunleavy, Chair  
Senator Donald Olson

SENATE STATE AFFAIRS

Senator Fred Dyson, Chair  
Senator Cathy Giessel, Vice Chair  
Senator Bill Wielechowski

**MEMBERS ABSENT**

SENATE LABOR AND COMMERCE

Senator Peter Micciche, Vice Chair  
Senator Bert Stedman  
Senator Johnny Ellis

SENATE STATE AFFAIRS

Senator John Coghill  
Senator Bert Stedman

**COMMITTEE CALENDAR**

PRESENTATION: UNDERSTANDING LABOR CONTRACTS

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

CURTIS THAYER, Deputy Commissioner  
Department of Administration (DOA)

Anchorage, AK

**POSITION STATEMENT:** Delivered a presentation on understanding labor contracts.

KATE SHEEHAN, Deputy Director  
Department of Administration (DOA)  
Anchorage, AK

**POSITION STATEMENT:** Provided information related to labor contracts.

FATE PUTMAN, Assistant Executive Director  
Alaska State Employees Association (ASEA)  
General Government Unit (GGU)  
Juneau, AK

**POSITION STATEMENT:** Provided information relevant to the discussion of labor contracts.

JAKE METCALFE, Executive Director  
Public Safety Employees Association (PSEA)  
Juneau, AK

**POSITION STATEMENT:** Provided information relevant to the discussion of labor contracts.

#### **ACTION NARRATIVE**

[9:02:39 AM](#)

**CHAIR DYSON** called the joint meeting of the Senate Labor and Commerce Standing Committee and the Senate State Affairs Standing Committee to order at 9:02 a.m. Present at the call to order were Senators Giessel, Wielechowski, Olson, Chair Dunleavy (via teleconference), and Chair Dyson.

#### **PRESENTATION: UNDERSTANDING LABOR CONTRACTS**

[9:03:22 AM](#)

CHAIR DYSON announced the business before the committee would be a presentation on understanding labor contracts.

[9:04:15 AM](#)

CURTIS THAYER, Deputy Commissioner, Department of Administration (DOA), introduced himself, Ms. Sheehan, and Ms. Neal. He explained that the state is going into negotiations with five public employee unions, and the goal today is to lay out some of the bargaining priorities. He highlighted that the state would like to make some corrective actions to some of the legacy

issues in the contracts. He spoke to the following bargaining points:

- 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. They usually commence in October, but this year the majority will start in December and January.
- 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. Mandatory subjects include: cost of living increases, merit increases, pay increments, leave accrual, and health insurance.
- The State may, but is not required, to negotiate permissive subjects of bargaining. Examples of these include: classifications, benefits for retirees, and 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). The goal is to have the document available for legislative consideration on or about March 18, 2014. This will give the legislature a full 30 days to review the contracts.

[9:07:17 AM](#)

CHAIR DYSON asked if it's appropriate for the process to be public at any time so that the legislature could be aware of the issues.

MR. THAYER replied the legislature hasn't traditionally done that; it addresses the monetary terms, but not necessarily the issues.

CHAIR DYSON asked him to comment on negotiations about working conditions and the working environment.

MR. THAYER responded that for the past 30 some years that's been management's prerogative and not a subject of the negotiations.

MR. THAYER continued to describe bargaining. He explained that if negotiations don't lead to agreement and mediation fails, employees (except protective service personnel) have the right to strike. Employees who strike do not get paid, but may not be terminated because they choose to lawfully strike. Striking

employees may be replaced temporarily for the duration of the strike, but only under certain circumstances can they be permanently replaced. He emphasized that the State's goal is to reach a fair and balanced agreement.

MR. THAYER explained that contracts are generally three years in duration, but may be shorter. The State typically bargains 3-5 separate agreements each year.

9:09:08 AM

MR. THAYER described the three strike classes for public employees specified under AS 23.40.200.

**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 in which a majority of members vote 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 secret ballot to do so. The contracts that are being bargained this year fall into the first two classes. Public Safety is in Strike Class 1 and AVTECTA and the Marine Highway fall into Strike Class 2.

9:10:35 AM

MR. THAYER spoke to a chart that shows the bargaining units (BU) that will have contracts that expire in the next three years.

<b>Contracts That Expire on June 30, 2014</b>	
AVTECTA - Alaska Voc/Tech Teachers Association	41
IBU - Inlandboatmen's Union of the Pacific	669
MEBA - Marine Engineers' Beneficial Association	107
MMP - Masters, Mates and Pilots	98

PSEA - Public Safety Employees Association	509
<b>Contracts That Expire on June 30, 2015</b>	
ACOA - Alaska Correctional Officers Association	885
LTC - Public Employees, Local 71	2,274
TEAME - Teachers' Ed Assoc. of Mt. Edgecumbe	199
<b>Contracts That Expire on June 30, 2016</b>	8,931
ASEA - Alaska State Employees Association	2,274
APEA - Alaska Public Employees Association	199
CEA - Confidential Employees Association	199
Non-Covered - Exempt, Part Exempt and Excluded	1,370

CHAIR DYSON asked if some Village Public Safety Officers are in the PSEA bargaining unit.

KATE SHEEHAN, Deputy Director, Department of Administration (DOA), said no; PSEA represents Alaska State Troopers and Airport Police and Fire Officers.

