

**HB**

**453**

SENATE FINANCE COMMITTEE REPORT

DATE: 2/8/90

FURTHER:

DATE TURNED INTO OFFICE: 2/22/90

The Finance Committee considered CSHB 453 (Finance)

Miscellaneous supplemental appropriations for arbitration awards for fiscal year 1990 and prior fiscal years; efd.

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_
- or adopt \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- \_\_\_\_\_ letter of intent adopted

- same title
- new title
- technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) Dept/Date: \_\_\_\_\_

fiscal note(s) Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

<sup>15,796,636</sup> appropriation-no fiscal note

DO PASS

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

*[Handwritten signatures: Ricketts, Paul Fischer, etc.]*

1. *[Signature]* DO-PASS- 2.

Co-Chairs: Signatures and Recommendations

Funding Information: General Fund \$1,892,636  
Other Funds 3,887,000  
\$5,769,636

Original sponsor(s): Finance Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 453 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous supplemental appropri-  
7 ations for arbitration awards for fiscal year 1990  
8 and prior fiscal years; and providing for an effective date."  
9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. The sum of \$370,900 is appropriated from the general fund  
12 to the Department of Administration to satisfy an arbitration award for  
13 labor, trades, and crafts employees for the 1988 Columbus Day Holiday.

14 \* Sec. 2. The sum of \$611,100 is appropriated from the general fund to  
15 the Department of Administration to satisfy an arbitration award for fiscal  
16 years 1989 and 1990 regarding contract terms between the state and Local 71  
17 for class 1 employees of the labor, trades, and crafts bargaining unit.

18 \* Sec. 3. The sum of \$4,787,636 is appropriated to the Department of  
19 Administration to satisfy an arbitration award regarding monetary terms of  
20 the agreement with the Public Safety Employees Association for fiscal years  
21 1988, 1989, and 1990, from the following sources:

22 International Airports Revenue Fund \$3,887,000

23 General Fund 900,636

24 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

# STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSICNER

*SS* *#B 453*  
STEVE COWPER, GOVERNOR

P.O. BOX C  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200

January 24, 1990

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811-3100

*HB 453*  
*SB 420*

Dear Mr. Speaker:

Pursuant to AS 23.40.215(b), I am hereby submitting the monetary terms of the agreement arising from interest arbitration with the "Class 1" employees (AS 23.40.200) in the Labor, Trades & Crafts (LTC) bargaining unit.

The enclosed memorandum from me to Alison Elgee identifies the specific monetary terms applicable for FY 89, FY 90 and FY 91. Funding for these terms will be formally requested by the Office of the Management and Budget.

This agreement is not for an entire bargaining unit; rather, it is for a subgroup of approximately 392 employees representing approximately 23 percent of the full group of 1,695.

Sincerely,

*Frank Baxter*

Frank Baxter  
Commissioner

FB/BAC/vcy  
G1214bacl

cc: The Honorable Steve Cowper  
Governor  
Office of the Governor

Alison Elgee  
Director  
Division of Budget Review  
Office of Management & Budget

Gary Bader  
Deputy Commissioner  
Department of Administration

Bruce Cummings  
Director  
Division of Labor Relations  
Department of Administration

# MEMORANDUM

## State of Alaska

TO: Alison Elgee  
Director  
Division of Budget Review  
Office of the Management and Budget  
Office of the Governor

DATE: January 24, 1990

FILE NO:

TELEPHONE NO: 465-2200

THRU:

SUBJECT: Monetary Terms of Agreement with Class 1 Employees of the Labor, Trades, and Crafts (LTC) Bargaining Unit

FROM: Commissioner Frank Baxter  
Department of Administration

*Frank Baxter*

On January 17, 1990 Arbitrator William H. Dorsey rendered his Opinion and Award regarding the contract terms between the State and Public Employees Local #71 for the Class 1 [ref. AS 23.40.200(a)] employees of the Labor, Trades and Crafts Bargaining Unit. I am advising you of the monetary terms of the agreement.

As you are aware, the Department of Administration must submit the monetary terms of an agreement to the legislature. I am doing so simultaneously with the memorandum to you.

