

HB

170

HOUSE COMMITTEE REPORT

3/20

(7)

Date referred: 3/6/87

FURTHER REFERRALS: HESS
Judiciary

DATE: 3/19/87

The Labor & Commerce Committee has considered HB 170

"An Act relating to participation of municipalities, school districts, and other political subdivisions under the Public Employment Relations Act and to collective bargaining rights of school district employees."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

James Douley

Ellis

Cecil Davidson

[Signature]

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

Grant [Signature] NDRtc

Dave Douley

Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

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JUNEAU, ALASKA 99811
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HL+C

3-19-87

1:30 p.m.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: HB 170
Publish Date: _____

REQUEST: _____

Revision Date: _____

Agency Affected: Labor

Title: "An Act relating to ... the
Public Employment Relations Act."

BRU: Labor Standards and Safety

Sponsor: Labor and Commerce Committee

Components: Wage and Hour

Requestor: House Labor and Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		67.6	67.6	67.6	67.6	67.6
TRAVEL		12.5	12.9	8.0	8.2	8.5
CONTRACTUAL		42.8	44.1	33.8	34.8	35.9
SUPPLIES		1.4	1.4	1.5	1.5	1.6
EQUIPMENT		3.2	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	127.5	126.0	110.9	112.1	113.6

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		127.5	126.0	110.9	112.1	113.6
FEDERAL FUNDS						
OTHER						
TOTAL	0	127.5	126.0	110.9	112.1	113.6

POSITIONS:

FULL-TIME	0	2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: ^{AS} Tom Stuart, Director *Stuart* Phone: 465-4870
Division: Labor Standards and Safety Date: 3/17/87

Approved by Commissioner: ^{AS} Jim Sampson *Sampson* Date: 3/17/87
Agency: Labor

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Bill No. House Bill 170

Date March 19, 1987

Title "An Act relating to participation of municipalities, school districts, and other political subdivisions under the Public Employment Relations Act and to collective bargaining rights of school district employees."

Contact: Tom Stuart
465-4870

Eileen Plate
465-2700

House Bill 170 proposes several changes to Alaska's laws which relate to collective bargaining rights of public employees.

Specifically, House Bill 170:

1. Extends to teachers the same rights to strike as is afforded other public employees, if their contracts do not provide for binding arbitration as a final step in the negotiating process;
2. Strengthens the Public Employment Relations Act by permitting political subdivisions to opt not to be covered by the Act only if they have an ordinance which permits collective bargaining with either the right to strike or binding arbitration as a final step in the negotiating process. Currently political subdivisions which do not permit collective bargaining may opt not to be covered by the Public Employment Relations Act; and
3. Extends coverage under the Public Employment Relations Act to non-certificated school employees. These non-certificated employees are not presently covered by the Act.

Presently there are approximately 30,600 local government employees in Alaska. Of this number:

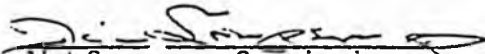
- 3300 are currently covered by the Public Employment Relations Act (City of Fairbanks, Fairbanks North Star Borough, Petersburg, City of Ketchikan, and Unalaska)
- 10,750 are covered by municipal labor relations agencies under local ordinances, (Anchorage and the City and Borough of Juneau)
- 4500 are covered by a loose knit form of representation with the employer's consent, but are not covered by the state's labor relations agency or a municipal labor relations agency). (Kenai Peninsula Borough, City and Borough of Kodiak, Valdez/Cordova, and the Mat-Su Borough)

Approximately 3,050 of the remaining 12,050 employees are employees of larger municipalities or organized boroughs which presently do not have any representation, but likely would opt for local control if the provisions of this bill are enacted. An additional 9,000 public employees would, therefore, be covered by the Public Employment Relations Act, and the Department of Labor, as the Labor Relations Agency, would provide services to them.

The provisions of House Bill 170 would extend the same rights to bargain collectively to all public employees; and decisions as to whether a group of workers would avail themselves of the collective bargaining process would be made by the workers. Presently, such decisions may be arbitrarily made by political subdivisions without any worker participation.