MR. THAYER highlighted that the contracts that will be negotiated this year represent 1,424 employees, whereas the contracts that were negotiated last year represented about 11,000 employees.

[9:11:45 AM](#)

MR. THAYER reviewed average yearly base salaries for FY13.

	Avg. Yr. Pay
AVTECTA - Alaska Voc/Tech Teachers Association	\$75,876.24
IBU - Inlandboatmen's Union of the Pacific	\$51,334.92
MEBA - Marine Engineers' Beneficial Association	\$73,228.68
MMP - Masters, Mates and Pilots	\$85,077.00
PSEA - Public Safety Employees Association	\$84,632.40(AA)
	\$70,169.22(AP)
ACOA - Alaska Correctional Officers Association	\$61,716.48
LTC - Public Employees, Local 71	\$54,697.80
TEAME - Teachers' Ed Assoc. of Mt. Edgecumbe	\$64,363.20
ASEA - Alaska State Employees Association	\$57,087.72
APEA - Alaska Public Employees Association	\$82,825.68
CEA - Confidential Employees Association	\$58,096.20
Non-Covered - Exempt, Part Exempt and Excluded	\$99,474.48

He explained that the AA designation signifies Troopers and the AP designation signifies Airport, Police and Fire Officers. He related that three of the negotiations this year include the most highly compensated.

CHAIR DYSON asked what the starting salary and highest salary would be for an employee in the MMP Unit.

MR. THAYER deferred the question about the highest salary until later in the presentation and offered to follow up with information on the starting compensation.

CHAIR DYSON asked if total personnel costs add 30-40 percent to the salary.

MR. THAYER deferred the question until later in the presentation.

SENATOR GIESSEL asked how many of the members of the Masters, Mates and Pilots Bargaining Unit are Alaska residents.

MR. THAYER estimated that about 90 percent are residents.

MR. THAYER addressed personnel data for the AVTECTA Bargaining Unit. He explained that there are 41 members; the average age of the members is 51; and the average years of State service is 8.4. The average monthly and annual pay for permanent full-time members is \$6,323.02 and \$75,876.24 respectively. The total gross pay in FY13 is about \$3 million. This includes premium pay but excludes benefits, which run about 49 percent of costs.

[9:14:31 AM](#)

MR. THAYER reviewed personnel data for the IBU Bargaining Unit. The IBU has 669 members; the average age of the members is 47; and the average years of State service is 6.88 years. The average monthly and annual pay for permanent full-time members is \$4,277.91 and \$51,334.92 respectively. Ten percent of these members reside out of state. Excluding benefits, the total gross pay in FY13 is about \$34 million.

CHAIR DYSON asked if these are deck hands and food service employees.

MR. THAYER said yes.

CHAIR DYSON offered his understanding that these employees need to be Coast Guard certified.

MR. THAYER agreed.

9:15:51 AM

MR. THAYER reviewed personnel data for the MEBA Bargaining Unit. The MEBA has 107 bargaining members, 38 percent of which reside out of state. The average age of these members is 47 and the average years of State service is 6.31 years. The average monthly and annual pay for permanent full-time members is \$6,102.39 and \$73,228.68 respectively. Excluding benefits, the total gross pay in FY13 is about \$10 million.

9:16:22 AM

SENATOR WIELECHOWSKI asked about the possibility of increasing the number of in-state residents among these bargaining members. He queried whether there is a lack of Alaskan residents for these jobs.

MR. THAYER replied that the cost of living differential (COLD) was put in place in 1977 to help addresses this issue by paying Alaska residents more, but it's an ongoing struggle and concern.

CHAIR DYSON said he assumes that they commute to work.

MR. THAYER confirmed that the employees are responsible for their transportation to their home port.

CHAIR DYSON asked him to comment on scheduling and the time the members spend aboard as opposed to time off.

MS. SHEEHAN explained that the typical schedule is two weeks on and two weeks off, but on some vessels the marine engineers work 28 days straight.

CHAIR DYSON asked if the non-resident employees work on the vessels that go to Bellingham, Washington.

MS. SHEEHAN said yes, but Bellingham isn't a change port so they are responsible for getting to wherever their bid job happens to be.

SENATOR WIELECHOWSKI asked if the State needs to work with the university to provide training to help increase Alaska hire.

MR. THAYER emphasized that having 38 percent of a union living out of state will be a conversation at the bargaining table.

CHAIR DYSON offered his understanding that there are private schools in Alaska that provide required Coast Guard training and certification.

9:19:37 AM

MR. THAYER reviewed personnel data for the Masters, Mates & Pilots Bargaining Unit. There are 98 members in this bargaining unit; the average age of the members is 44 and the average years of State service is 11.39 years. Their average monthly and yearly pay is \$7,089.75 and \$85,077.00 respectively. The total FY13 gross pay excluding benefits is a little over \$11 million. He noted that 19 percent of the union membership resides out of state.

CHAIR DYSON offered his understanding that federal law cannot discriminate against employees that reside out of state.

MR. THAYER agreed.