### Monetary Terms

Monetary terms of an agreement are defined in AS 23.40.250(4) as changes that require an appropriation for their implementation, changes that will result in a change in State revenues, or change that will result in a change in productive work hours for State employees.

#### A. Require Appropriation

The arbitrator's award covered three issues. Two of these would increase personal services costs, one would reduce personal services costs. Although the third would not require an appropriation for its implementation, it is included in the figures below.

1. Retroactive payment of \$675.00 per employee for calendar year 1989. The payment is prorated by pay periods (semimonthly) actually worked. Our cost estimates are:

	FY 89	FY 90
Retroactive Pay	\$132.1	\$132.1
Benefits Costs (25%, excludes health ins.)	33.0	33.0
	<u>\$165.1</u>	<u>\$165.1</u>

2. The length of time for movement from Step A to Step B is increased from 150 days to 210 for new permanent employees.

hired after November 16, 1989. Savings will be realized beginning 151 days after November 16, 1989, or approximately April 16, 1990. Our estimates are:

	FY 90	FY 91	
Increase Step A duration	-\$10.9	-\$52.5	
Benefits Savings (at 25%, excludes health ins.)	- 2.7	- 13.1	
	<u>-\$13.6</u>	<u>-\$65.6</u>	
	FY 90	FY 91	
3. Pay increase of 4.6% effective 1/1/90 (includes benefits)	\$294.8	\$589.5	
	FY 89	FY 90	FY 91
Summary: Supplemental Budget Amendment	\$165.1	\$446.0	\$523.9
TOTAL			<u>\$1,135.0</u>

The above figures are based on 392 Class 1 employees.

B. State Revenues

There are no provisions in the new agreement that would change State revenue.

C. Productive Works Hours

There are no provisions in this agreement that would change productive work hours.

Legislation

Legislation is now necessary to fund these monetary terms; they require an appropriation for their implementation. Further detail on this agreement can be obtained from Ron Hamilton, Division of Labor Relations, at 465-4404.

FB/vcy

G01231:MC

cc: Bruce Cummings ✓  
Director  
Division of Labor Relations  
Department of Administration

is a nonbinding, advisory expression of legislative intent. If within 60 legislative days after the agreement is submitted the legislature advises the parties by concurrent resolution that it disapproves the monetary terms of the agreement, the parties may resume negotiations. (§ 2 ch 113 SLA 1972; am § 1 ch 10 SLA 1984)

**Effect of amendments.** — The 1984 amendment, effective February 24, 1984, added subsection (b).

**Opinions of attorney general.** — To the extent the cost of negotiated group life and health insurance coverage exceeds

what the State would have paid under its employer-sponsored plan, the negotiated coverage is subject to legislative approval under this section. January 23, 1978. Op. Att'y Gen.

NOTES TO DECISIONS

Applied in *Hafing v. Inlandboatmen's Union*, Sup. Ct. Op. No. 1743 (File No. 3438), 585 P.2d 870 (1978).

Cited in *Warwick v. State ex rel. Chance*, Sup. Ct. Op. No. 1252 (File No. 2712), 548 P.2d 384 (1976).

**Sec. 23.40.220. Labor or employee organization dues and employee benefits, deduction and authorization.** Upon written authorization of a public employee within a bargaining unit, the public employer shall deduct from the payroll of the public employee the monthly amount of dues, fees and other employee benefits as certified by the secretary of the exclusive bargaining representative and shall deliver it to the chief fiscal officer of the exclusive bargaining representative. (§ 2 ch 113 SLA 1972)

**Sec. 23.40.225. Exemption from Public Employment Relations Act.** Notwithstanding the provisions of AS 23.40.220, a collective bargaining settlement reached, or agreement entered into, under AS 23.40.210 that incorporates union security provisions, including but not limited to a union shop or agency shop provision or agreement, shall safeguard the rights of nonassociation of employees having bona fide religious convictions based on tenets or teachings of a church or religious body of which an employee is a member. Upon submission of proper proof of religious conviction to the labor relations agency, the agency shall declare the employee exempt from becoming a member of a labor organization or employee association. The employee shall pay an amount of money equivalent to regular union or association dues, initiation fees, and assessments to the union or association. Nonpayment of this money subjects the employee to the same penalty as if it were nonpayment of dues. The receiving union or association shall contribute an equivalent amount of money to a charity of its choice not affiliated with a religious, labor or employee organization. The union or association shall submit proof of contribution to the labor relations agency. (§ 1 ch 85 SLA 1976)