The Department of Labor supports the provisions of House Bill 170.

APPROVED:


Jim Sampson, Commissioner
Department of Labor

FISCAL NOTE ANALYSIS
For HB 170

Under the provisions of this bill the department would be required to provide labor relations services to approximately 9,000 local government employees under the Public Employment Relations Act (PERA). Two new positions, a Wage and Hour Investigator I and Clerk Typist III, both located in Anchorage, would be necessary to handle the increase in workload. Additionally, a contractual hearing officer would be required to perform adjudication functions when necessary. The anticipated costs for the first two years are summarized as follows:

	<u>FY 88</u>	<u>FY 89</u>
<u>Personnel Services</u>		
Two new employees	67.6	67.6
<u>Travel</u>		
New Wage & Hour Investigator	7.5	7.7
Contractual Hearing Officers	5.0	5.2
S/T	12.5	12.9
<u>Contractual Services</u>		
Hearing Officer	10.0	10.3
Printing	5.6	5.8
Transcription Service	3.0	3.1
Legal Services	2.0	2.1
Rent	6.4	6.5
Indirect	6.8	7.0
Miscellaneous	9.0	9.3
S/T	42.8	44.1
<u>Commodities</u>	1.4	1.4
<u>Equipment</u>	3.2	-0-
TOTAL:	127.5	126.0

After the first two years we anticipate most of the organizational activity in the communities will be complete. Thus, in FY 90 and beyond the program should be able to be handled by the two new positions. The hearing officers and related costs would then be eliminated.

Assumptions:

- 1) Of approximately 30,600 local government employees in Alaska, 21,600 are currently covered by some form of collective bargaining and would fall within the group currently covered by the Public Employment Relations Act or work for an employer who would most likely opt for a local ordinance. This leaves approximately 9,000 employees in the state for the department's Labor Relations Agency to oversee. These employees are predominantly in the rural areas of the State.
- 2) An effective date of July 1, 1987.
- 3) Inflation of 3% per year in FY's 89-92 in non-personal service items.

Position Title Clerk Typist III			No. of Positions 1	Range/Step 8A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
		Amount	<p>This position will function as the clerical member of the Department of Labor's Labor Relations Agency. The position will be responsible for preparing and typing correspondence, and maintaining collective bargaining records as they apply to petitions, certification/decertification of bargaining units, and complaints of unfair labor practices. Also, the position will act as recorder for the Labor Relations Agency Board during board proceedings.</p> <p>Costs associated with this position are average per-position costs, plus one-time equipment expense of \$1,600 for a desk, chair, etc.</p>					
1	2	3						
Salary	19,572							
Benefits	5,872							
Premium Pay								
Other								
Total Personal Services		25,444						
Travel		0						
Contractual		15,544						
Commodities		700						
Equipment		1,600						
Other								
Total Cost		43,288						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. F. Match 1003							
	General Funds 1004		43,288					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For B&M Use Only								
Key Number								

**Request For
New Position**

Agency Labor
 BRU Labor Standards and Safety
 Component Wage and Hour

Page 3 of 4
 Revised Date

FY 87

Position Title Wage and Hour Investigator			No. of Positions 1	Range/Step 16A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
		Amount	<p>This position will perform a variety of labor relations duties. The person will investigate petitions for collective bargaining, investigate complaints of unfair labor practice, provide informal resolution to unfair labor practice complaints, and investigate challenges to elections. The position will also conduct elections, certify elections, and provide education and information on the Public Employment Relations Act to employees and employers.</p> <p>Travel costs are for travel to the various locations around the State where public employee labor relations activity would be required.</p> <p>Contractual and commodity costs are average per-employee costs. Equipment would be a one-time expense for desk, chair, cabinets, etc.</p>					
1	2	3						
Salary	32,424							
Benefits	9,727							
Premium Pay								
Other								
Total Personal Services		42,151						
Travel		7,500						
Contractual		17,200						
Commodities		700						
Equipment		1,600						
Other								
Total Cost		69,151						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. F. Match 1003							
	General Funds 1004		69,151					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For B&M Use Only								
Key Number _____								

**Request For
New Position**

Agency Labor
 BRU Labor Standards and Safety
 Component Wage and Hour

Page 4 of 4
 Revised Date

FY 87

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : HB-170
Publish Date : _____

Revision Date: _____
Title: ...collective bargaining rights
of school district employees.
Sponsor: House Labor and Commerce
Requestor: House Labor and Commerce

Agency Affected: Education
BRU: _____
Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)


GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:


FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The bill has no fiscal impact on this department.