9:20:52 AM

MR. THAYER reviewed the contract negotiations underway for the PSEA Bargaining Unit. The bargaining unit has 201 Troopers and 78 Airport, Police and Fire Officers. The average age of Troopers is 42 and 37 for Airport, Police and Fire Officers. The average years of State service for Troopers is 9.62 and 7.71 for Airport, Police and Fire Officers. The average monthly pay for permanent full-time Troopers is \$7,052.70 and \$5,847.46 for Airport, Police and Fire Officers. The average yearly salary for permanent full-time members is \$84,632.40 for Troopers and \$70,169.52 for Airport, Police and Fire Officers. The FY13 gross pay, excluding benefits, is about \$42.5 million for Troopers and about \$6 million for Airport, Police and Fire Officers.

He noted that further in the presentation there would be additional discussion about Trooper salaries.

SENATOR WIELECHOWSKI asked about staffing levels and if some Troopers are forced to work a lot of overtime.

MR. THAYER replied that will be a point of discussion at the bargaining table. He added that some of the high salaries are very understandable. For example, the Trooper whose set salary is \$202,000 lives in Dutch Harbor and is on sea duty.

SENATOR WIELECHOWSKI asked what the average overtime levels are for Troopers.

MR. THAYER offered to follow up with the information. He added that there tends to be more overtime in rural Alaska because Troopers travel between villages.

[9:23:18 AM](#)

SENATOR GIESSEL asked how the wages for State Troopers compare to wages for the Anchorage or Soldotna police departments.

MR. THAYER offered to follow up with the information.

SENATOR GIESSEL related that her district includes a large rural area on the north side of the Kenai Peninsula and the commander in that area indicated that he has trouble filling positions because of the wage disparity. She thanked him checking into that.

CHAIR DYSON offered his understanding that the assignments for both the Marine Highway System and Troopers is based on seniority, as is access to overtime hours.

MR. THAYER agreed.

CHAIR DYSON offered his understanding that in the Marine Highway System the most experienced vessel masters have chosen some of the easiest routes in Southeast rather than going to Dutch Harbor in the winter. He observed that the most experienced employees aren't necessarily where they're needed most.

MR. THAYER agreed that members with seniority bid on jobs that are beneficial to themselves and possibly their families.

CHAIR DYSON asked if other jurisdictions have found a satisfactory solution.

MR. THAYER said Alaska is looking in particular at how Alaska might mirror some of things that the State of Washington has done to its marine system.

[9:27:37 AM](#)

SENATOR WIELECHOWSKI asked if the geographic differential is or is not working.

MR. THAYER replied that will be addressed at the bargaining table in the context of the recent geographic differential studies that were implemented in other bargaining units. He said that the cost of living differential that was established in

1977 doesn't hold true today, but it is a subject of mandatory bargaining.

[9:28:46 AM](#)

MR. THAYER discussed expenses versus revenue trends, using Marine vessel operations as an example. He said the total expenditures of the Marine Highway System are approaching \$150 million a year, with personal services representing \$80 million of that cost. The total revenue is \$40-\$45 million. He said he anticipates that the State will have to subsidize the Marine Highway System with about \$100 million a year, and that isn't sustainable. He noted that the administration has taken the position that the use of day boats will be a cost-cutting measure, but he believes there will also have to be other ways to lower costs and operate more efficiently.

[9:30:50 AM](#)

CHAIR DYSON expressed interest in the committee seeing the results of a study he requested several years ago that showed that, per capita, a disproportionate amount is spent on transportation in Southeast.

[9:32:25 AM](#)

MR. THAYER spoke to the study. It showed that Highways served 674,000 primary users at a net cost to the State of \$28 million, or \$42 per capita. Rural Aviation served 207,000 primary users at a net cost of \$43 million, or \$166 per capita. The Marine Highway System served about 107,000 users at a net cost to the State of \$118 million, or \$1,100 per capita. He offered to provide copies of the study.

CHAIR DYSON asked if it would be appropriate to look at the railroad in the same context.

MR. THAYER pointed out that the railroad is used for tourism in the summer and isn't considered a major means of transportation for residents. He acknowledged that residents and tourists weren't differentiated on the Marine Highway System.

SENATOR OLSON asked if there was an independent study that validated those numbers.

MR. THAYER replied the numbers came from a study by the University of Alaska Anchorage (UAA) Institute of Social and Economic Research (ISER), and he didn't know about their validity or the methodology.

[9:35:01 AM](#)

SENATOR WIELECHOWSKI asked what amount would be sustainable for the Marine Highway System.

MR. THAYER replied that is a decision for the governor and legislature. He expressed hope about having a conversation about personnel costs in this bargaining cycle, but he didn't believe there is a single fix. Other issues include scheduling, salaries, the type of vessels and how they're operated.

CHAIR DYSON expressed interest in knowing the current cost of fuel compared to what it was a decade ago.

MR. THAYER offered to follow up with the numbers. He explained that the numbers in the presentation are from 2005 to the present to take the fast ferries into account.

CHAIR DYSON asked Mr. Thayer to continue the presentation.

[9:37:22 AM](#)

MR. THAYER reviewed examples of monetary terms found in collective bargaining agreements. According to state statutes, marine highway vessel employees residing in Alaska receive a cost of living differential (COLD) payment, either in a lump sum each pay period or built in to their hourly rates. MMP and MEBA members receive an additional \$500-\$600 each pay period, and the COLD is embedded in the hourly wage for IBU members.

