

SCR

29

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/3/96

FURTHER:

Date of 5-Day Notice: 4-4-96
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/9/96

The Finance Committee considered SCR 29

Objecting to the Department of Administration's settlement with certain employees of the Alaska marine highway system.

and recommends:

- be replaced with _____ CS SCR 29 (Fin)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

CS (Fin)
+
SCC -
note coming

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS
<i>Steve Meyer</i>	✓	
<i>Gregg E. Spoo</i>	✓	
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:
Co-Chair: <i>Rick Halford</i>	✓	Co-Chair:

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>SCC-Dolan</i>	<i>4/9/96</i>	-	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

F I S C A L N O T E

REQUEST:

Revision Date: 4/9/96 Affected Agency: Dept. of Law
 Title: Objecting to DOA settlement BRU: _____
with certain employees of the Alaska Marine Highway System
 Sponsor: S (RLS) Components: _____
 Requestor: Senate Finance _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 97	FY 98	FY 99	FY 2000	FY 2001	FY 2002
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE						
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FUNDING: (THOUSANDS OF DOLLARS)

General Fund						
Federal Fund						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

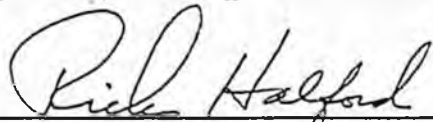
POSITIONS:

Full-Time	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

Estimated FY 96 Impact: 0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Prepared By:


 Senator Rick Halford, Co-chair
 Senate Finance Committee

Date: 4/9/96

Phone: 465-4958

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9-LS1829AG
Cramer
4/9/96

4/9/96
pm
RP
moved
Adopted
phoned
Legal
4:00pm

CS FOR SENATE CONCURRENT RESOLUTION NO. 29()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE

A RESOLUTION

1 Objecting to the Department of Administration's settlement with certain employees
2 of the Alaska marine highway system.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 WHEREAS the labor relations section in the Department of Administration determined
5 after investigation that several employees of the Alaska marine highway system had
6 intentionally defrauded the state of approximately \$300,000 between 1990 and 1994 by
7 claiming to be state residents for purposes of receiving the cost-of-living differential that is
8 available only to state residents; and

9 WHEREAS these acts of deception are punishable under state law as criminal fraud;
10 and

11 WHEREAS the commissioner of administration and the Marine Engineers Benevolent
12 Association, which represents these employees, have entered into a settlement agreement
13 requiring the employees to reimburse the state for less than 15 cents on the dollar for the extra
14 compensation they claimed and received; and

15 WHEREAS the settlement terms provide that no offending employee will be
16 prosecuted for these offenses and that the offending employees may continue to work for the

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1 marine highway system without suspension, so long as they do not reoffend; and

2 WHEREAS the Department of Administration did not consult with or inform the state
3 legislature or the general public before it entered into negotiations with the bargaining
4 organization or agreed to these settlement terms; and

5 WHEREAS the settlement appears excessively lenient given the intentional fraud
6 alleged against the employees; and

7 WHEREAS the settlement deprives the people of the state of the repayment of money
8 to which the state is rightfully entitled, thereby reducing the revenue of the state; and

9 WHEREAS the monetary terms of an agreement reached under authority of the Public
10 Employment Relations Act are subject to legislative funding under AS 23.40.215(a) and
11 legislative approval under AS 23.40.215(b);

12 BE IT RESOLVED that the Alaska State Legislature disapproves the settlement
13 agreement reached between the Department of Administration and the Marine Engineers
14 Benevolent Association on behalf of certain employees of the Alaska marine highway system
15 and respectfully instructs the governor that the legislature does not authorize the agreement;
16 and be it

17 FURTHER RESOLVED that the commissioner of administration should refrain from
18 engaging in any further settlement discussions with the Marine Engineers Benevolent
19 Association, the International Association of Masters, Mates, and Pilots, or the
20 Inlandboatmen's Union of the Pacific aimed at reducing any sum considered to be owed to the
21 state by any member of one of those collective bargaining organizations because of an
22 inappropriately claimed resident cost-of-living differential; and be it

23 FURTHER RESOLVED that the Department of Administration and the Alaska
24 marine highway system take all measures available to them under law or contract to secure
25 repayment of all sums owed to the state relating to the cost-of-living differential; and be it

26 FURTHER RESOLVED that the Alaska State Legislature requests that the attorney
27 general appoint a special investigator to conduct an investigation into the actions and decisions
28 of the Department of Administration leading to the settlement between the commissioner of
29 administration and the Marine Engineers Benevolent Association to determine whether the
30 agreement violates AS 39.52.120(a) or any other statutory or regulatory provisions. The
31 special investigator shall report to the President of the Senate and the Speaker of the House

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1 of Representatives no later than April 15, 1996, concerning the results of that investigation.

To: Jim Ayers
Chief of Staff

From: Mark Boyer *MB*
Department of Administration

Date: June 30, 1995

Subject: MEBA

I apologize for this method of communication, however, due to your schedule and my needing to be out of town next week and a decision on this request needing to be made by July 12, here it is.