Prepared by: Steve Hole 
Division: Commissioner's Office

Phone: 465-2800
Date: March 13, 1987

Approved by Commissioner: Marshall L. Lind 
Agency: Education

Date: March 13, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Representative Dave Donley, Chair
Members of the House Labor and Commerce Committee

FROM: Scott A. Burgess, Executive Director 

DATE: March 19, 1987

SUBJECT: HB 170 - Mandatory PERA for Municipalities and School Districts

The Alaska Municipal League is opposed to HB 170 based on the language cited below from the AML 1987 Policy Statement (page 22), adopted by the membership at the 1986 annual meeting in Juneau in November:

"Alaska Public Employees Labor Relations Act: The League strongly opposes any legislation which would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. The League opposes, just as strongly, any legislative efforts to dictate the provisions of local public employees labor relations ordinances. The League supports legislation to allow each municipality at any time to reject or withdraw from the terms of the Alaska Public Employees Relations Act."

"Binding Arbitration: The League opposes legislation imposing binding arbitration on local governments and school districts. Binding arbitration hinders local elected officials' ability to determine their personnel costs and prevents local governments from having complete control of determining the local tax rate. The scope of decisions with regard to what local government can afford for labor is best left to the local bodies possessing that knowledge."

These are long-standing policies of the AML. Legislation similar to this have been introduced into the Alaska State Legislature perennially, and the AML and its over 120 municipal members have opposed it each time. The concern and opposition by local governments to mandating participation in PERA, and thereby requiring the ability to strike or binding arbitration as a final step in the negotiating process for municipal employees and teachers, only increases as salaries and benefits have increased. Many of the increases in benefits, at least, have resulted from action by the Legislature, and over which the municipalities have no control. The potential limits on local officials' ability to control their budgets presented by HB 170 is an even greater concern when federal and state assistance to municipalities continues to decrease and municipalities have had to increase taxes and/or reduce services.

AML Testimony on HB 170

March 19, 1987

Page 2

I have attached a copy of a letter received this year from the City of Wrangell stating their opposition to HB 170. Additional correspondence in opposition to similar legislation, proposed in the past, is also available to the Committee, if requested. I have also attached position papers on mandatory PERA for local employees and on binding arbitration for teachers developed by the AML Legislative Committee last year for similar legislation. Finally, I have summarized below some of the major reasons for the local governments' opposition to the legislation for the Committee:

1. Municipalities are opposed, generally, to State mandates on local governments which remove local control and increase cost without remuneration by the State.
2. Mandating PERA, or the adoption of ordinances with the same effect, removes the power of the elected representatives at the local level to set policy and budgets by balancing the resources and needs of the whole community rather than one segment - public employees.
3. Public employees and teachers have recourse through their elected officials on the city council or borough assembly or school boards to address specific concerns, or to influence voters to elect representatives who are more sympathetic to their positions.
4. Public employees can put collective bargaining before the local voters and the assembly or council through the initiative and referendum process.
5. The public sector is different from the private sector in terms of the services provided, civil service protections, and their access to, and the responsibility of, the elected officials.
6. Many municipalities provide for collective bargaining but the final agreement as to terms and conditions of employment, including salaries is subject to approval of the city council or the school board.

The League strongly opposes HB 170. Thank you.

Attachment



CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2381

March 13, 1987

ADOPTED AUGUST 1972

Representative John Sund
Chairman, House Judiciary
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: House Bill No. 170 relating to
PERA, Right to Strike or Binding Arbitration

Dear Sir:

The City of Wrangell is strongly opposed to House Bill No. 170. As written, the Bill would bring municipalities under the State Public Employment Relations Act (PERA) unless a local ordinance was enacted to permit collective bargaining with the right to strike or binding arbitration as the final step in the negotiation process. It also adds the right to strike for teachers if their contract does not provide for binding arbitration.