He mentioned travel pay and non-watch pay as other monetary terms that could be topics of conversation for the bargaining table. Travel pay is pay for time spent traveling outside of work hours to a temporary work location.

CHAIR DYSON asked for an explanation of non-watch pay.

MS. SHEEHAN explained that masters, mates, and pilots receive non-watch pay in lieu of daily overtime, although MMP members can get both non-watch pay and overtime on the fast ferries.

CHAIR DYSON asked the justification for both non-watch pay and overtime on the fast ferries.

MS. SHEEHAN replied she would have to look at the bargaining notes to understand the intent at the time it was negotiated.

[9:40:06 AM](#)

MR. THAYER continued to discuss monetary terms. He noted that the PowerPoint uses an arbitrary one percent increase for wages for demonstration purposes. He acknowledged that legislative leadership indicated a preference in a letter last year that the wages would not increase for any of the bargaining units. He reviewed the illustrations of one percent wage increases for the three unions:

- Inlandboatmen's Union of the Pacific: In FY15 the increase would be about \$500,000; the cumulative total over three years would be about \$5 million.
- Marine Engineers' Beneficial Association: In FY15 the increase would be about \$156,000; the cumulative total over three years would be about \$1.6 million.
- Masters, Mates & Pilots: In FY15 the increase would be \$166,000; the cumulative total over three years would be about \$1.7 million. He highlighted that, cumulatively, a one percent increase adds about \$8 million to the cost of operating the ferries at the end of three years.

MR. THAYER reviewed the cost of living differential (COLD) payments:

- Inlandboatmen's Union of the Pacific: The COLD is embedded in the hourly rate, which could see an increase of \$4.06 to \$5.14 per hour for employees whose primary residence is within Alaska.
- Marine Engineers' Beneficial Association: In both FY11 and FY12 the value of the COLD is a little over \$1 million.
- Masters, Mates & Pilots: In both FY11 and FY12 the value of the COLD is a little over \$1 million.

MR. THAYER highlighted that, combined, the State pays almost \$8 million for IBU, MEBA, and MMP members living in Alaska. He said that's something to address at the bargaining table in light of the recent geographic differential studies.

He noted that the forgoing numbers do not reflect vacancy or turnover so it's a very high representation.

[9:43:08 AM](#)

SENATOR WIELECHOWSKI asked if the 2.5 percent salary increases that the Personnel Board recommended for commissioners and the governor sound reasonable.

MR. THAYER replied he wasn't prepared to speak to those recommended salary increases, but his understanding was that for commissioners it's tied to what has been negotiated and passed by the legislature.

CHAIR DYSON asked how residency is ascertained

MR. THAYER deferred to Ms. Sheehan.

MS. SHEEHAN explained that employees are required to annually fill out a form that lets the State know whether or not their primary place of abode is within Alaska. If there is any question, additional information like utility bills and travel information is requested. The information is also aligned with the permanent fund rolls.

[9:45:56 AM](#)

MR. THAYER continued to discuss monetary terms. He explained that the consumer price index (CPI) increase is a factor, particularly for the MMP, MEBA and IBU bargaining units, but it isn't used in the bargaining methodology. He reviewed the following chart:

Year	CPI Increase	MMP/MEBA	IBU	GGU
2004	2.6%	7.0%	7.0%	0.0%
2005	3.1%	6.0%	6.0%	1.5%
2006	3.2%	6.0%	6.0%	2.0%
2007	2.2%	3.0%	0.0%	4.0%
2008	4.6%	\$2,381 Lump Sum	\$2,137 Lump Sum	3.0%
2009	1.2%	5.0%	5.0%	3.0%
2010	1.8%	4.0%	4.0%	1.0%
2011	3.2%	0.0%	2.0%	2.0%
2012	2.1%	0.0%	2.0%	2.0%
2013	Unknown	0.0%	1.0%	1.0%
<b>TOTAL</b>	<b>24%</b>	<b>31% + \$2,381</b>	<b>33% + \$2,137</b>	<b>19.5%</b>

He maintained that the forgoing shows that the State has been fairly generous with cost of living increases, well above the CPI and in some cases above the GGU.

CHAIR DYSON asked if the CPI is national or state.

MR. THAYER replied it's the Anchorage-based CPI. He also noted that the GGU increases do not include step increases that are

based on longevity, because the maritime bargaining is strictly cost of living.

[9:48:49 AM](#)

MS. SHEEHAN reviewed the following chart and key that compares hours of leave accrual per calendar year for each of the bargaining units and ACOA:

Years of Service	IBU			MEBA		MMP		ACOA
	Annual	Sick	A-days	Personal	A-days (2)	Annual	Sick	Personal
1-2	84	180	1460	118	2929	84	180	192.14
2-3	168	180	1824.8	250	2929	168	180	239.98
3-4	252	180	1824.8	318	2929	252	180	239.98
4-5	336 <sup>(1)</sup>	180	1824.8	390	2929	336	180	239.98
5-7	336	180	2190	468	2929	420	180	288.08
7-10	336	180	2555 <sup>(5)</sup>	551	2929	504	180	288.08
10+ <sup>(4)</sup>	336	180	2555 <sup>(5)</sup>	638	2929	504 <sup>(4)</sup>	180	336.18

KEY:

(1) If hired before 2008 the accrual increases to 420 hours per year after 5 years of service.