Title 23  
Labor and Worker's Compensation

Title 22  
Judiciary

§ 23.40.210

A court, in deciding the total equities in only the impact of an employee organization's obligations. If an injunction is issued under AS

all other public (1) or (a)(2) of this strike if a majority of secret ballot to do

(d) of this section, employer may agree in petition or application ent may provide in icted solely accord- Act is incorporated h 113 SLA 1972)

licit with the statutory ety Employees Ass'n v. s. No. 2607 (File No. ) (1983). e. — The duty to main- nder a collective bar- : providing for bush hich a contract remedy hus arbitrable. Public ss'n v. State, Sup. Ct. lo. 6053), 658 P.2d 769

rable. — The legality ressed and plainly formula was held not e terms of a contract for arbitration in e meaning or applica- erms of the contract oyees Ass'n v. State, 7 (File No. 6053), 658

licit nonwaiver provi- 40, the right to sue Residential Landlord S 34.03, cannot be ed away in a collec- ment which provides ic Safety Employees

Ass'n v. State, Sup. Ct. Op. No. 2607 (File No. 6053), 658 P.2d 769 (1983).

**Sec. 23.40.210. Agreement.** Upon the completion of negotiations between an organization and a public employer, if a settlement is reached, the employer shall reduce it to writing in the form of an agreement. The agreement may include a term for which it will remain in effect, not to exceed three years. The agreement shall include a pay plan designed to provide for a cost-of-living differential between the salaries paid employees residing in the state and employees residing outside the state. The plan shall provide that the salaries paid, as of August 26, 1977, to employees residing outside the state shall remain unchanged until the difference between those salaries and the salaries paid employees residing in the state reflects the difference between the cost of living in Alaska and living in Seattle, Washington. The agreement shall include a grievance procedure which shall have binding arbitration as its final step. Either party to the agreement has a right of action to enforce the agreement by petition to the labor relations agency. (§ 2 ch 113 SLA 1972; am § 1 ch 62 SLA 1977)

NOTES TO DECISIONS

Applied in *Haffing v. Inlandboatmen's Union*, Sup. Ct. Op. No. 1743 (File No. 3438), 585 P.2d 870 (1978).

**Sec. 23.40.212. Agreement with the Board of Regents.** (a) The Board of Regents of the University of Alaska may delegate to the Department of Administration its authority under AS 23.40.070 — 23.40.260 to negotiate with an organization for an agreement.

(b) The Department of Administration shall participate in the negotiations between the Board of Regents and an organization. An agreement between the board and an organization requires the approval of the department. (§ 1 ch 148 SLA 1978)

**Sec. 23.40.215. Funding and legislative approval.** (a) The monetary terms of any agreement entered into under the Public Employment Relations Act are subject to funding through legislative appropriation.

(b) The Department of Administration shall submit the monetary terms of an agreement to the legislature within 10 legislative days after the agreement of the parties, if the legislature is in session, or within 10 legislative days after the convening of the next regular session. The legislature shall advise the parties by concurrent resolution if it approves or disapproves of the monetary terms within 60 legislative days after the agreement is submitted to the legislature. The approval of the monetary terms of an agreement under this subsection

Title 24  
Legislature

Sena Blickenstaff  
8127 Lloyd Drive  
Anchorage, AK 99502

February 16, 1990

To: All members of the Senate Finance Committee  
RE: HB 453

State agreed to jurisdiction, authority and binding decision of arbitrator when it agreed to submit classification/pay dispute to arbitrator for resolution. State agreed to last best offer to be resolved by arbitrator. Time to dispute arbitrator's authority was before agreeing to binding arbitration. Bill should be passed, lawsuit dropped.