In 1972, the Legislature recognized the financial impact PERA could have on municipalities, as well as the need for local control, and provided that we could opt out of the Act by adoption of a Resolution or Ordinance. Recognizing the economic and social impact the Act could have on services provided to the public, the Wrangell City Council did opt out of the Act in the best interests of the taxpayers.

The Wrangell city employees are currently receiving wages and benefits that match or exceed those received by the private major industry employees in our community. We need not remind you that the non-governmental employees in our community are the very taxpayer that must bear the burden of government wages and benefits. While it is recognized that public employees received greater benefits than private employees for many years due to their lower wages, this is no longer true. In many cases (if not most) public employees far exceed private employees in both benefits and wages. The State, in fact, has several employees that receive a higher annual salary than the Governor, some of which were achieved through PERA.

The threat of strike or binding arbitration would place an unfair burden on local government. Unlike private industry, a government employee like can effect the health and welfare of an entire community

CITY OF WRANGELL, ALASKA

Representative John Sund
March 13, 1987
Page Two

by reducing or completely stopping public services. Binding arbitration can take away the City Council's ability to set the mill levy and utility rates in a reasonable, equitable manner for all of the residents.

A greater burden is already being shifted to the local taxpayers through reductions in State funding and loss of Federal Shared Revenue. A Bill is now before you that repeals the senior citizen/disabled veteran property tax exemption and forces the local taxpayer to absorb the loss or turn their back on so many seniors living on limited incomes needing this exemption.

We urge defeat of House Bill No. 170 Which will only place a greater burden on local taxpayers.

Sincerely,



Joyce Rasler
City Manager

JR:fv

cc: Representative Robin Taylor
Senator Lloyd Jones
Alaska Municipal League
Wrangell City Council
Wrangell School Board

Position Paper
of
AML Legislative
Subcommittee on Education
March 1986

RE: Proposed Legislation Relating to Local Governments
and Alaska Public Employees Labor Relations Act.

The 1986 Alaska Municipal League Policy, Part VIII, Local Government Powers, Section B(1), Alaska Public Employees Relations Act states "the League strongly opposes any legislation which would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. In addition, the League opposes just as strongly, any legislative efforts to dictate the provisions of local public employees labor relations ordinances. The League supports legislation to allow each municipality at anytime to reject or withdraw from the terms of the Alaska Public Employees Relation Act." In addition, Section B(2) states, that the League also opposes any legislation which forces municipalities to develop collective bargaining procedures ending in strike or binding arbitration. The following is in support of the League position:

1. Binding arbitration/PERA limits the authority of the Council/Assembly. If wages are set by binding arbitration, the Council/Assembly has to work any arbitration wage increases into the budget. If it is necessary to make cuts, cuts must be made in areas other than the arbitrated wages. The Council/Assembly would no longer have the authority to determine wages or control budgets.
2. Arbitrators tend to be from outside and do not have to deal with the overall budget or raise the funds to finance employee costs.
3. Municipal employees do have recourse -- the election process. They can influence voters to elect Council/Assembly members supportive of their positions. Also, employees still have the right to form employee organizations.
4. Each municipality is unique and should be allowed to handle collective bargaining in a manner that fits the community. Large communities have employee circumstances that are very different from small, and rural is different than urban. In addition, most of our local governments in Alaska are small, population under 1000, and there are not many staff members in any one category. This makes collective bargaining extremely impractical.
5. The provisions of PERA or binding arbitration are costly. There is the cost of the negotiation process itself. Municipalities in general do not have excess staff or staff time to prepare bargaining positions. Cost of hiring a negotiator is beyond most local budgets.

6. Government wages in Alaska tend to exceed those of private business and industry. Therefore, employees seem to be doing well without the added regulation.
7. In a time of funding cutbacks, increasing the cost of government doing business does not make much sense.
8. In regard to strikes, if a strike provision would ever be required, the municipality as an employer should have the same options that exist in private industry; for example, the employer (the municipality) should be able to continue services and hire others if employees strike.