On the 26th of June Greg O'Clary, Bud Jacque, and Tom Lehey of MEBA approached me with a once and for all settlement of the eleven COLD cases plus Faro.

As you may recall, there were eight MEBA members who opted for the "global" settlement which provided for no arbitration of non-monetary terms. Three additional members have arbitration rights remaining and then there is Faro who arbitrated and lost before Dorsey earlier in the spring.

MEBA proposes that we drop, completely, the Baxter and Whalen cases. Both have arbitration rights, Baxter, the so called poster child case. Baxter, as you can see from the attached run owes \$47,139., Whalen, \$24,572. Additionally, they propose that we levee a fine instead of restitution on only ten percent of the total outstanding except Baxter and Whalen. As you can see, as a group they owe the state over \$430,000. Additionally, each has been hit with suspensions of 252 hours, which they also want suspended because none of the suspensions have been given and given their costs to implement, they would hurt the system more than value it. Finally, they want Faro back to work. They don't care at what level, they just want him back to work. They do agree that he must fully repay his restitution. As you noted the other day, anything we do here affects MMP and those numbers are also provided for your information.

I ran the proposal by labor relations, any guess on their thoughts? I also ran it by AMHS, Hayden and Cummings, they likewise are very opposed to this type of settlement. Since it was Pat Gullafson who drafted my response to their first salvo to me earlier in the spring and has handled these issues including the Faro arbitration, I ran it by him as well. He has no problem with letting Baxter go. He wants to make it absolutely clear that none of these guys will get COLD payments unless and until they can prove their new eligibility. Generally he thinks the ten percent deal stinks and he is almost violent at the thought at Faro going back to work. We won that one fair and square--at no small cost to the state at arbitration.

My question to you is whether or not you know of some compelling reason to pursue a majority of these cases. Is there a political need which can be met. Does it outweigh the political fallout which might occur from legitimate Alaskans who see these guys skate. What is the press fallout? Is there a real benefit in helping Bud Jacque or Joel Behm deliver for their guys in an election year? I don't know. I feel generally that we might have an interest in settling at some

level just to get the issue beyond us. I agree with you that this whole deal was handled by the past administration with a different level of zeal than was perhaps necessary. I am looking for some guidance, not a decision, I can be responsible for that. I'm out until July 11. The union wants a decision by July 12. I really only need to know whether or not you think a settlement is in order and if so, some general guidelines on how generous to be. If you want to have a discussion on the subject with the guys, Gullafson, Cummings, Koivuneimi, and Corso should be involved. I'd appreciate your getting something to me by July 11 either in writing, through one of these guys or by voice mail.

Thanks.

COLD iv v. \$

6-7-95

COLD - Restitution vs. Leave Accruals				
Name	BU	Restitution	Leave Accrual	Difference
Anthony I. BAXTER	MEBA	\$47,139.59	\$15,658.85	\$31,482.74
John R. HASSELL	MEBA	\$38,405.48	\$11,848.68	\$26,558.78
Louis L. JONES	MEBA	\$50,808.03	\$29,433.22	\$21,374.81
* Dennis C. LEPONIS	MEBA	\$44,829.48	\$28,185.92	\$18,743.57
John C. LOCKERT	MEBA	\$52,903.15	\$44,267.81	\$8,635.34
Anthony J. MARINICH	MEBA	\$42,328.99	\$5,438.88	\$36,890.11
Robert SEIDMAN	MEBA	\$22,965.37	+ \$22,965.37	\$0.00
Scott E. SIME	MEBA	\$52,903.15	\$37,770.29	\$15,132.86
Ronald E. WHALEN	MEBA	\$24,572.58	\$17,126.15	\$7,446.41
Stephen G. WHITE	MEBA	\$54,008.10	\$26,435.28	\$27,572.82
		\$430,863.89	\$237,128.45	\$193,835.44
Henry A. ANDREASEN	MVP	\$34,891.91	\$6,468.57	\$28,433.34
George M. BRERETON	MVP	\$27,372.80	\$10,580.32	\$16,792.48
Farrell J. BROWN	MVP	\$32,138.28	\$21,037.11	\$11,099.15
Ervin L. HAGERUP	MVP	\$48,113.58	\$9,887.86	\$38,245.72
Gabriel JANSEN	MVP	\$50,407.83	\$368.71	\$49,437.62
William J. LYNESS	MVP	\$17,700.28	+ \$17,700.28	\$0.00
John A. McMAHON	MVP	\$25,143.28	\$9,851.62	\$15,491.68
Peter J. McMAHON	MVP	\$13,803.87	\$10,255.91	\$3,547.76
Gregory K. STYRK	MVP	\$33,017.41	\$8,240.54	\$24,776.87
		\$282,688.52	\$94,761.92	\$187,824.80
		\$713,550.41	\$331,890.37	\$381,660.04

VOS
MVP

retired

Actual leave balance

+ Seidman - 33,289.

+ Lyness - 21,061

Aym

- ITBU
- MEBA

* Married to Jan Behrend