(2) Engineers working on the M/V Aurora and the M/V Tustumena must have 5 years of service with AMHS to be eligible for A-days. Engineers working on the M/V Kennicott do not have to meet a threshold before receiving A-days.

(3) MMP members do not receive A-days. All members who have achieved seniority (12 months of service) receive \$57.86 bi-weekly in lieu of A-days.

(4) If hired before 1985 the accrual increases to 588 hours per year after 10 years of service.

(5) If hired before 1985 the accrual increases to one day of leave for one day of work after 9 years of service. This equates to 2920 hours.

MS. SHEEHAN explained that only IBU and MMP accrue both annual and sick leave. All the other unions have been converted to personal leave. IBU also has A-days, but those were bargained out of the MMP contract in 2000. In lieu of A-days, MMP members receive a lump sum payment. She further explained that A-days for MEBA mean that working for a day earns a day of paid leave; this is unlimited so a member could be in pay status up to 365 days a year. IBU members also accrue A-days but they're limited.

She pointed out that personal leave for ACOA was included because it is somewhat comparable to the marine units; the majority of those members work 7 days on/7 days off.

9:53:01 AM

MR. THAYER reviewed the following chart that shows the three most highly compensated employees in the four bargaining units:

MMP	Reg. Pay	Premium Pay	Other Pay	Total
Master 1	\$120,588.34	\$45,395.73	\$2,304.64	\$168,288.71
Master 2	\$111,179.90	\$54,632.78	\$2,304.64	\$168,117.32
Master 3	\$130,107.14	\$29,702.81	\$7,081.64	\$166,891.59

MEBA	Reg. Pay	Premium Pay	Other Pay	Total
Chief Engineer	\$143,637.22	\$17,853.70	\$22,429.40	\$183,920.32
Chief Engineer	\$149,127.64	\$16,270.15	\$10,085.08	\$175,482.87
1st Assist.	\$101,701.15	\$39,858.12	\$19,858.14	\$161,417.41

IBU	Reg. Pay	Premium Pay	Other Pay	Total
PSWIC	\$74,455.05	\$34,928.34	\$13,039.60	\$138,608.89
Able Seaman	\$80,700.31	\$34,286.68	\$2,756.76	\$117,743.75
A/B Bosun	\$68,342.79	\$28,767.04	\$19,653.96	\$116,763.79

PSEA	Reg. Pay	Premium Pay	Other Pay	Total
Trooper	\$191,971.97	\$7,105.08	\$3,756.00	\$202,833.05
Sergeant	\$153,067.98	\$46,733.56	\$756.00	\$200,557.54
Sergeant	\$137,283.50	\$54,776.52	\$3,756.00	\$195,816.02

He explained that the master has overall responsibility and authority for all shipboard activities, safe navigation of the vessel, and is the management representative of the Alaska Marine Highway System. Chief engineers are responsible to the master for the administration and supervision and safe operations of all machinery and equipment aboard the vessel. The first assistant assumes the duties and responsibilities of the chief engineer in his/her absence.

For the IBU, the Passenger Service Worker in Charge (PSWIC) leads the vessel PSWs in providing food and beverages, passenger assistance, and cleaning aboard the fast ferries. Able Bodied Seamen stand navigational watch and are responsible to the licensed deck officer on watch during offloading activities. The Able Bodied Bosun is responsible for making sure that members of the deck crew perform their duties properly and safely.

For the PSEA, the Trooper serves in Dutch Harbor and the Sergeants are located in Kotzebue and Bethel. These salaries are driven by the geographic differential and overtime.

9:56:30 AM

CHAIR DYSON asked if there are provisions in the bargaining units that limit the ability of management to use modern control systems in order to reduce crew size for the operation of the vessel.

MR. THAYER replied the Marine Highway System staffs vessels according to Coast Guard regulations, but the day boats require fewer crew members than the larger ferries.

9:58:23 AM

MR. THAYER reviewed health insurance for public employees. He said that the 41 members of AVTECTA, 669 members of IBU, and 107 members of MEBA are covered by AlaskaCare. The 98 members of MMP and 279 members of PSEA are covered by Health Trusts that are outside the state system, although the state pays an employer contribution.

CHAIR DYSON asked the difference between the employer contributions for AlaskaCare versus the Health Trusts.

9:59:40 AM

MR. THAYER replied that it's negotiated but it's generally the same benefit credit as under AlaskaCare. This year it's about \$1,380.

MR. THAYER reviewed a chart showing that the total leave liability for FY13 is close to \$170 million. He noted that legislation and negotiations last year for most unions capped leave at 1,000 hours, increased mandatory usage, and reduced leave for new employees. He said the state is being very transparent about its intention this year to bargain these same leave terms for Public Safety employees.

SENATOR WIELECHOWSKI asked if there are issues with Public Safety employees being denied leave because of staff shortages.

MR. THAYER acknowledged that there are issues and that those items need to be discussed at the bargaining table. Negotiations with the other unions allow leave to be held over if it was denied. Another accommodation was that employees did not lose leave if they had accumulated 1,000 hours.

10:02:40 AM

MR. THAYER reviewed the top ten examples of leave liability.