In the end, it is, of course, the taxpayer who must bear any financial burden. The taxpayer now has control through the election process. With binding arbitration, the taxpayer gives up this control to the employee and arbitrator.

Position Paper
of
A'L Legislative
Subcommittee on Education
March 1986

RE: Binding Arbitration for Teachers

The 1986 Alaska Municipal League Policy, Part VIII, Local Government Powers, Section B(2), Public Employees Relations Act, Binding Arbitration states "the League opposes legislation imposing binding arbitration on local governments. Such legislation would hinder local governments' ability to determine their personnel costs and prevent local governments from having complete control of determining the local tax rate." Many school districts are under local government control. The League is strongly opposed to binding arbitration as a required step in teacher negotiations. The following is in support of this position.

1. If binding arbitration were required, management prerogatives of Councils/Assemblies and local school boards would be curtailed. Control would pass to the arbitrators and teachers. This control would not only affect the issues arbitrated but other issues as well; the results of arbitration can force local governments/school board to adjust other decisions. For example, suppose the results of arbitration require the school board to pay a higher teacher wage than the board has budgeted. In order to pay the wage, the board may be forced to cut programs or other parts of the budget. The alternative would be to raise taxes.
2. The teachers and arbitrators are not responsible to the voters; the Councils/Assemblies and local school boards are. The buck stops with the governing bodies -- not with the arbitrators and teachers.
3. Arbitrators are from outside the community, do not pay local taxes, and, again, are not responsible to local voters for their decisions.
4. Binding arbitration removes fiscal responsibility from the school board and gives it to the teachers and arbitrators. The school district would be told what it could afford.
5. Binding arbitration tends to put the teacher on one side and administrators and the board on the other side as opposing parties, and creates a confrontation situation that can lead to a negative morale.
6. Teachers have control and input through the election process itself; both school board members and the local governing body are elected.

7. There are changes in public thinking and changes in elected officials. A requirement of binding arbitration may not take such changes into account.
8. Each school district is unique and should be free to adopt bargaining procedures to meet the needs of the district.
9. The arbitration process itself is costly. The cost of the arbitrator is estimated to be from \$1,500 to \$3,000. In addition, there is the cost of staff time for preparation of positions.

At a time when revenues are shrinking is not the time to increase costs for schools nor local governments.

In summary, whatever affects the budget of school districts is of major concern to local governments where there are locally controlled schools; the local governments, where local schools exist, are required to approve and financially support school budgets. Binding arbitration can force the local government/school to either increase taxes or cut services.



Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Representative Dave Donley, Chairman
House Labor and Commerce Committee

FROM: Cherie Shelley, Executive Director

SUBJECT: HB 170 - Collective Bargaining

DATE: 18 March 1987

Equal treatment of public employees is the major concern of House Bill 170. Long overdue, the measure grants collective bargaining rights to noncertificated employees and guarantees the same rights to employees of all municipalities, school districts and political subdivisions.

The Alaska Public Employees Association endorses HB 170 because we support the rights of workers to organize and bargain collectively in the determination of their wages, benefits, and working conditions.

This measure will make the provisions of the Public Employment Relations Act available to all public employees in Alaska. In recognition of the desire for local autonomy, the legislation will allow the various municipalities and political subdivisions the option of replacing PERA with a local ordinance which gives employees the right to engage in collective bargaining.

Quite naturally, APEA would prefer all employees to enjoy the protections available under the Public Employment Relations Act. However, HB 170 is of great benefit to the many who are currently denied any voice in the determination of the terms and conditions of their employment.

We believe HB170 will promote better employer-employee relations and we urge the committee to consider this proposed legislation favorably.

Fairbanks Field Office
825 College Road
Fairbanks, AK 99701
Telephone: (907) 456-5412

Anchorage Field Office
833 Gambell Street, Suite A
Anchorage, AK 99501
Telephone: (907) 274-1688

Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-6305