	Personal Leave Balance	Annualized Hourly Rate	Value of Leave Accrued	Bargaining Unit
	3,810.56	\$63.22	\$240,903.60	Supervisory
	3,170.57	\$75.46	\$239,251.21	Public Safety
	3,363.58	\$63.98	\$215,201.85	Supervisory
	3,183.61	\$60.49	\$192,576.57	Supervisory
	3,938.50	\$45.56	\$179,438.06	Supervisory
	3,159.65	\$54.44	\$172,011.35	Gen. Government
	4,469.96	\$31.80	\$142,144.73	Confidential
	3,141.19	\$40.04	\$125,773.25	Correct. Officers
	3,130.20	\$26.17	\$81,917.33	Gen. Government
	3,185.66	\$24.74	\$78,813.23	Gen. Government
TOTAL	34,553.48		\$1,668,031.18	

He said the State needs to do a better job of educating employees that it is better to transfer leave to a deferred compensation account tax free than to take it in a lump sum at retirement, because the IRS will take a majority of it.

SENATOR WIELECHOWSKI asked if there are provisions in the Public Safety contract that say employees who are hurt while working may lose their job if they're unable to return to work within a certain period of time.

MS. SHEEHAN explained that a provision called administrative or injury leave guarantees employees a year's worth of base pay in order to recover from an injury. Once the year is up and the leave entitlements are exhausted, the employee could be separated. This is standard for all state employees, she said.

SENATOR WIELECHOWSKI observed that Public Safety officers have high risk occupations and they probably bank a lot of leave because their careers are potentially over if they're injured. He expressed hope that the State would take that into consideration as it negotiates the PSEA contract.

10:05:20 AM

MR. THAYER said the State of Alaska is very generous and that definitely is taken into consideration. He continued to point out that the ten employees highlighted didn't lose their leave, but once it falls below 1,000 hours all the caps and mandatory usage will apply.

MR. THAYER explained that the State of Alaska looks to Washington State when bargaining with the marine unions, because it's the closest comparison to the AMHS. The State looks at the following:

- Fiscally feasible agreements within a fiscally restricted environment.
- Limitations on overtime as a percentage of straight time, with the goal of 5 percent or less.
- Removing Masters/Captains from the union that represents other crew on the ferries to increase management presence on the ferry, with the goal of increasing accountability and responsibility.
- Reduce the amount of paid travel time.
- Align benefits with other State of Alaska employees.

He reiterated that DOA is being very transparent with the PSEA union that what is being discussed today will be presented at the bargaining table. That is what was in the contracts last year, he said.

[10:08:10 AM](#)

CHAIR DYSON called an at-ease.

[10:17:22 AM](#)

CHAIR DYSON reconvened the meeting.

[10:17:37 AM](#)

MR. THAYER stated that he wanted to correct a previous statement about working conditions. He clarified that some wages, hours, terms, and conditions are negotiated at the bargaining table, primarily with PSEA.

CHAIR DYSON said he thought it would deal with living and safety conditions, particularly the Marine Highway System and perhaps Public Safety officers living in remote locations in temporary housing.

MR. THAYER confirmed that those conditions are sometimes negotiated.

CHAIR DYSON asked if grievances about safety or living conditions often become part of the bargaining process.

MS. SHEEHAN explained that grievances, by definition, are a violation of the collective bargaining agreement, but there is a

right to file a complaint and some of those things come up at the bargaining table. Mandatory subjects to bargain include wages, hours, and terms and conditions of employment, but permissive subjects may also be bargained.

CHAIR DYSON asked if it's fair to infer that if the arbitrator rules in favor of the complaint, that subject would automatically become part of the next bargaining agreement for that unit.

MS. SHEEHAN said it's possible, and added that if the arbitrator made a ruling and DOA wanted a different interpretation to apply it would need to be bargained.

10:20:50 AM

MR. THAYER reviewed the following bargaining priorities and concerns for the Marine Units:

- Fiscally prudent cost of living increases or decreases.
- Provide increased operational flexibilities in the vessels.
- Address the conflict of interest aboard vessels between Masters and fellow union members.
- Eliminate pass privileges for dependents and family members. He noted that marine highway employees' family members currently receive free passes to ride the AMHS, which is a benefit not afforded other state employees.
- Limit or eliminate cash advances on salaries during vessel sailing. This is an old maritime provision that dates back to times when vessels were sailing between countries. It is clearly before ATMs which are available in every port and sometimes aboard the vessel.
- Obtain voluntary, balanced agreements for all parties.
- If a strike occurs, continue to provide essential services to citizens.
- Clarify limitations on the right to strike or the right to cross a picket line.

CHAIR DYSON asked if an agreement could be reached that doesn't prohibit essential crew members from striking.

MR. THAYER replied it is DOA's belief that AMHS vessel employees, who are in Strike Class 2, have the right to strike, but provisions in statute allow the state to file an injunction forcing the employees back to work while negotiations or

arbitration continues. He noted that strike plans were also updated in the negotiations last year.

MR. THAYER reviewed the following bargaining priorities and concerns for the Public Safety Employees Association (PSEA).

- Fiscally prudent cost of living increases.
- Reducing the cost of longevity steps, or pay increments. These are the same provisions that have been negotiated with other unions.
- Reduce the legacy costs of leave liability.
- Provide increased operational flexibility.
- Obtain a voluntary, balanced agreement or prevail in interest arbitration if agreement cannot be reached.

[10:27:42 AM](#)

MR. THAYER discussed bargaining priorities and concerns for the Alaska Vocational Technical Center Teachers' Association (AVTECTA).

- Fiscally prudent cost of living increases.
- Revise yearly step increases to be consistent with reducing the cost of longevity steps found in other agreements.
- Obtain a voluntary, balanced agreement.
- Review leave benefits, which are slightly different from other state employees.
- Re-define layoff language to be more in alignment with other state employees.

CHAIR DYSON asked him to comment on the surprisingly large AVTECTA salaries compared to the other categories of employees.

MR. THAYER said the salaries reflect that these employees are basically adjunct professors.

MS. SHEEHAN added that these employees have salary schedules that are similar to teachers; the step and range depends on education level and experience.

[10:29:32 AM](#)

MR. THAYER discussed the following next steps:

- Once the Department of Administration submits the monetary terms of an agreement, the legislature decides whether or not to fund the monetary terms, according to 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 the 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.

- If the monetary terms of the parties' agreement are submitted to the legislature after the 60th day of the session, that does not prevent the legislature from either considering or funding the agreement.
- 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, the funding is reduced proportionately.

[10:31:23 AM](#)

SENATOR WIELECHOWSKI asked if there were requests for outside counsel to assist in the negotiations.

MR. THAYER replied that the legislature approved funding for DOA to contract a law firm to help, primarily looking at trends in other states. The \$50,000 a year contract started last year and will continue for the next three years.

SENATOR WIELECHOWSKI asked for a copy of the contract, whether there was an RFP, and information about the firm. He commented on the number of attorneys employed by the Department of Law and the Department of Labor and Workforce Development, and expressed surprise that it was necessary to go outside the state to hire a firm to do this work.

MR. THAYER said there was an RFP and no law firms in Alaska came forward with a successful proposal. He agreed to follow up with the information.

SENATOR WIELECHOWSKI asked the name of the firm and the hourly billing rate.

MR. THAYER said he wasn't sure on the hourly billing rate, but the firm is Clark Baird Smith LLP and they're located in Rosemont, Illinois. They primarily work for local governments.

CHAIR DYSON asked him to comment on the allegation that the arbitration process often doesn't work well for the employer.

MR. THAYER said it goes both ways, but DOA does have concerns with some arbitrator decisions. For example, a case pending before the Alaska Supreme Court is one of a State Trooper who arrested a husband on a domestic violence charge. Several hours later, while the husband was in jail, the Trooper went back to the house and had sex with the wife with their minor children in the house. The Trooper was dismissed but put back to work by an arbitrator with three days suspension.

[10:36:52 AM](#)

MS. SHEEHAN provided another example. A juvenile justice officer was spit upon by a youth who was in custody, and the officer punched the youth in the face. The officer was dismissed and an arbitrator put him back to work. She said there are also examples of arbitrations that illustrate erosion of management rights such as the recent arbitration involving correctional officers and moving to a new schedule.

MR. THAYER added that the correctional officer remedy would cost the state upwards of \$14 million annually. DOA is appealing that remedy through the judicial system, and is unwilling to ask the legislature for this appropriation until they have exhausted their management rights for the remedy since they disagree with the cost.

CHAIR DYSON asked if in North America another model of arbitration might be found that works better.

[10:39:23 AM](#)

MS. SHEEHAN replied there are various methods that states have incorporated. For example, the Anchorage Police Department (APD) has a clause in its collective bargaining agreement that sends discipline grievances to a three-person committee comprised of management and labor. She noted that the Public Employment Relations Act (PERA) requires binding arbitration.

CHAIR DYSON asked if current statutes allow DOA to move to a committee system like APD's for disciplinary grievances.

MS. SHEEHAN replied that would need to be bargained because arbitration is within the collective bargaining agreements.

CHAIR DYSON restated the question.

MS. SHEEHAN said she would have to do further legal research.

CHAIR DYSON commented on some amazing grievances that were filed while he worked on the North Slope. He asked for examples of extreme arbitrations.

MR. THAYER said there have been arbitrations over the type of potato chips served on AMHS vessels and the type of free lattes.

CHAIR DYSON asked about an arbitration that is forcing the state to pay employees for time they didn't actually work.

MS. SHEEHAN said the most obvious is if an employee is dismissed and put back to work, but another example is a correctional officer who was skipped over when he signed up for overtime and was awarded the overtime pay in the arbitration. The State paid the overtime twice, and because the state was unsuccessful in bargaining a different remedy, it's still current practice.

[10:46:29 AM](#)

SENATOR GIESSEL asked how much the state spends annually on arbitrations.

MS. SHEEHAN said the arbitrator fees average \$10,000 but go as high as \$25,000, and the bargaining agreements generally have a loser pays provision. She calculated that in 2013 DOA has won about half of the 12 to 14 arbitrations it has had. She noted that there are also costs associated with going to arbitration.

SENATOR WIELECHOWSKI asked how many state employees fall under collective bargaining.

MS. SHEEHAN said there are about 15,000.

SENATOR WIELECHOWSKI calculated about \$150,000 in arbitration costs for 15,000 employees.

MS. SHEEHAN responded that most arbitrators charge about \$1,800 per day.

SENATOR WIELECHOWSKI asked which arbitrators are used.

MS. SHEEHAN explained that the union and state agree on a panel of arbitrators. A list of 25 names is requested from the Federal Mediation and Conciliation Services (FMCS) in Seattle, and the union and the state settle on 7 or 11 depending on the collective bargaining agreement. Responding to a further question, she explained that an arbitration generally takes 2-3

days. If the case is complex it could take up to 5 days and a letter of warning could take 1 day.

SENATOR WIELECHOWSKI asked for information on all the arbitrations for the last two years, the win loss ratio, and the total costs.

MS. SHEEHAN agreed to follow up with the information.

CHAIR DYSON thanked Mr. Thayer and Ms. Sheehan, and asked the representatives from the bargaining units to comment on the presentation and discussion.

10:52:35 AM

FATE PUTMAN, Assistant Executive Director, Alaska State Employees Association (ASEA) General Government Unit (GGU), said the ASEA/GGU negotiations were finished last year, and he came to observe the administration's presentation. Responding to a further question about the process, he stated that arbitrations allow union members to realize relief without having to go to court. His perspective is that it's been a successful program.

10:54:10 AM

JAKE METCALFE, Executive Director, Public Safety Employees Association (PSEA), stated that contract negotiations for PSEA will start next week. He provided a history of arbitration and the union's duty of fair representation process. He explained that if there has been a contract violation and a member wants to dispute it, a committee within the union looks at the grievance and votes on whether or not it goes forward. He mentioned the considerable time and expense of going to arbitration, and emphasized that the union works very hard to resolve cases before they get to arbitration. However, he said, PSEA oftentimes finds there is no interest in solving cases and arbitration is the only alternative. The union has also found that arbitrations don't get done quickly due to staff turnover at the State. He opined that this is probably because people that have the training to be labor negotiators can find work and make more money somewhere else.

MR. METCALFE suggested that the legislature ought to look at how to keep good people in jobs, and that without a retirement system it's not possible. He said it's a major problem for police officers in the state that they can't get a defined benefit retirement, but they can get one in most other states. The Soldotna Police Department that Senator Giessel referenced has recruitment problems because of that. Being a police officer

is a physically demanding career and qualified people are better off going where they can get a 20 year retirement system, he said.

10:57:50 AM

SENATOR OLSON mentioned the example Mr. Thayer cited and expressed moral outrage that the union would defend a person who has been derelict in their duties.

MR. METCALFE said the union looks at whether the person has been treated fairly and whether the contract has been violated. In the case that Mr. Thayer mentioned, the arbitrator looked at the facts of the case and found that the employee wasn't treated fairly in the process. The employer signed a contract that people will be treated fairly in discipline situations, and if they're not the union will stand up and defend the dues paying member. He offered to follow up with a copy of the arbitrator's decision and the reasoning she used to give the employee his job back. The court, too, will look at that information, he said.

SENATOR OLSON took issue with the unions' vigorous defense of people that have committed inexcusable violations. He mentioned the new stand your ground law.

MR. METCALFE suggested he read the arbitration decision and look at the facts that were presented. He noted that the Alaska Supreme Court will ultimately decide whether or not the arbitrator made the right decision.

11:03:09 AM

SENATOR GIESSEL clarified that her question was about State Troopers on the peninsula, and that they do have a defined contribution retirement. She explained that the commander on the peninsula indicated that filling the positions is challenging because applicants often don't meet the requirements of the job. In addition, it is a significant barrier that trainees at the academy in Sitka aren't allowed to go home on the weekends during the entire three-month training, she stated.

CHAIR DYSON said he assumes that it wasn't the union's position that the man's behavior was appropriate, but that the process wasn't handled according to the agreed standards.

MR. METCALFE confirmed that there is often conduct the union doesn't agree with, but the union is concerned with conduct on the job, whether the rules on the job are followed, and whether the contract is abided.

CHAIR DYSON commented on the process professional boards use to watch for bad conduct among members, and offered his assumption that bargaining units don't have a similar internal process.

MR. METCALFE replied that the union doesn't typically remove members, but it does have an internal process to tell members their conduct was inappropriate and that the union would not go forward with an arbitration. He stressed that PSEA has a strong interest in making sure that its members are honest, because it protects the industry. Furthermore, PSEA has helped members to surrender their license when it's clear they won't prevail before the watchdog, Alaska Police Standards Council.

CHAIR DYSON opined that Senator Olson reflects a passion that all legislators share that the public has to be able to trust the police and courts.

[11:09:09 AM](#)

SENATOR WIELECHOWSKI asked what the union is noticing with recruitment and retention for Public Safety employees.

MR. METCALFE explained that PSEA is seeing State Troopers, airport police and court service officers that are leaving once they're vested and going to a place that has a defined benefit retirement system. He talked about the concern that understaffing drives up overtime and that this presents personal problems for the employee and financial problems for the employer. He concluded that for the public safety of the state, those departments should be staffed properly.

CHAIR DYSON thanked the presenters.

[11:13:14 AM](#)

There being no further business to come before the committees, Chair Dyson adjourned the Senate Labor and Commerce Standing Committee and the Senate State Affairs Standing Committee meeting at 11:13 a.m.